



2017 Priorities for Innovation, Automation



Summary:

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By: Michael de Waal

At the dawn of another year, it's always helpful to reflect back and examine the last 12 months. What happened that surprised us? What were we proud of? And what lessons did we learn? In 2016 our entire industry went from one that was slow to adopt emerging technologies to one that is well on its way toward digital transformation. With increasing disruption in the form of innovation and new market entrants, we've moved more quickly toward progress than any time in history. And while this is a notable achievement (especially in the Property + Casualty insurance), reports show that there is a real movement for Straight-Through-Processing between all business processes. In the employee benefits/group insurance space that I work in, our experience is that insurance companies want to streamline all data. One of the prerequisites is eliminating the re-entry of data. For example, pushing CRM data to a rules-based underwriting and rating engine. Sending the information into illustrations and proposals and then populating an electronic application (e-app) into an enrollment component, where the insurer can cross-sell optional voluntary products is gaining traction. As are web services into various broker exchanges and automated renewals with seamless movement of data between claims and policy administration vendors into the sales and underwriting system. [op 10 Insurtech Trends for 2017](#) However, many manual processes are still dominant across certain areas of insurance such as new case on-boarding, platform integration and voluntary product offerings (critical illness and accident), revealing there is still work to be done. In just one year, carriers have had to mobilize intelligently. They're making strategic decisions that salvage previous investments in IT and equip present ones for growth. Taking large strides toward innovation and the Internet of Things gives insurers the inevitable benefits of this shift more quickly, too. **5 Key priorities** Goals drive action, and Celent's [Life/Health Insurance CIO Pressures and Priorities 2016: North American Edition](#) report outlined the following as some of the top business goals influencing CIO's of mid and large sized carriers in 2016:



- Growth and retention
- Process optimization
- Regulatory requirements
- Innovation
- Cost reduction

Charged with finding the right solutions to realize these goals, IT departments have had important investment decisions to make. Not just for solutions that help achieve objectives today, but also ones that ensure mid-term and long-term success as well. **Adapting to Disruptive Technology** Insurtech is now a fully fledged stream of fintech with \$1 billion of venture capital invested in 47 deals in the first half of 2016, [Life Insurance International](#) revealed. That's great news for insurers. Contrary to what some others experts think, I believe insurtech to be more complementary to insurers as opposed to competition. Modernization of core legacy systems, new insurance exchanges and changing business models (platform and peer-to-peer) defined the year. They will continue to do so as carriers adopt digital strategies. Blockchain cryptocurrencies (Bitcoin), Artificial Intelligence (AI and chat bots), and sensor technology (wearables and autonomous cars) are taking hold in insurance and providing ample opportunity for disruption. The Internet of Things (IoT), the foundation for many emerging technologies, has irrevocably changed the way companies and consumers communicate. These trends are accelerating. **See also: [5 Predictions for the IoT in 2017](#)** Of course, Big Data, analytics and cloud technology are all part of the mix as well. Juggling the onslaught of new innovation and understanding how it can be used to create a competitive edge ? very quickly - can be disconcerting. However, these disruptive forces should be seen as the catalyst necessary for the kind of dramatic change required to spur growth and new insurance products. **Regulations Impact Technology** Last April the US Department of Labor (DOL) set new regulations on the way agents and brokers will be compensated when advising on employee retirement plans or individual retirement accounts (IRAs). Scheduled to be in place by April 2017, the fiduciary rule will also affect strategic decisions for technology, compliance, products and employee training. Advisors and insurers must navigate which products the rule affects and how it will impact clients and operations. The proposed International Capital Standard (ICS) stands to address the capital requirements of global systemically important insurers and internationally active insurance groups. This unprecedented global measure is intended to regulate the capital allocations of international insurers. And while ICS is not yet enacted, international insurance carriers are encouraged to participate in forums and groups. This will help shape this global initiative to ensure key business concerns are addressed by the regulation. For a deeper understanding of the new standards, see this recent report by [Price Waterhouse Cooper](#). **2016 in a Nutshell?and Moving Forward** So can we wrap up 2016 in a bow? A lot of progress was made. But there is still a long way to go. It will take not place overnight, within a year or even a few years. It is a new paradigm that will continue evolve right along with us. The benefits of which will be felt as swiftly as companies are willing to change. Automation, integration and digitization are creating solutions for straight-through processing. They're yielding faster turnaround times, reducing errors and optimizing workflow, creating the kind of connected insurance that customers and advisors are hungry for. *?The secret to change is not to focus your energy on fighting the old but on building the new.?* Those words of wisdom could have been uttered by a top



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management guru. But they were said by Socrates 2,400 years ago! Building the new?and building on the old, too. As we approach 2017, it?s clear that?s what the insurance industry leaders intend to do.



Michael de Waal

henry@stimpsoncommunications.com

Mike de Waal is president and founder of Global IQX, a leading software provider of web-based sales and service solutions to employee benefits insurers. He has deep experience in both software development and business management skills.