Unlocking the Power of Information in Insurance Businesses

Overview of the Insurance sector

Summary

Three indisputable facts about insurance:

- Many people consider insurance to be a grudge purchase. But despite that, it’s a USD 4.3 trillion global business. Insurance premium revenues in emerging economies are growing rapidly, showing 11% growth year-on-year.

- The World Insurance Report 2012 stated that costs and efficiencies are the critical levers of performance in the insurance industry today.

- Business agility, operational efficiencies and transforming policy administration are key to remaining relevant and competitive.

In this white paper, we’ll explore some of the ICT services and solutions that can be implemented to help insurance organisations in their drive to evolve and modernise their businesses. Through this paper, we don’t intend to provide an all-encompassing view, but rather offer a summary of some of the drivers, challenges and solutions we see in the industry today. We trust that it will invigorate conversations around insurance as an industry, its challenges and opportunities for growth.
The industry: Where we are today
On the upside, we’re incredibly fortunate – the South African insurance industry and its regulation show a high level of development and sophistication. Insurance industries in both the long- and short-term sectors are comprehensively and heavily regulated. The South African market also has strong links with the major insurance markets of the UK, Europe and the US. Some of the major international insurance and reinsurance companies maintain domestic offices in South Africa. It’s worth noting that even though there’s a strong international link to our market, South African insurance – and specifically long-term insurance – is recognised worldwide for its innovative product development and marketing strategies. The local industry is characterised by strong competition, which is further enhanced by the presence of a large number of major insurers and reinsurers in the market, as well as strong broker and intermediary influence.

Heads up: The dangers and pitfalls
The insurance industry is facing tough times; due to macro- and microeconomic conditions, and legislation and regulation that drive tougher trading conditions. This is leading to consumers having less capacity to spend at current levels and often choosing either not to insure at all, or to reduce their coverage. The consumer is now adopting a ‘value with caution’ approach to buying. This is leading to reduced gross written premiums in the sector.

What this means for the bottom line is that insurance companies across short-term, life and healthcare have had to rethink and re-assess their key business drivers. Legislation is becoming more and more consumer-driven. This, coupled with the shift in consumer buying patterns, calls for strong leadership in the insurance business. We see some key leadership / business drivers in the industry. These trends include:

a. Remaining competitive by achieving sustainable, profitable growth and driving down costs;

b. Lower investment returns (for long-term insurance) driving the need to focus on achieving product profitability through improving process efficiencies and reducing core operational costs;

c. Increase of premium volumes;

d. Ensuring regulatory and legislation compliance;

e. Driving customer satisfaction and quality interaction to reduce churn and increase new sales;

f. Driving innovative, faster time-to-market product development to enable higher sales volumes;

g. Increasing operational efficiency and agility across all business processes to drive a faster, higher quality response to the customer and positively impact the sales closure rate; and

h. Targeting new mediums and products to fit changing consumer demographics.

These drivers are setting the direction for the way the insurance business is evolving. It’s not simply about setting new drivers for the insurance business, but also adopting the correct balance between driving the business outcomes and balancing the key challenges that face the industry. Companies that manage this leadership challenge will grow stronger and emerge from tough trading market conditions resilient and competitive.

Understanding the key challenges facing the industry is central to evolving the strategic plan and placing good tactical plans in place to drive the overall outcomes of the insurance business. We explore some of the key challenges we see impacting the insurance businesses below.
Challenges facing the insurance industry

The challenges for the insurance industry can be broken down into three main categories:

• Challenges associated with the client facing front-end of the insurance business and the customer relationship
• Challenges faced in operating the insurance business
• Challenges faced in running a commercially viable insurance business

These challenges have been extrapolated below. If you partner with an ICT services provider, it’s important that it understands the day-to-day challenges of the industry, so it can create and enable supporting solutions that help meet industry needs. With this in mind, let’s look at the challenges in the three main categories.

Customer-facing challenges

In this category, we look at the challenges faced by insurers when dealing with the customer and the customer-facing front ends of the business.

