



Why Mobility Matters to U.S. P&C Insurers

Insurers that holistically embrace mobility to improve customer service and internal operations can gain competitive advantage, even in a difficult economy.

Executive Summary

The property and casualty (P&C) insurance industry is facing its biggest technological shift in recent times. The proliferation of smart devices and their rapid adoption by customers are producing an industry that has traditionally adopted a “wait and watch” approach to technological progression.

Advancements in mobile technology and the increasing capabilities of smart devices present promising opportunities to insurers struggling to meet evolving customer needs, gain market share and reduce costs through new efficiencies across the insurance value chain, especially in claims management. From self-service apps that allow customers to initiate a claim from the accident site, to smartphones and tablets that connect on-the-go adjusters with back-office systems, mobile solutions are beginning to play a key role in improving all aspects of customer service.

Technologies such as satellite imaging and augmented reality are also being employed to simplify complex loss estimations and prevent claims leakage. Telematics – even in its infancy – can be a game-changer, providing insurers the

ability to offer usage-based premiums, build long-term customer relationships and prevent fraudulent claims.

While aggressive players are proactively exploring new ways to tap into mobility for competitive advantage, a majority of P&C insurers have yet to seriously consider mobility platforms and devices. Trends such as the volatile and immature nature of mobile technology, as well as quickly evolving consumer and business needs and expectations, are keeping many industry players mired in analysis paralysis. Given the growing popularity of mobile solutions among customers and employees, however, more carriers are beginning to realize the important role mobility will play in keeping new-age customers loyal and employees productive.

Getting there won't be easy. The road to mobility is strewn with a multiplicity of challenges. Protecting sensitive customer data is, of course, the biggest challenge, followed by the technological complexity involved in extending enterprise applications to mobile devices, as well as the need to revamp existing systems to support mobile applications. Managing heterogeneous



devices and operating systems to deal with the growing BYOD (bring your own device) movement is yet another obstacle that must be conquered.

These challenges can be overcome by carefully aligning the mobility journey with key organizational goals. This starts with developing a holistic mobility strategy that takes into account customer needs, as well as a proactive approach for complying with data security and privacy regulations and evolving BYOD policies that flex with employee needs and expectations, while capping costs and mitigating operational risk. Only then can mobility's benefits be achieved across the insurance value chain.

For insurers with limited in-house IT capabilities, partnering with solution and service providers that can deliver complex technology integration and management across the IT stack, as well as a platform that enables device heterogeneity, is critical to moving the mobility discussion from lofty concept to a strategic element of business transformation. And for sure, mobility will be a primary component of transformation within the insurance industry.

Driving Forces

Insurers are being driven to adopt mobile solutions, thanks to the proliferation of affordable smart handhelds with embedded computational capabilities and consumers' growing use of mobile devices for a wide array of functions.

As insurers combat a soft market, tightened regulations are requiring them to invest in upgrading their core systems. Meanwhile, fierce competition is forcing the commoditization of insurance products. To face these challenges, insurers see mobile solutions as an important lever in improving operational efficiencies, reducing costs and enhancing customer service. Further, it is estimated that personal lines P&C insurers that do not offer online and mobile transaction capabilities will lose 25% of their current market share by the end of 2015.¹

