

## Tech innovation critical for insurance success

The evolving technology landscape provides insurers with unprecedented opportunities to grow their business.

Ben Burger, managing executive at SilverBridge, believes 2019 will see the development of the ideal environment to integrate cloud, data analysis, machine learning, and artificial intelligence to differentiate innovative insurers from their competitors.

“In the past 12 months, we have seen how insurers across the continent are using artificial intelligence, telematics, and the Internet of Things to develop products and services that cater for a mobile and demanding customer base. These innovations will only accelerate as the year progresses,” he says.



Ben Burger, managing executive at SilverBridge

The only way for insurers to take full advantage of these future-forward opportunities is by having a back-end system and infrastructure that can integrate easily and seamlessly with many applications. For example, customers with flexible backend systems are replacing their cumbersome paper-based onboarding with digital solutions.

This new eco-suite of applications required to service the tech-savvy market will have to incorporate omnichannel capability that enables onboarding of customers through any channel, within minutes. Insurers who aspire to provide instant value for their customers, coupled with flexibility throughout the life cycle of the relationship, will be the ones who come out on top as this is what this market wants. Replacement of systems that do not offer the benefit of data analysis in a real-time environment will be critical.

## Being nimble

“This is where insurtechs have the edge over traditional insurers. Although some very impressive work has been done by some large insurers to break old habits and thinking, it is inherently more difficult for them to be nimble, and quickly adjust to fast-changing needs in the market. Insurtechs do not necessarily need to deal with ‘ripping and replacing’ their infrastructure and systems, but more often than not, they do not have the wealth of information that their better-established peers have collected over years of doing business. This data can be very valuable for existing insurers, especially when used in an aggregated way”.

Despite having access to a treasure trove of data, many insurers still struggle with complicated internal processes that prove cumbersome in the more dynamic, digital landscape of today. Furthermore, many insurance customers are not satisfied mainly due to low service levels and a lack of solutions tailored to their unique needs.



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“People want products and services that talk to what they want, in a way they want, using the platform they want and being paid for in a way that is convenient for them. Cynics might argue that this is a very ego-centric way of doing business. Although this might be true, it does not make the requirement any less real. Criticising it will not help your business but taking advantage of it will. It will be interesting to see how the competition between customer focused and bureaucratic players unfolds”

## Where to next?

For a long time there seemed to be a focus on a broad product range to differentiate oneself in the insurance market. This product differentiation required a demographic pricing approach to make products attractive to different sections of customers. Naturally, once everybody caught up with products and pricing, they started looking for a new differentiator. This turned out to be internal efficiency as a driver of profit. And so, the era of automation began. Effective back-end process automation became a very attractive prospect.

Recently, because of many external factors giving rise to a much more interconnected society, we saw a shift towards customer centricity, specifically the individual customer. Suddenly, the back-end process and system should be the least of your worries. The leading insurers have already shifted their focus to all aspects of customer interaction in order to drive value there as opposed to back-end processes. The need to protect your existing book using a more personal way of doing business with your customers sparked the focus on increasing the total share of wallet. For any insurer to be able to do this effectively, tweaking back-end systems and processes now need to be easy so that the individual customer can become the centre of attention.

It is impossible to accurately predict the wants and needs of people on an ongoing basis, and where exactly the market will go. What we do know is that there will be change and trying to build a solution to cater for all potential scenarios is not the answer. So how do you hit the sweet spot in what is now an ever-changing market?

The truth is, there is no magic formula, therefore the journey will inevitably involve some failures along the way. The key will be to have a mindset to move to the next idea quickly. This nimble approach needs a core system with a flexible toolset that will allow you to fail without significant implications. Failure is required to learn, just be quick about it and move on.

“Embracing cloud, big data analysis and artificial intelligence was unthinkable a few years ago, it is here now. There will be people who call this disruption, and there is a group of people who will call this opportunity. Which group do you belong to?”

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