Some of the key themes we see playing out in this space include:

a. The shift in relationship between insurance companies, brokers/agents, administrators and the customer due to legislative changes;
b. Ongoing political and macro-economic stability impacting the ability of consumers to spend;
c. Real-time access to up-to-date information to make the organisation ‘easy to do business with’, for example, in the call centre or online;
d. Managing the cost and affordability of insurance products in tough market conditions to limit the churn of policies and potentially the customers full portfolio and hence the reduction of gross written premiums;
e. The inability of the consumer to interact with the insurer in the communication medium that they prefer;
f. The changing demographics of the consumer, leading to the need for different distribution channels, which are often inhibited by systems currently in place that aren’t agile enough to use with the new mediums required;
g. Keeping customers satisfied and loyal;
h. Differentiation of products from competitors to draw customers into the sales process;
i. Focus on customer requirements and individualisation in terms of product flexibility and complexity management; and
j. Regulatory requirement to ‘treat customers fairly’ and to educate the consumer.

Business challenges

In this category, we make reference to the challenges faced by insurers when running a commercially viable business. This includes external and internal factors and challenges that impact on the ability of the business to run viably.

Some of the business challenges faced in the industry include:

a. Flat and declining premium volumes;
b. The cost of newly defined capitalisation requirements which may drive increases in merger and acquisition activity – specifically on the part of larger insurers that may target niche insurers – due to an inability to get to a critical mass in the organisation, balanced against the need to retain capital in the business;
c. The need to rebuild capital to meet legislative requirements and regain financial stability, which imposes an additional burden on insurers;
d. Lower investment yields due to low interest rates and listless economic conditions which grind down loss revenues and premium-rate;
e. Retaining quality staff;
f. Running and managing a profitable, going concern;
g. Managing the capital investment portfolio and strategy of the business to enable long-term growth and profitability;
h. Managing reputational risk and potential damages that may arise from this;
i. Staying competitive while strengthening and enhancing capabilities and significantly cutting costs;
j. Finding new ways to grow market share; and
k. Differentiating from competitors.
Operational challenges
In this category we assess the challenges faced by insurers when operating their day-to-day business. These tend to be internally focused factors and challenges that hinder the effectiveness and efficiency of the organisations:

a. The need to balance the cost of compliance with the real benefits to the consumer; because compliance will drive up the cost to the end consumer of the insurance product over time;
b. Prudent investment decisions;
c. Better underwriting processes that help remove financial uncertainty;
d. Complex, often poorly documented business rules that lead to great difficulty in consolidating information and ensuring data consistency across multiple sources of customer data. This is often exacerbated when new merger and acquisition activities occur, leading to poor customer-facing activities and potential churn of existing policies when customers become unhappy with the way they are being managed across the entire group’s offerings. This also adds to bottom line cost due to a proliferation of separate systems managing the same business process across different customer sets;
e. Speed-to-market with innovative products that meet customer needs – not internal/structural needs
f. The frequency of product introduction;
g. Straight-through processing to reduce the time it takes to make underwriting decisions and issue policies, because the quicker the response, the greater the likelihood that the business will be placed with the company;
h. Significant reductions in service times;
i. Time to develop and take product to market can be anything from 3 to 12 months. This must be shortened to create faster, higher quality product releases and hence drive sales for the business;
j. The age of existing underlying systems and technology that are unable to cater for the changes required in a highly dynamic business model;
k. Enablement of efficiencies in the business processes, specifically around core operations that help drive quality and performance at a reduced cost base;
l. Managing the communication and operations process of premium reminders and renewals;
m. Staffing challenges in terms of sourcing, training and retention of qualified and certified skills.

Integrating it all into a strategy to take your business forward
The factors listed above prove that insurance is a highly complex and evolved field, and that any ICT partner has to be intimate with the complexities and operational vision of its insurance clients. With this in mind, Dimension Data has developed an Insurance Vertical Framework that focuses on the vital detail of the insurance business and charts how ICT solutions can enable the insurance sector to derive more power from its information. The Framework looks at the key and secondary functions of the insurance value chain and then focuses on contextualising the challenges and drivers of insurance against it in an easy-to-deliver and understand framework.

Building a bridge to a better business
In insurance, we see the three main drivers or contexts of the business as:
a. The customer context;
b. The insurance business operations context; and
c. The insurance business commercial context.
These three contexts and the way they relate to the insurance management system are illustrated below:
This white paper will explore the three contexts and how they relate to insurance businesses. We’ll also consider – at a high-level – the ICT trends that we foresee will add value to the industry by helping to solve some of the challenges it faces.

