

INSURANCE

TOP 8 INNOVATION TRENDS FOR DIGITAL INSURANCE IN 2016



After years of anemic IT innovation in the insurance industry, the momentum is now dramatically shifting towards digital transformation, and three forces are driving this change.

The millennial generation is becoming a driving force for change. Millennials, born from 1980 to 2000, grew up with Amazon, Google, and social media accessible via mobile devices and computers in their hands, on their wrists, and in their bedrooms, and they have an entirely new framework for customer interaction. All generations benefit from a highly customer-centric, environment-driven digital technologies. Consumers now expect to buy what they want to buy, when and where they want to buy it, with the ability to find it at the best price.

The second force in insurance is that the ubiquitous adoption of digital technologies means new opportunities for additional premiums, improved customer experience, better risk selection, boosting loss prevention, and increasing governance. In order to compete, insurance companies must find a way to access and process telemetric data from devices and sensors, stream real-time data from social media and external sources such as weather, and monitor data from the explosion of wearables in the public and industrial domain. Existing systems simply didn't envision the volume, velocity, and variety of this data.

Finally, the last force all insurance companies must address is finding better and faster ways to meet the ever-increasing demands of the regulatory environment. The impact of digital innovation will drive new regulation, thus additional pressures on insurance organizations to efficiently and effectively meet these regulatory requirements.

DIGITAL CHANNELS WILL REPLACE AND AUGMENT PHYSICAL CHANNELS.



A 2015 Bain survey of insurance companies projected that digital channels will continue to significantly replace physical channels in the next 3 to 5 years. The survey found that 20-40% of physical activities in insurance will be transitioned to digital. Specifically, pre-purchase, purchase, servicing, renewals, claims handling and management, payments, and customer feedback and resolution will become digital first, followed by other functions later. This transition will require incremental IT and integration transformation, which is the topic of 4 of our 8 trends below.

THE MILLENNIAL EFFECT ON THE MODERN APPLICATION DESIGN.

If the success of insurance companies depends on millennials, and millennials only want to interface with the firm digitally, what does that mean for IT systems? Insurance companies must turn the IT in their user experience departments upside down. Legacy systems were designed for human worker workflow, assumed the use of phones and postal mail, and assumed customers were willing to wait for a response. These assumptions are no longer true, and the new insurance customer demands information and service on mobile devices and the web, which are completely different design philosophies for application user experience experts



EMBRACE AND EXTEND LEGACY INSURANCE IT INFRASTRUCTURE



With this brave, new, looming technology world, can insurance companies afford to simply dump their systems from the past? Of course not! The techniques to embrace and extend the decades of technology debt require innovation in and of itself. Technologies now exist to extend the life of legacy IT assets and increase the return on investments. There is no longer a need to pursue very high risk, costly, resource distracting, and multi-year journeys to replace these

systems in order to benefit from digital transformation. For example, one hot technology trend is the use of in-memory data grid to move and cache back office data for new, innovative, digital applications. Data grids reduce load on existing systems and can save tens of millions of dollars in some cases, at the same time reducing the need to buy additional storage.

THE RISE OF DIGITAL CUSTOMER RELATIONSHIP MANAGEMENT AND DIGITAL INTEGRATION.



Customer relationship used to be a purely human practice, but moving forward, relationship management must be digital. For example, modern insurance call centers must have a seamless, real-time, 360-degree view of social media engagement, mobile application interaction, and geo-awareness from IoT sensors. This relationship management scenario is hard to accomplish with legacy systems. Modernized integration infrastructure with up-to-date web API, cloud-based services, IoT aware connectivity, as well as traditional integration infrastructure and data integration is required.



IOT INCREASES THE NEED FOR STREAMING ANALYTICS TO INNOVATE.

Insurance companies are now capturing new data from the “Internet of Everything.” For example, wearable device data allow insurers to offer discounts for healthy behavior, based on activity. But activity-based products require activity-based data and systems, and require the ability to process massive amounts of streaming information from devices. New technical challenges arise. How can streaming data be efficiently analyzed? Which streams must be archived? How will privacy be maintained? How will insurance companies deal with the volume of data streaming from these devices? These technology challenges didn’t exist in the last era of insurance, and pose formidable challenges on how to apply streaming analytics technology, historical analytics, security, and big data fabrics.



companies to gather and analyze massive amounts of streaming forensic data from insured, automated assets in order to decide? How can risk be mitigated in real-time by monitoring streaming data? The digital insurance company must invest in capturing these new forms of data, and in data science to analyze it for forensics, patterns, and predictive actions to decide how to respond to these regulatory pressures.