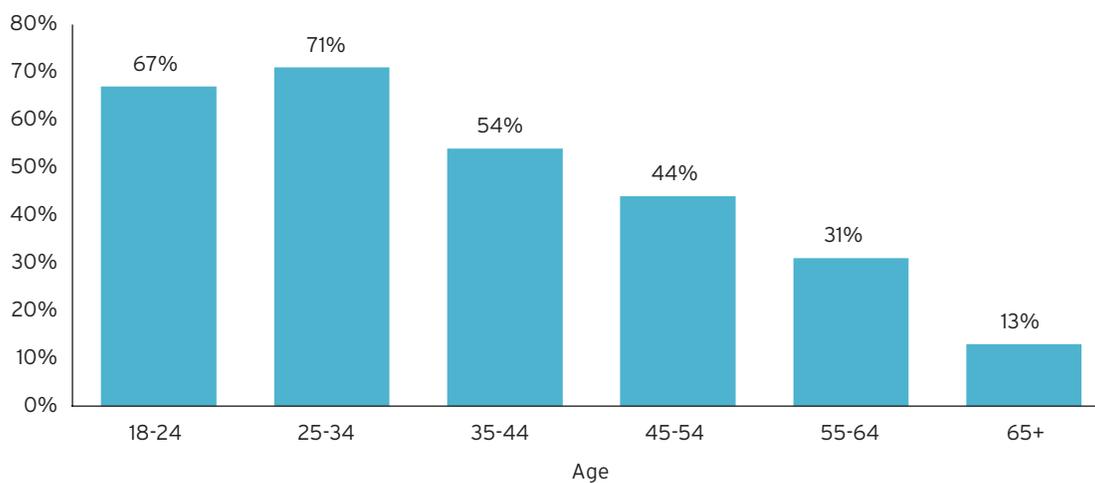
What follows is a point by point discussion of the key forces moving insurers to embrace mobility.

Consumerization of IT

Half of all U.S. mobile subscribers own a smartphone, according to a Nielsen study conducted in February 2012.² Smart handheld devices, with innovative features and sophisticated capabilities, have empowered customers, allowing them to perform a host of activities at any time and from anywhere. Mobile devices are now an integral part of many consumers' lives, especially millennials (see Figure 1). With older generations also gradually taking to these devices (see Figure 2, page 4), demand for mobile services across the board is expected to rise.

To be sure, consumers are already comparing mobility services provided by insurers with those of companies in other industries, and are

Smartphone Ownership by Age Group



Source: Pew Research, February 2012

Figure 1

demanding increased sophistication in the way their carriers reach out to, communicate with and serve them. Agents are demanding continuous access to business applications, as well, and are keen to use their personal mobile devices to interact with clients and carry out business transactions (see sidebar, below).

Challenging Operating Environment

The P&C insurance industry continues to operate in an uncertain economic climate, with reduced premium growth and investment yields that have declined over the past 15 years – from 5.7% in 1996 to under 3.8% in 2011, according to Fitch.³ Additionally, compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the expected impact of Solvency II beyond European Union borders may require U.S. insurers to invest in enterprise risk management and related support systems, adding to already strained operating costs.⁴

There has also been an increase in the frequency of natural catastrophes (see Figure 3, page 5) and, consequently, in the cost of serving

customers. This is pushing insurers to identify ways to significantly reduce costs and improve process efficiencies.

The Need to Differentiate

The days of depending on product differentiation are over, due to fierce competition that has resulted in a commoditization of insurance products. While pricing can play a key role in attracting customers, the job of building and retaining customer loyalty requires insurers to differentiate on qualities beyond specific product offerings.

Mobility helps insurers in this pursuit by providing an easy and efficient way to meet the rapidly evolving needs of their customers and offer personalized offerings and stand-out services. It enables customers to carry out numerous self-service tasks, ranging from renewing policies to filing and checking the status of a claim. Insurers that offer innovative mobile capabilities can not only attract and retain existing customers, but they can also gain new customers via social referrals.

Quick Take

The BYOD Boon

The concept of employees using their personal devices for work activities is steadily gaining momentum. Employees often believe they can do more with their personal smartphones and tablets than with the technology provided by their employers. As more digital natives join the workforce, there will be even more pressure on organizations to support a variety of personal devices.

The finance/insurance and healthcare industries are leading the way with BYOD, even as they adhere to stringent data security regulations, according to a report by Good Technology, a provider of mobile solutions.⁵ However, this is limited to large and very large organizations; data security and privacy concerns are prompting many other players to sit on the fence. Further, creating a robust and scalable IT infrastructure to support numerous devices running on multiple operating systems will be a major challenge for IT departments. (For more details, see [Making BYOD Work for Your Organization](#).)