The Dimension Data context for insurance businesses
It’s pretty straightforward: insurers need to be flexible and innovative.

ICT and information management can help in support of these requirements.

The complexity creeps in because there are many influencers and actors that change the way insurance operates in the market. These can be external forces, such as political and economic factors, or internal ones, such as operational and commercial constructs. In many cases they are driven by the consumer. The three contexts are explored below and each context has an associated set of ICT trends listed that can help manage the risks associated with the given business context.

1. The customer context

The customer context focuses on actors and mediums that are required to drive a more customer-centric approach to the insurance business.

a. Customer actors:

i. The changing demographic and consumer model. Not only are age appropriateness and the impact of the different generation gaps with their associated expectations major client-facing factors, but also the impact of the demographic of spend patterns for the consumer. Things like brand loyalty and price competitiveness are becoming more important to the consumer.

Our recommendation: ICT can help in this area by looking at implementing big data solutions that focus on gathering and segmenting and analytical reporting on data on the consumer demographic from the market.

ii. Innovative ways of closing the contract process with customers, e.g. forwarding of voice recording files to clients as part of contract management and automation of the contracting process are becoming necessary mediums to help drive consumer confidence in insurance companies.

Our recommendation: Innovative ICT technologies around voice recording and analytics linked with Enterprise Content Management can help drive this actor for insurance.

iii. New mediums to drive contract management, e.g. sophisticated web interfaces that enable the end-to-end sales and contract process with the consumer. Consumers – specifically the younger generations and the up and coming middle-class consumer – are better technology enabled. They’re starting to demand that the insurance business modernises its contact mediums and becomes more technology enabled, e.g. iPad, iPhone, Blackberry and Android applications etc.

iv. Are all contact and communication mediums being used, legal and binding, and do they manage the mitigation of risk to the client as well as the insurance business? The difficulty in moving to a more client-rich front-end medium is that it creates risk that needs to be mitigated. This risk centres on the legality and the binding nature of the transactions that take place across the medium. This needs to be thoroughly thought through and in many cases, legal remits must be obtained to ensure precedents are set correctly with the consumer interaction.

Our recommendation: Automation of this process can better enable the insurance business and drive total cost of ownership down over time.

v. Self-service mediums for clients (on mobile, web, voice channels etc.) e.g. claims, services linked to existing policies like adding to and reducing policy based items, new sales, first notification of loss (and reaction to) at point of loss etc. The creation of efficiencies throughout the interaction with the end consumer is becoming critical. Consumers are seeing insurance businesses as fickle or uninterested if they can’t respond to queries and claims in time. This results in policy churn to more agile operators.

Our recommendation: ICT plays an important role in this space as Business Process Management and Enterprise Content Management solutions can be used to automate and enable the business processes to be more interactive to the client and the required client need, while still ensuring compliance to the industry legislative requirements.

vi. New marketing media and social interaction platforms are driving business across multiple industry sectors. There’s a need to ensure that insurance businesses are utilising new channels to drive new business sales and customer interaction. E.g. Twitter, Facebook, LinkedIn, web marketing etc.

vii. Linked to the above point is the inescapable fact that insurance businesses need to use the new communication social media to improve the insurance literacy and acumen of the consumer base. This will create more informed customers and enhance the sales process, as well as drive knowledge and thought leadership to clients, helping them make more informed insurance decisions.

viii. Using big data analytic techniques to drive consumer information gathering and analysis from external information platforms and from internal systems to improve the risk management and underwriting functions, as well as the marketing and messaging function of the insurance business to the consumer.
b. ICT trends for the customer context

Below is a list (not exhaustive) that gives some ideas and options of the customer-facing ICT solutions that can be delivered to drive a higher level of client-centricity for insurance businesses:

i. Modernisation of the call centre (potential outsourcing, interactive voice response, integrated information linked into the agent, online click to call technologies etc.)

