

NAVIGATE YOUR NEXT
— in Insurance —

SPEED, ACCURACY, AND TRUST: WHY INSURERS NEED DIGITAL TRANSFORMATION TO SUCCEED



Abstract

In this digital age, the needs of customers and the nature of risk are constantly evolving. Hence, insurance companies must continually innovate their products and models to meet the needs of buyers, while protecting them from new and emerging types of threats. This requires them to be agile, precise, and transparent. This viewpoint examines the need for speed, accuracy, and trust across core insurance functions. It also uses real-world case studies to describe how modern technologies and digital transformation are helping life and annuity as well as property and casualty insurers succeed in the post-pandemic digital age.



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THE THREE PILLARS- SPEED | ACCURACY | TRUST

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The insurance industry has witnessed major challenges over the past few years.

More significantly, they are also dealing with a flurry of new and sophisticated types of risk.

Consider how rapid digitalization during the pandemic led to increasing data breaches and criminal attacks on enterprise assets, how severe climate change is creating novel types of natural disasters, and how a disease

like COVID-19 has unknown long-term effects on health.

The pandemic itself led to a slew of related challenges. Auto insurance sales dipped due to lockdowns; many policies lapsed due to non-payment.

Meanwhile, the demand for health and usage-based insurance as well as micro-insurance escalated. Customers wanted

instant access to insurance advice via diverse touchpoints and would quickly switch to insurance providers that offered digital and mobile-first experiences.

Thus, to win in this new world, insurers need to be responsive, precise, and comply effectively with changing regulations. Let us look at the three pillars that insurers need to succeed in the digital age.



Time to market is critical for insurers that want the first-mover advantage with cutting-edge products to benefit their customers. Through digital transformation, insurers gain speed to power their business in the new normal.

The existing landscape of many large insurers, though, presents some challenges. Firstly, legacy systems often have decades of technical debt with the data locked within old databases, making it inaccessible to analytics programs for insights.

Digital-first InsurTechs, unfettered by legacy systems, are fast, competitive, and grabbing market share. Thus, incumbent insurers who are traditionally slow to respond to market trends face a serious threat from agile

competitors. Further, poor organizational alignment across people, processes, and technologies can cause process gaps and slow product innovation.

Through digital transformation, insurers can scale to meet requirements speedily and adopt next-gen functionalities. For instance, they can personalize customer and agent experiences, making them seamless, unified, and digital for better productivity and customer service.

They can create digital and cloud-first workplaces that are secure and cost-effective. Leveraging digital platforms that integrate with partners will drive better collaboration and outreach.

Finally, cloud, APIs, and big data will modernize infrastructure functions and automate core functions, making them more responsive to stakeholders.

Such capabilities will allow insurers to approach new market segments and customers through a fail-and-learn-fast approach. They can launch innovative products for customers at a faster speed to market. It will also help establish an agile and lean system to support future goals.

SPEED: IMPLICATIONS FOR INSURERS

Life and Annuity Insurance

- Leverage low/no-code core insurance platforms and cloud-based policy and administration servicing (PAS) to streamline operations, reduce cost, and innovatively design products in micro-insurance for new customer segments
- Extend reach through digital channels and direct-to-consumer models for mobile-first solutions, rich user experience, and unified customer views
- Use AI/ML to assess and score risk and digitalize KYC and AML verification for faster customer onboarding
- Automate process workflows and deploy virtual agents and self-service options for speedier issue resolution
- Accelerate claims filing and processing through end-to-end enterprise claims management systems with mobile-first features

Infosys leveraged a suite of solutions to convert nearly 2.8 million policies and systems, shift over 45 legacy applications to the cloud, and provide support services for 9 applications.

Example

Infosys helped a leading Canadian multi-national insurance and financial services provider consolidate their policy administration system using AI and automation. The client struggled with disparate administrative systems, manual processes and many integration points, which compromised time-to-market. Infosys leveraged a suite of solutions to convert nearly 2.8 million policies and systems,

shift over 45 legacy applications to the cloud, and provide support services for nine applications. Digital transformation based on AI, automation and analytics is helping the insurance major enhance customer experience through a single integrated digital platform for its life and annuity customers.

