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Thinking Beyond Core Admin Transformation

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Overview

Core insurance application modernization is like an open-heart surgery – we must have it, but we also need to completely overhaul our entire lifestyle. And insurance companies may take different approaches to its implementation. Some may take a modular approach, implementing one app (Policy, Billing or Claims) at a time, and others may go for a complete Suite implementation.

Either way, it is a long, complex, and expensive undertaking. Results vary, depending on the purpose, approach and thought behind the implementation. In the order of assured and amplified result, insurance companies need to plan and think beyond mere Core Admin implementation. Before beginning a Core Insurance Modernization exercise, insurance companies should consider these seven items:

1. Portal

Customers want more than a good online purchase experience. They also want more information related to purchase, along with enhanced self-service capabilities. Within Policy admin, customers are ready to put all initial data upfront, to get a quick quote. They are ready to make online payments, and update and track all claims-related information online.

Agents, on the other hand, are looking for an integrated system, which can reduce administrative time, give quotes on the go, and track the entire lifecycle of policy issuance process. They are also looking for online solutions to manage the agency billed policies, where they can conduct reconciliation and extract reports. While working on the Core Insurance system, carriers should ensure that they have considered portals as part of their overall strategy.

2. Cloud Computing

One of the most important questions enterprises ask today is - cloud or on-premise? The traditional system still has its place, but cloud-based systems have become popular even with small

and midsize businesses of late. Key considerations for decision-making are: aging infrastructure, expanding technological ecosystem, infrastructure and location independence, reducing cost & maintenance, and finally, the dynamic allocation of resources.

Most core admin platforms are now cloud-enabled, which come with standard pre-connected integration points and upgrade facilities. These models are attractive to small players, but provide limited customization options. Larger players are opting for on-premise versions, hosted on private cloud.

3. Internet of Things (IoT)

The Internet of Things is another revolutionary technology, which has penetrated almost every industry. People, and businesses alike, are buying IoT devices or products with this built-in technology, to receive and share real-time information.



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Using IoT, insurance companies can provide value-added services such as instant help or smoke detection. Similarly, it can be used to provide better safety, equipment, and tracking of devices in the construction industry.

Another IoT application in insurance is better risk analysis of policies. Traditionally, companies relied on past experience and analytics to evaluate risk rating and premium calculation. With connected devices, they can access vast and real-time data, to offer customized risk analysis for each customer, and provide services like pay-as-you-go premium.

4. Big Data & Analytics

Actuarial Science has been leveraging the data produced by core admin platforms, and combining it with other statistical models for a very long time. However, the data source is changing and becoming increasingly real-time. Insurance companies now need to integrate data/metadata from Core Admin systems and social media, portals, IoT devices, etc. Companies now need to plan for and be able to analyze this vast and often unstructured data. Big data implementation has now hit a critical mass, and most insurance companies are planning for Data Lake like implementations vs. the traditional relational data-warehouse method.

Companies are using this data in areas such as risk management, better underwriting, fraud detection, gaining better customer insight, and above all, developing new products or coverage that is best suited for the changing world.

5. Social Media and Mobile Technology

Today, the world is hooked on social media – if you're not social, you don't exist! Naturally, insurance companies are chalking out their social media plans. They develop an integrated strategy to use social media for targeted marketing, by evaluating life events/needs, evaluating risk profiles, and predicting customer stickiness. Combined with the analytics strategy, insurance companies can use social media for any sign of interest from prospective customers, and personalize their messages on real-time basis to match customer behavior.

On the other hand, mobile apps are giving better information and self-service capabilities to the customer. Mobile apps can also streamline the process of agent and broker, which can help in issuing and resolving policies quickly, and with the accurate data. Combined with the Portal strategy and IoT, mobile apps increase customer reach by providing better and faster services.





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6. Machine Learning and RPA

To dramatically improve profit margins and speed of delivery, as well as transform customer experience, insurance companies globally are turning to automation to streamline their business processes. These companies are moving beyond mere process automation, to implement cutting edge machine learning tools with cognitive technologies. These tools help cut down repetitive and manual jobs. RPA is enabling companies to streamline their existing processes, and provides scalability of work.

Through machine learning and RPA tools, insurance companies can handle issues like –

- a) manual inputs from various data sources
- b) regulatory and compliance reporting
- c) entering data for claims intake