ii. Interactive web communication and sales media

iii. Mobile interactive media for sales and client interaction

iv. Managing the information on mobile devices from customer to broker to internal staff in a holistic, end-to-end manner to ensure the Protection of Personal Information (POPI) Act is upheld

v. Enterprise mobile device management (protection of critical insurance information on mobile platforms)

vi. Enabling the mobile sales force with mobile, fit-for-purpose media to enhance the sales process, e.g. fingerprint scanners, digital signatures, real-time document scanners – enabling FICA, FAIS, POPI etc. requirements and the sales closure process in real-time with the customer

vii. Enabling the digital signature as a contract medium for consumers and sales teams

viii. An insurance kiosk and expert advisor for car and high end goods dealers

ix. An insurance kiosk and expert advisor for banks and home resellers

x. Big data for insurance (managing market based, internal and other insurer information around the customer demographic)

xi. Enablement of social media platform interaction e.g. Facebook, LinkedIn and Twitter etc. There’s a need to enable the content, thought leadership, expert advisory and training aspect of the insurance business. There’s also a need to work on the mechanisms to drive consumers to the social media content platforms, as well as the segmentation approach to the consumer demographic

xii. An administration system for insurance companies that is integrated across all media and platforms for the consumer, to enable a single interaction and view for client interaction linked into the customer relationship management (CRM) solution

xiii. CRM platforms for insurance that enable integrated single interaction for the client through multiple communication media (call centres, sales teams, web and mobile media, social platforms etc.)

2. The business operations context

The operations context focuses on driving the effectiveness, efficiency and agility of the insurance business operations to enable a more cost-focused and agile business.

a. Operational actors:

i. Insurance businesses are being driven to enable an integrated and automated business process management approach across all aspects of policy administration. This leads to a more agile offering to the consumer, but also creates efficiencies in the business process, which in turn helps reduce operational cost.

Our recommendation: ICT can play a central role by enabling business process automation using Enterprise Content Management (ECM) and Business Process Management (BPM) platforms for the business.

ii. Simplification and automation of underwriting complexity, flexibility and measurement is becoming important to the operations of the insurance business. Analysis techniques that enable understanding of market dynamics, geographic dynamics, and consumer dynamics, linked into existing consumer categorisation in the business, will further enable the underwriting component of the business. Analytical information will enable direct marketing and messaging campaigns to target certain consumer dynamics with fit-for-purpose products, eliminating the ‘spam’ element of mass advertising and alienation of potential customers.

iii. The sales process of insurance is evolving. One of the consequences of this is the need to enable efficiencies from a management and control perspective to provide a consistent sales, marketing and contracting process across agencies, intermediaries, brokers and direct sales forces.

Our recommendation: This can be enabled via ICT automating the information and processes across the business operations.

Further to this, there’s a need to automate the CRM and sales processes, which enables a more mobile sales workforce. These tools need to be enabled on mobile devices for use by consumer-facing sales people, as well as for direct use by consumers themselves. And in addition, it’s necessary to enable customer-facing service desk agents to have an end-to-end view of all customer-specific interactions and insurance information to ensure a smooth and efficient interaction with the end client.

iv. The strict regulatory environment is creating operational challenges in the insurance business. Aspects like tighter regulation around capital on hand are driving the need for insurance businesses to ensure they have enough capital retained in the business to enable future payments for claims etc. This is creating pain for smaller insurers, specifically around gross written premiums and the ‘capital required to be available on hand’ requirement in accordance with legislation. Add to this the legislation on documentation and content management around aspects such as record and document retention policies that creates even more cost in the insurance operational back-end.

Our recommendation: ICT solutions to help manage and drive this cost down, using automation and simplification techniques. An ICT investment like this can be a highly valuable tool in ensuring that the cost of operations doesn’t drive the price of insurance to unacceptable levels for the consumer.
v. Regulation and compliance are creating grey areas for operations regarding what they can and can’t do in the operating environment. This leads to potential cost saving mechanisms not being deployed due to uncertainty. An example of this is: ‘Can you put your policy administration system on a cloud platform?’, which leads to questions about whether there are regulations that make this viable, how the information is protected and whether its adequately covered, etc. Often insurers have to approach the regulators to get approval before proceeding with innovative ICT techniques, and this leads to delays and hence cost savings aren’t being realised.