Property and Casualty Insurance

- Use DevOps platforms, open APIs, and cloud to modernize infrastructure and collaborate for deploying innovative products rapidly and expanding to new segments
- Ramp up sales and distribution with a unified workbench for agents/brokers, integrate with customer and policy management systems, and enable on-demand gig insurance models via mobile channels
- Automate underwriting and pricing for new products and models using AI/ML, IoT, and telematics
- Service policies through chatbots, virtual agents, and automated document processing
- Tap into blockchain, APIs, telematics, drones, and sensors to fast-track claims using image analytics and real-time updates via mobile channels

Partnering with Infosys has yielded the insurer a solution with 90% code coverage and 50% reduced defects.

Example

Infosys helped a leading personal lines insurer deliver a delightful user experience for agents/brokers by bringing agility into their point of sale systems along with intelligent quoting capabilities. While

the new automated system is helping the client save 75% effort and reduce cycle time by 50%, partnering with Infosys has yielded the insurer a solution with 90% code coverage and 50% reduced defects.

ACCURACY: PRECISE INSIGHTS FOR EFFECTIVE PRODUCT-MARKET MATCHING



Digital solutions, powered by strong data management and analytics capabilities, bring in a high level of accuracy in predictions, thereby driving informed, relevant, and timely decisions.

For insurers, precise and accurate data can help them respond effectively to new trends and regulatory requirements, improve the customer experience, and discover new business opportunities through hidden patterns.

Most insurers struggle with fragmented enterprise data strategies due to siloed data systems and low-quality data. Outdated decision models based on such data lack verifiable outcomes.

Moreover, the absence of a robust data management strategy makes it harder for insurers to comply with changing regulations that are heavily data-dependent.

Through digital transformation, insurers can access AI/ML to automate risk assessment and improve how they underwrite risk, thereby enabling accurate pricing decisions and improving operational efficiency. AI/ML-based claims triaging and processing can mitigate risk and accelerate claims settlement. Bots help automate regulatory reporting while analytics improve capital management through risk retention techniques.

On the customer front, digital technologies can deliver a 360-degree view, enabling uber-personalization and customer-centricity. This eventually leads to data monetization opportunities and resilient business growth.

ACCURACY: IMPLICATIONS FOR INSURERS

Life and Annuity Insurance

- Leverage big data for customer analytics to personalize offerings across apps, gadgets, and wearables as well as improve actuarial analytics through digital tools
- Deploy dashboards so agents can be prompted with next-best-sell offers to increase sales
- Integrate payment wallets and gateways with policy issuance for a smooth onboarding experience
- Collaborate with medical and healthcare partners to utilize medical data and test reports to fine-tune underwriting
- Monitor health and wellness and provide recommendations through robotic process automation and machine learning
- Roll out incentives for preventive care and enable strong back-end integration for faster claim verifications

Infosys leveraged a suite of solutions to convert nearly 2.8 million policies and systems, shift over 45 legacy applications to the cloud, and provide support services for 9 applications.

Example

Infosys helped a leading L&A insurer improve its product up-sell and client experience. We implemented a predictive analytics model to identify the drivers of conversion and generate a propensity score for a given set of policies. An experiment was done on field to observe and record improvements in the conversion rate. We also made the model available for all field representatives to enable their focus on

the right clients. The levers were product portfolio, prior conversion, policy attributes, underwriting, and client demographics and beneficiary. This resulted in improvement in client experience. The program led to 30% increase in premiums, with 70% accuracy and reduction in duration of conversion.

Property and Casualty Insurance

- Use data analytics, cloud, and connected ecosystems to scale digital services, improve efficiencies and roll out smart insurance products for parametric, gig, on-demand, and usage-based insurance
- Deploy open APIs to target sales and marketing, and customer analytics to empower brokers/agents for integrated cross-sell/up-sell opportunities
- Enable climate-related risk modeling and analytics, and use connected devices for accurate risk assessments and personalized pricing
- Monitor assets, refine compliance, and automate policy servicing through data management and virtual agents
- Leverage connected assets and predictive analytics for precise claim settlements using modern image

Infosys deployed a telematics-based teen safety solution with foundational data capabilities that turned data into information and actionable intelligence.