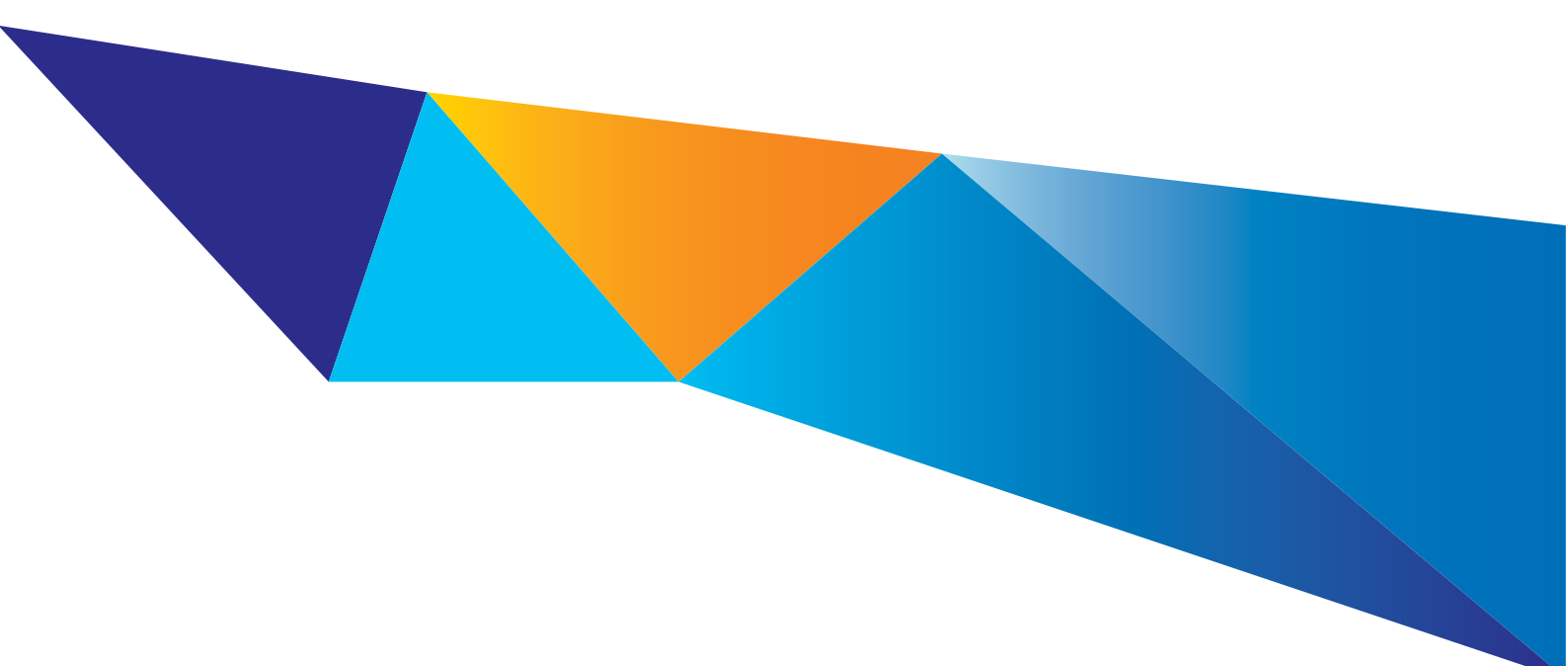
RPA tools can help insurance companies provide consistent services, even when there is a spurt in a process, like increase in the number of claims during a catastrophe.

7. Cybersecurity

Cyber risks are no longer the problem of the CIO alone, but a key topic for board discussion. Digitalization of information, widespread usage of connected devices, and integration of multiple applications managed by multiple vendors, have increased the risk manifold.

The shift toward the modern core admin platform provides highly integrated system of Policy/Billing/Claims/Agency management, getting integrated with a host of other online services and connected devices.

Cyber-attacks are growing across the finance and insurance industries, as they move toward digitalization. The challenge is becoming more complex, as they adopt big data strategy, which involves working with a vast volume of customer data. The need therefore is to adopt a solid strategy to secure data from cyber-attacks.





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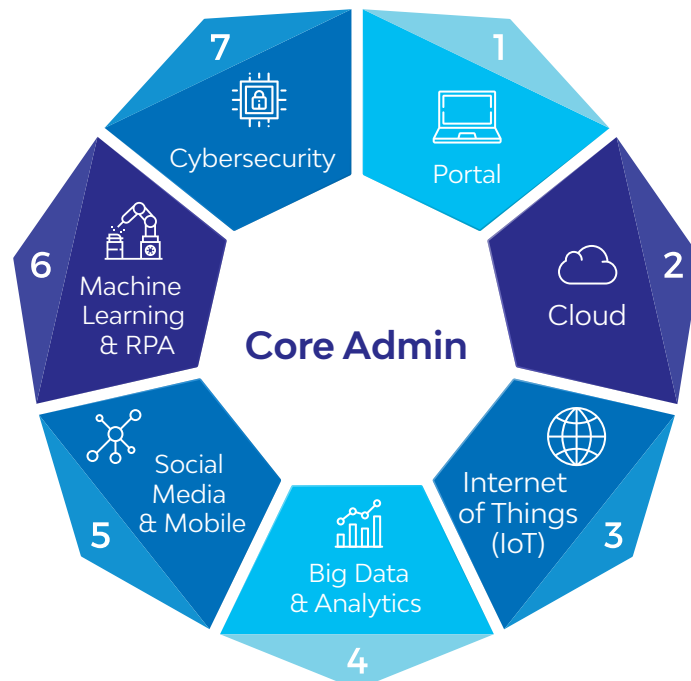
Conclusion

Rapid changes in the IT landscape are forcing insurance companies to become more customer-centric, and provide solutions that offer seamless experiences to the end-customer. A good Core Admin Transformation is mandatory for insurance companies to speed up their Go-To-Market (GTM) strategy. As insurance companies adopt new Admin systems, they should do an enterprise-wide analysis to amplify the outcome of such implementations.

Companies can broadly classify the development of portals, social media and mobile phones, as part of the customer experience enhancement exercise. On the other hand, IoT can provide quick service and reduced claims (and in turn provide better premium). Big Data and Analytics are helping companies target the right customer, reduce unwitting cost, and also help in fraudulent claims. On the operations side, IT is using analytics and AI for automatic resolutions, repeated problems, or queries.

Insurance companies are now using cloud computing to reduce the cost of infrastructure, and become responsive to the infrastructure demand. Similarly, machine learning and robotics are helping insurance companies to substantially reduce the cost of manual operations.

Finally, cybersecurity and privacy is a concern for everyone. Companies may incur substantial loss of faith and business from their customers, along with fatal penalties from regulators. Insurance companies should invest time at the beginning of core transformation, to decide the long-term strategy and road-map, which will enable them to maximize their RoI.



About the Author



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Siddhartha is the Practice Head for Insurance products. He manages the practice and implementation of COTS products like Duck Creek and Guidewire across all geographies. He has extensive experience in managing large and complex insurance transformation programs. Siddhartha has also been instrumental in developing and leading insurance product development and engineering.

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