Our recommendation: A skilled ICT partner can work with its insurance partners to drive more proactive pre-approvals to help expedite matters with legislators and regulators.

vi. More and more, business-to-business interaction that’s automated, enables information collaboration and drives efficiencies in business processes – this is becoming key to success. Industry initiative adherence and improvement of some of these such as Stride and SMVD are critical going forward. When true collaboration and information sharing become easier across the industry, aspects such as claims processing, fraud and risk management can become more agile and hence drive efficiencies and costs down in the business process.

vii. Managing agencies / brokers and intermediaries and their impact on regulatory requirements is a key aspect to driving the end-to-end business model for insurers. Aspects such as whether accountability rests with the insurer or the broker, and remuneration disclosure between insurer and broker not affecting the consumer, are areas where there must be strict compliance with the laws governing the industry, e.g. the Insurance Laws Amendment Act, 2008. ICT can help enable these processes with automation and compliance reporting in all aspects of the business process.

viii. Reducing expenses while maintaining agility and not compromising service quality is a continuous challenge for operating divisional managers.

Our recommendation: ICT can play an important role here by enabling more agile systems that support the fundamental drivers of the insurance business. Aspects such as agile computing platforms, automated front-end platforms, BPM and ECM are all ICT techniques that can be applied to create agility and drive down total cost of ownership in the insurance business.

ix. End-to-end customer portfolio management can be a big challenge to diverse, spread portfolios in insurance companies. The inability of business systems to support integrated information for a single customer across multiple lines of business creates dissatisfied customers and can lead to policy churn.

Our recommendation: ICT can help in this area by enabling an integrated information framework for the insurance business that integrates all information relevant to the client interaction process. An example of this is the copy of the client identity document submitted for FICA. If the business has this already, why should the client have to resubmit it when they transact with another part of the business? This could be made available in a client portfolio of all information relevant to that specific client. This reduces the annoyance factor that many financial institutions, including insurance companies, face with the consumer.

x. Risk management, fraud detection and prevention are key aspects to the operational component of the insurance business process. Automation of information gathering from internal and external sources for the risk management teams is vital to ensure the long-term viability of the insurance business, e.g. police case data, social platform insights, other insurance claims denied, other insurers fraud information, court docket, social media around what the clients are saying, social interaction platforms etc.

Our recommendation: There are ICT solutions that can help gather, collate and analyse the necessary information to automate and support the risk management process in the insurance business.

xi. Enhanced claims processing that enables efficiencies such as faster and more accurate processing will drive further customer satisfaction, and this in turn will lead to less churn on policies and potential new business referrals.

Our recommendation: This can be achieved by automating the claims process using BPM tools and ECM platforms, combined with the correct data analytics, to improve the decision-making process around claims processing.

xii. Standardisation of business processes and associated supporting technologies and systems leads to cost savings, increased efficiencies, improved client communication, decreased errors and improvement of analytical capabilities across internal and third-party service providers. This is especially effective when there are multiple divisions selling different products to the consumer. The greater the standardisation of the back-end and support process, e.g. claims, underwriting, IT, finance, HR etc., the greater the efficiency gains in the business process, which ultimately translates into driving cost out of the insurance business.

xiii. Driving the re-signing and renewal of policies, enables protection in the medium-term of the gross written premium of the insurance business.

Our recommendation: Using advanced analytics solutions to enable the communication mediums for consumers in the premium reminder and renewals process would help insurers gain a clearer view of renewals and re-signing, drive customer satisfaction – and hence, renewals.
xiv. In many cases, insurance businesses will have legacy platforms in place that are specifically allocated to deliver a portion of the business process. There’s often a lot of duplication of platform and of processing that drives inefficiencies in the ICT operating environment.

