Powering clients to a future shaped by growth

The New Standard in Property and Casualty (P&C) Insurance— A Modern Approach to Efficiency and Execution

With a new standard in place, insurers can reinvent their businesses, transform while performing, and innovate the employee and customer experience.

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The New Standard—For Insurance by Insurance

Using the new standard to drive the P&C industry forward

The status quo or old insurance industry standard is a familiar scenario: slow product development, rigid and inflexible systems, and a limited delivery of customer-centric experiences. COVID-19 shook up the industry; it is clear that customers' needs are changing fast.

There is a new standard being set by insurers and their customers. It is not a technical document or a required set of rules or guidelines. The new standard is an expectation of what insurers can achieve when they create a new level of efficiency and execution that provides the insights, intelligence, and innovation they need.

All types of insurance companies are responsible for creating this new standard. Established insurers will have the scale, capital, market reach, brand recognition, product design, and infrastructure to bring good ideas to market. It is often said that start-ups and insurtech companies have the freshest ideas, but actualizing them is much more important.

Frost & Sullivan conducts an annual cross-industry survey to gauge where companies are in their digital transformation journeys. The top customer experience priorities for global insurance companies in 2021–2022 are managing the entire customer journey and ensuring customer trust. The top challenges to delivering excellent customer experiences for these companies are systems integration and cybersecurity threats. The alignment of these issues is the crux of the insurance industry's old standard.

With a new standard in place, insurers can reinvent their businesses to meet the needs of their customers, now and in the future; transform while performing by moving from static business strategies to flexible, predictive, and personalized service models; and innovate the experience by empowering all employees to design and deliver winning experiences.

Making this level of efficiency and execution a reality for insurers is the new standard. These are the objectives of modern insurance companies, and they must have the ability to deploy new strategies quickly and at scale, and focus on achieving bold business goals even in the face of constant change.

How to Get from the Old to the New— Achieve Excellence by Achieving Objectives

A part of changing customer needs is growing interest in new types of insurance, products, and geographic coverage. There are many potential markets for insurance businesses and better ways to service existing markets, but speed and agility are needed to develop fresh products and approaches. Insurers make decisions around customer expectations, and there is now an opportunity to build on the transition in process.

Innovation at scale—making the most of current products to develop new ones

New market-relevant products can be created by reusing common product definitions across portfolios to offer tailored coverages, without creating a massive library of products that are expensive and time-consuming to maintain. By building a product factory, low-code configuration tools can be used to leverage an inheritance model, allowing insurers to standardize templates and reuse common product definitions across multiple lines, all from a single point of change.
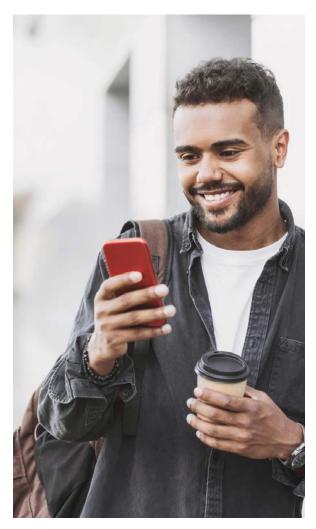
Speed to market—recognizing a customer need and meeting it quickly

Building an insurance business on up-to-date, flexible software solutions that adapt to ever-changing requirements is crucial. However, this requires insurers to move away from supporting obsolete core systems. The ability to quickly integrate new third-party data and services and low-code configuration solutions empowers teams to innovate. Running evergreen technologies allows for market feedback to be incorporated and competitive threats to be addressed fast with updated underwriting and rating rules, distribution strategies, and internal business processes. The flexibility must be there—the systems and architecture that make it possible. Evergreen technologies include regular software enhancements, bureau circular updates, and security monitoring, all continuously supported.

Data utilization for personalization— for internal processes and external connections

Leveraging data to tailor experiences for all users involved in the insurance value chain is a fundamental objective. Insurers can use data to guide internal processes and enhance external relationships, leading to efficient operations and positive customer experiences. The variety of personas, tools, systems, and interfaces available presents opportunities to realize data-driven personalization, tailor each experience, and automate and optimize workflows and user interfaces (UIs) along the way. It is up to insurers how and when to personalize experiences, but having that single point of change empowers them to do that.

Externally, these strategies can help insurers support business objectives such as identifying new market segments and cross-selling products to their most profitable customers. There is a multitude of personal data available from the ecosystem— e.g., health, physical activity, driving habits, shopping, and travel preferences—leading to hyper-specific policies built for individuals, not broad groups. These personalized data balance the risk for the insurer when underwriting is based on such individualized profiles.

Beyond the New Standard—
A Modern Approach for the Modern Customer

Putting it all together—creating value by optimizing cost management and profitability

What does this mean for insurers today? The term "standard" implies rigidity in an insurance context, used to answer how insurers execute their business. Its use here takes on a different meaning—insurers need a new standard to proactively stay ahead of the pace of change.

Putting this into place or starting the journey to make things happen may sound daunting, but this is not a new concept for insurers. They have been redefining and refining their strategic direction with technology; transforming their businesses to be more agile, digital, and customer-centric; and creating value by optimizing cost management and capital allocation. With the old standard, insurance businesses could not do what they are doing now. With the new standard, they can achieve new levels of excellence by innovating at scale, viewing and serving each customer across channels and personalized data sets, and, ultimately, improving profitability by optimizing workflows, preventing churn, cross- and up-selling, and providing modernized customer experiences.

Case studies (Product factory, data-driven personalization, evergreen tech)

Mutual Benefit Group (MBG)

The 100+-year-old insurer of autos, homes, and businesses migrated from its on-premises instance of Duck Creek Claims to Duck Creek OnDemand, enabling it to shift resources to iterate its own configurations. Duck Creek OnDemand keeps MBG's systems continuously up-to-date to meet evolving customer requirements. The insurer provides an industry-leading customer experience throughout its claims cycle, allowing it to successfully compete with larger insurance companies. It completed 85 updates in 6 months, continuously delivered every 2 weeks by Duck Creek OnDemand.

Utica National Insurance Group

Running analytics from a new data environment has enabled Utica National to better understand its commercial auto book of business, improve its renewal decisions, prevent premium leakage, and manage claims more effectively. Longer-term, the company anticipates better market segmentation, loss-ratio improvements, and improved integration with its rule engine.

What Insurers Can Do Right Now to Get Started

Assemble

Insurers can create a team with members from the business and technical sides (and/or reallocate information technology (IT) resources to support business objectives) who can prioritize the product factory—determine common elements used across products, architect a product hierarchy that relies on a single point of change, and iterate on a regular basis to evaluate, design, and implement product enhancements based on market demand.

Assess

They can find what already exists for personalized internal processes and external experiences, create a scale for the amount of required data and degree of personalization needed, and assign values for each process or experience. They can use this scale to uncover the required scope of transforming processes and experiences, and then prioritize improvements against potential business value.

After a broad strategy is determined, insurers can partner with business owners and shift to a laser-focused view of a specific high-value use case. They can determine the data necessary, and build a detailed plan to collect, analyze, and apply them, and ensure that data flow in and out of the required systems, reports, and UIs so each person gets insights and guidance at the right time.

Embrace

Insurers can test and learn to continuously modify products, services, and experiences to meet demands.

Accept, ask, act—they can make data useful now by accepting imperfections, asking questions of the data to quickly gain required knowledge, and acting upon those insights.

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