THE NEW DIGITAL DATA SCIENTIST STEPS TO THE FOREFRONT



Data Scientist used to be synonymous with actuary in the insurance industry. But in the new digital insurance era, data science is being applied to IoT data for forensics, history for predictive analytics, and location awareness for risk mitigation. These are new forms of data science that will rise to the forefront of the modern insurance firm.

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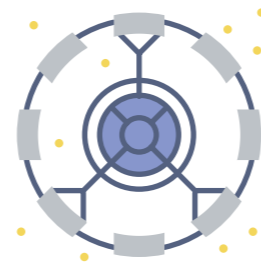
INCREASED FOCUS ON ALGORITHMIC RISK ASSESSMENT.

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Digital insurance data is fast moving—like streaming market data in the capital markets. In 2016, insurance companies will increasingly apply real-time algorithmic computing technologies born on Wall Street to the onslaught of streaming data from GPS, mobile, and wearable devices in order to make algorithmic decisions about subscriber conditions. But unlike Wall Street, insurance companies are not building low-latency automation. Instead, they’re using continuous algorithmic analysis to continuously monitor streaming data to manage risk, continuously manage subscriber loyalty, and continuously search for sales opportunities.

DRIVERLESS CARS POSE NEW FORMS OF RISK

As Elon Musk and Google continue to lead driverless car innovation, the insurance industry must respond. Risk management will not be the same in the digital era—not only in terms of forecasting risk, but also in managing and mitigating risk in real-time. That is, if an automated driver feature in your car causes an accident, who is at fault? The Tesla software engineer who wrote the bug in the software? The “driver” who didn’t touch the wheel? The driver of the vehicle that may have been hit by the autonomous car, but was also partially at fault? And, relatedly, what is the obligation of all insurance





COURSE LEADER



Doug is a leading strategist and thought leader in the retail financial services marketing strategy. In his professional career spanning 30 years, Doug has held senior positions with a number of companies across the Asia Pacific region, including AIA, AXA, AVIVA, CIGNA and National Australia Bank (NAB) in marketing, product development, distribution and Banca assurance. He has worked with Insurance & Financial institutes across 42 countries globally on product development.

Doug's core competencies include:

International experience in business strategy and growth at the most senior levels i.e. consulting with Boards and CEO's in developing and executing growth oriented strategy and plans.

Product development process and strategy.

Brand and positioning management

Development and implementation of integrated marketing campaigns, from gaining strategic and consumer insight and strategy development through to product development, launch, channel engagement and ongoing operational management

In addition, Doug is a director of the Business Risk Institute of Australia, and focusses on development of life insurance advisors and building distribution capacity and capability in the commercial and high-net-worth (HNW) segments.

Product Innovation Excellence in Insurance 2017

3 Day Master Class

 Pullman Bangkok Grande Sukhumvit, Bangkok, Thailand

 22nd - 24th February 2017

OVERVIEW

Insurance and Financial Services Companies will need to adapt to rapidly changing events on the ground or they will find themselves left behind in increasingly niche market positions.

Tremendous innovation is happening across world. Whether it is the advent of the 'peer to peer' insurance startups, using the power of 340 million tweets each day to predict movements in the stock market or designing wealth management platforms that are indistinguishable from Social Media, the nature of financial services products are rapidly changing and evolving in profound ways that we are now only beginning to understand. For the financial services industry, there are additional challenges beyond simply introducing a competitive product to market. The requirements for innovation and due regard for customer experience means that now, more than ever, product development means developing an end-to-end customer experience, not just 'the product'. And the impact of new technologies, in particular social media and mobile technology, are profoundly redefining the form and function of financial services products as well as redefining what it means to be truly innovative.

This program considers product development for Insurance and financial services in the light of the increasingly disruptive forces that are reshaping the financial services landscape.

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