Our recommendation. Driving the ‘insurance systems platform’ as a service is one of the techniques used to reduce operational expenditure and improve processing efficiencies. This can be achieved by using cloud service platforms like communications-as-a-service, software-as-a-service or ‘X’-as-a-service to consolidate and create agility in the ICT operating platform. This also successfully refreshes ageing infrastructure and enables the move to new business system platforms and infrastructure. And as an added bonus, agility in new product development is supported with the more agile ICT platform enabled by these technology advancements.

b. ICT trends for the operations context
Below is a short and by no means comprehensive list of the operational ICT solutions that can be delivered to drive a higher level of operational efficiency for insurance businesses:

i. Call centres and service centres integrated with all communication and analytic systems to enable a single interaction with the consumer.

ii. Network as a platform for insurers (insurer to agency / broker / intermediary to customer), enabling the end-to-end customer interaction.

iii. Converged communications for insurers (video, voice and data platforms enabling the customer-focused insurer – also enables network convergence to save costs).

iv. Agency management solutions providing a common toolset to third-party agents and internal sales teams, from network to infrastructure to applications.

v. An integrated information framework for insurance businesses.

vi. Automation of the back-end operational business processes via ECM and BPM (integration and streamlining of business processes and information management in and between administration platforms, broker / agent and sales front-ends, communication mediums etc.).

vii. Hosted service broker for cross-company interaction (e.g. follow up on previous incidents or policies previously denied by other insurers etc.).

viii. Shared and private cloud platforms for insurers (business platforms, client front-end platforms, broker / agency platforms, broker services between insurers e.g. STRIDE, Operations support platforms, CRM platforms etc.).

ix. Big data for insurance (managing market-based, internal and external insurer information around the customer).

x. Fraud detection voice analytics.

xi. Fraud detection information and patterns analytics.

xii. Business analytics for insurers.

xiii. Social media platform monitoring for potential ‘loss of face’ social message spread and enabling the business to react proactively to this.

xiv. Administration system for insurance companies that integrates across all media and platforms for the consumer.

xv. Integrated information framework for the insurance business that leads to the building of an integration network for insurance information, coupled with analytics to drive customer satisfaction and business analytics information decision-making.

xvi. Automated product development lifecycle solutions that improve time-to-market for product development and introduction.

xvii. Cloud services for messaging and collaboration enabling enterprise collaboration, e-mail and communication in a pay-as-you-use consumer procurement model.

xviii. Legacy application information integration.

xix. Legacy application management and support.

xx. Customer-integrated operations and control centre for insurance; and

xxi. Trading platforms for insurers.

3. The business commercial context
The commercial context focuses on aspects required to run a long-term sustainable business model for insurance companies. Many of the day-to-day support value chain functions are covered in this component of the contextual model, e.g. HR, finance and payroll.

a. Commercial actors:

i. To grow the gross written premiums number, many of the medium-to-large industry players are expanding into markets in which they’ve not previously operated. This has and will continue to lead to expanded legislative and legal requirements, new media and ways to market to consumers, as well as different language barriers. These new markets can be easily adopted into operations through an automated approach to product development, marketing and administration. Collaboration becomes a big player in this space because it enables the different teams to work closer together across the expanding enterprise boundaries (specifically when it comes to reinventing the wheel versus using techniques and systems that are tried and tested in other geographies).
ii. Financial management is a key component of running a commercially viable business. This component of the insurance business can be enabled with insurance-specific Enterprise Resource Planning (ERP) systems, and then improvement of the financial processes can be introduced using automation from a BPM perspective. Aspects such as limits of authority, auto approvals, automated expense claims and roll-up budgeting, integrated sales to contract process to mention a few, can be implemented in an automated ERP solution to further enable and drive out costs in the financial aspect of the insurance business.

iii. Investment management is important, specifically in unit-linked insurance plans (relevant to life insurance companies). Prudent investment, enabled with returns management, is vital to ensure a satisfied long-term customer and a viable long-term insurance portfolio. There are many ICT systems that can help in this space, including trading systems and portfolio administration systems. There's a need for strong analytics in the investment space – this is a trend that's growing and receiving major focus year-on-year. We see the trend and growth in analytics is around “non-prudent” and “fraudulent investments”. Analytics is playing a larger role in decision gates for investments and stop loss intervention decision making.

iv. Human capital management (HR), is key to any functioning insurance business. People are the heart of the business and good practices and processes around the management of people, payroll, training, incentives and job frameworks, to mention a few, go a long way to enabling happy personnel. This, in turn, enables a culture of customer-centricity, which will drive the business growth over the medium to long term.