Yet the benefits offered by BYOD are immense and well worth considering. Allowing agents and sales personnel to connect to enterprise applications from their devices at any time and from anywhere will provide flexibility, boosting productivity and satisfaction and helping to attract and retain talent. While BYOD demands an initial investment, it reduces the cost of owning devices for organizations (which is about \$80 per device monthly).⁶ In an industry where customer service is key, BYOD helps agents and adjusters respond to customer queries even after work hours and during weekends with devices of their own choosing.

Key Areas for Mobility Solutions

Insurers' foray into mobility began with field personnel using digital cameras, laptops, portable printers and satellite communication-enabled vehicles to expedite claims processing during natural disasters. P&C insurers pioneered the use of smart handhelds, with solutions that enabled their field personnel to enter and manage claims. While initially these solutions only provided information access, later they evolved to include transactional capabilities, as well.

Today, a new generation of smart handheld devices with large displays, powerful computing capabilities, improved cameras, near-field communication functionality and GPS, among other features, offers insurers a wide range of strategic possibilities. Early adopters that have achieved business results are exploring new ways to extend their competitive advantage across the insurance value chain, allowing customers to complete activities such as submitting bills, viewing policy details and reporting accidents using their mobile devices, while aggressively providing mobile solutions for their adjusters and agents. For instance, among auto insurers, State Farm was considered to have the best mobile site, while USAA, GEICO and Progressive led the pack in the mobile apps segment, according to a survey in 2012 by Key Lime Interactive (KLI), a leader in mobile experience testing.⁷

Most other insurers are still grappling with mobility or are in the early stages of their mobile journey. They primarily offer basic mobile functionality for customers, adjusters and agents, according to a Strategy Meets Action December 2011 report, "The Mobile Technology Universe: Current Usage and Future Opportunities for Insurers" (see Figure 4, page 6).

With demand for mobile solutions expected to grow, insurers employing a wait-and-see strategy must act fast and develop a mobility roadmap to offer differentiating solutions to extend their competitiveness. The risks of inactivity are high, especially in the fast-paced mobility market, given how quickly a company can fall behind more proactive competitors.

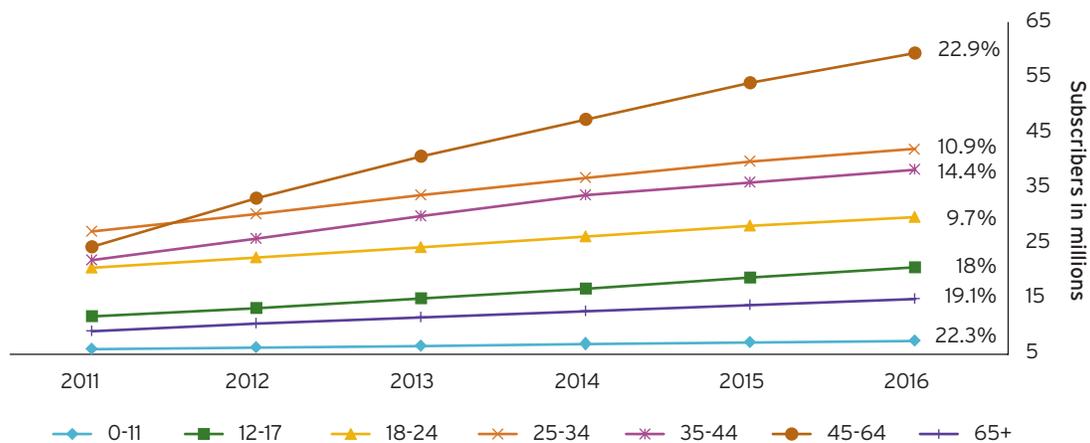
Key areas where mobile solutions can create significant efficiencies include:

- Sales
- Insurance underwriting
- Claims management
- Enhanced agent capabilities
- In-vehicle devices (telematics)

Sales

Tablets are transforming the way insurance products are sold, freeing sales personnel and agents from having to carry bulky laptops and offering a more colorful and impactful way of presenting various options and complex policy

Smartphone Growth Forecast by Age



Note: Individuals who own at least one smartphone and use it at least once per month.