Example

For a leading P&C insurer looking to monitor driving behavior among teenagers, Infosys deployed a telematics-based teen safety solution with foundational data capabilities that turned data into information and actionable intelligence. Using its IP assets, Infosys developed a mobile app with location-based services and gamification that provide

a points-based reward system for safe driving, badges, notifications to parents, and more. It reduced insurance claims, helped parents feel safe by tracking their children, and promoted safe driving behavior through strong user engagement.



Trust and transparency form another critical component of successful insurance operations that can be strengthened with digitalization and automation.

With insurance regulations evolving to include data privacy norms and digitalization, many insurers are concerned about cyberattacks.

Environmental, social, and governance policies are now on boardroom agendas, and insurers must embrace this to maintain their market position.

Further, in the wake of the extreme turbulence during the pandemic when premium payments lapsed, customer churn increased, and sales volumes plummeted, insurers want to build business resiliency.

Digital transformation has the potential to bring transparency to insurance operations in a way that benefits auditing, compliance, customer delight, and security.

For instance, blockchain can drive secure, reliable, and automated transactions. Technologies like weather AI and IoT can help build affordable, available, equitable, and sustainable products.

Digital and automated distribution systems improve collaboration among agents for higher reliability and trust. Finally, digital also increases customer engagement across multiple touchpoints for faster issue resolution.

TRUST: IMPLICATIONS FOR INSURERS

Life and Annuity Insurance

- Build product ecosystems that are simple, secure, and compliant
 - Gamify offerings and enable interactive selling through products integrated with core systems that drive customer retention
 - Automate medical or financial underwriting through an integrated partner ecosystem with automated AML verification
 - Increase cyber security in customer transactions, enhance compliance
- with insurance regulations across market conduct, cyber risk regulation, consumer privacy, and accounting
 - Improve customer loyalty through self-service and service-bots as well as automated and simplified policy management processes
 - Detect and prevent claims fraud across all third-party data ecosystems through automated verification along with faster claims filing and settlement

Infosys implemented 39 unique tools to strengthen security across all domains.

Example

A US-based financial, retirement, investment, and insurance company wanted to improve data protection for its users amid surging data volumes. Infosys implemented 39 unique tools to strengthen security across all domains.

The team also leveraged big data, automation, and analytics to reduce environment complexity, increase performance, conduct proactive security scans, and automate failure monitoring.

Property and Casualty Insurance

- Build innovative and simplified products and services that gain customer trust such as cyber security and proactive risk management
 - Transform brokers into trusted advisors and sales champions through cloud, data, and digital ecosystems
 - Refine underwriting models to include climate change, natural catastrophes, and cyber risks
- Use customer intent analytics and insights to improve customer retention
 - Prevent fraud and enable secure and transparent processing through blockchain-based claims handling solutions
 - Promote asset repair schemes and work with ESG-responsible service providers for claims services

The new system is fully CCPA-compliant and empowers customers to submit requests for information, track request status, and download responses.

Example

A leading personal lines insurer wanted to build a customer interaction system that handled personally identifiable information of customers in a way that complied with the California Customer Protection Act (CCPA) passed in 2018. Infosys leveraged an agile

approach to develop the system within stringent timelines while engaging all lines of business. The new system is fully CCPA-compliant and empowers customers to submit requests for information, track request status, and download responses.

Conclusion

Modern digital technologies such as blockchain, cloud, big data, analytics, AI/ML, automation, and APIs can transform insurance into a customer-centric, responsive, and agile industry. It can support digital workspaces, deliver unified customer

experience, foster collaboration across a broader partner network, and enable deep systems modernization to ensure regulatory compliance. For L&A and P&C insurers, digital transformation can bring unprecedented value across product development,

claims settlement, policy servicing, sales, distribution, and underwriting. The time is now for insurers to adopt digital transformation to leverage the three pillars of speed, accuracy, and transparency needed to succeed in the new normal.

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