v. Managing information and the associated technologies is a core component of the insurance business. The business runs on information and decision analytics, and these are key drivers for the insurance ICT team. The need for stable and robust infrastructure, agile and efficient processing systems and dynamic information management are major drivers in information management in insurance. Partnering with service providers that can enable innovation, and have ongoing research and development to back the innovation, is key to driving cost out of the traditional insurance ICT business.

vi. Statutory reporting in the highly legislated and regulated insurance industry environment is a requirement that's growing in importance and required to ensure long-term business sustainability. Aspects like compliance reporting are becoming important factors in the commercial viability of the insurance organisation. Failure to report adequately can have a disastrous effect on the organisation's ability to trade. The organisation's image can be tarnished in the market, which leads to loss of face and hence business. Monitoring of market conditions and social media to respond to potential reputational risks is a core requirement going forward for all insurance businesses. This has a direct relationship (one of many) to statutory reporting and its effect on the consumer base.

vii. Running a sustainable business model and executing on the ‘stay in business’ basics are important to insurance companies. Solid foundations, linked to an agile business model that enables change and the introduction of solid high quality products, are important. ICT can help enable a sustainable business model by creating and managing infrastructure platforms that are agile in design and can be used to drive growth for the organisation. Enabling different consumer models for ICT platforms is another way for ICT to create agility in the ICT systems layer of the business. Aspects like product systems development, lifecycle automation and management systems can be used to help manage and drive the product development lifecycle and to create efficiencies in the SDLC for business.

viii. Retention and long- to medium-term revenue security are key commercial drivers for insurance companies. Failure to maintain existing revenue streams in areas such as renewals and retention, as well as failure to ensure customer satisfaction, can lead to policy churn and a reduction in gross written premiums. A few ways ICT can help are as follows: ICT can provide the analytics platforms that automatically forward renewal and retention communication to clients, to management and to sales to enable the required action. There are social platform monitoring solutions that enable regular customer satisfaction monitoring, as well as information dissemination via the social platform. A trend gaining traction in this area is analytics, with the use of platforms to help drive better customer analytics and automation of communication.

ix. Predictive modelling to anticipate changes in legislative and regulatory requirements enables the business to reshape, remodel and introduce new products into the market. This can play a significant role in helping insurance businesses to conform to ever-changing customer needs. Over time, this will help drive a stronger, more profitable insurance business. ICT predictive business modelling and analytics solutions can be implemented in this area for the commercial business. The key is to understand what predictive models are required by the business and the information patterns and sources that predict these trends. The predictive modelling system is the engine for these business queries. We see a big data approach being adopted in this space, as information is widely spread inside and outside of the organisation and the type of models being created require free-form questions and answers.
b. ICT trends for the commercial business context:

Below are a few commercial ICT solutions that can be delivered to drive a higher level of commercial agility and efficiency for the insurance business:

i. The integrated information framework for insurance businesses, which defines and interconnects the information layer of the insurance business

ii. Risk management solutions, including fraud detection, prevention, and analysis and trending

iii. Investment management and analytics solutions

iv. ERP for insurance (specific broker and insurance model)

v. Automated product development lifecycle solutions that improve time-to-market and manage the end-to-end components of product lifecycle development and implementation

vi. Knowledge management for insurance (ECM, BPM, RM, analytics)

vii. Predictive modelling for insurance using big data analytics

viii. Strategic ICT outsourcing for agility and efficiency of insurance ICT operations

ix. Information security operations control centre for insurance

x. Enterprise asset management for insurance

xi. Backup, storage and information retention and protection for insurers

xii. Virtualising the insurance processing platform

xiii. Interactive media solutions for insurance, to save on travel costs and increase collaboration and face-to-face interaction.

xiv. Unified Collaboration and Communication (UCC) platforms to enable a user centric approach with consumers

Conclusion

Many insurance companies are already on the journey to optimising their ICT and are striving to move ahead of the curve to become more cost-effective, agile and efficient. The journey takes time, and needs careful planning and a clear roadmap to show the business value delivered by each step. The conceptual discussion above is aimed at helping strategic planning and inspiring insurance organisations to look to the potential trends that may impact their business into the future, then integrating these into the strategic planning function to enable the future organisation. For more detail, please contact us for an honest and no-obligation discussion.

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