Source: eMarketer, April 2012

Figure 2

details to customers. Equipped with dynamic calculators and real-time illustration tools, these smart devices allow salespeople to demonstrate how a product actually works and more clearly present policy options.

The use of these devices also reduces paperwork. Contracts can be signed on touchscreens, boosting convenience for customers, while enhancing the salesperson's chances of clinching the deal.

Underwriting

Underwriters typically work indoors. However, using mobile solutions allows them to connect with field sales personnel, agents and customers to improve and expedite property evaluation. For instance, using mobile real-time videos, underwriters can guide new sales personnel or the insured on evaluating a subject property more accurately. Virtual inspection tools let underwriters confirm property location and examine properties, including their shape, size, materials used, etc., and determine whether an on-site inspection is required.⁸

This improved communication has the potential to reduce fraud associated with property evaluation and improve customer relationships through a more transparent underwriting process. It also helps sales personnel respond to customer queries more quickly, increasing the chances of securing their business.⁹

Claims Management

Claims are the heart of a P&C insurer's operations. Moreover, the efficacy of claims

service is crucial for creating a sustainable customer relationship. However, claims processing is highly complex and involves multiple functions, applications and processes that typically run on unwieldy legacy systems. This can result in duplication of effort and increased turnaround times, leading to poor customer service experiences.

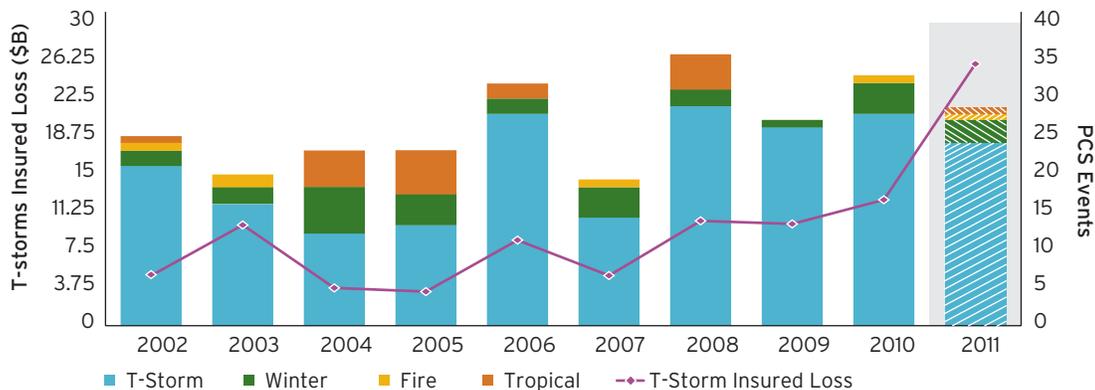
As claims account for about 80% of insurers' costs, even a slight improvement in the process can result in significant savings, as well as an improvement in customer satisfaction. Mobility can play a key role in creating new efficiencies in claims management by empowering customers, claims adjusters and back-office employees through improved connectivity and collaboration that can reduce turnaround time and the overall cost of serving customers.

Empowering Adjusters

A well-informed adjuster is the key to preempting customer dissatisfaction, extending superior customer service and avoiding legal hassles. As they are out in the field, adjusters need continuous access to key information, such as the carrier's claims policy, customers' policy details, limits, deductibles, forms and FAQs to appraise the damage quickly and correctly.

Claims estimation applications on mobile devices come in handy when adjusters are working in far-flung areas and during natural catastrophes when there is an abrupt spike in claims. Equipping adjusters with the ability to capture, send and annotate photographic images, obtain electronic signatures and submit applications from the site

U.S. P&C Insured Catastrophe Losses (2002-2011)



Source: Towers Watson
Figure 3

of accidents will hasten claims settlement and create a positive experience for customers.

The latest claims estimation applications (both packaged and custom) allow adjusters to take room measurements, record voices, estimate losses, find replacement costs and generate estimates using their mobile devices, thus enabling them to settle a claim on the spot. Loss estimation tools such as XactScope have built-in sketch technology that lets estimators sketch loss sites, complete floor plans, add rooms, identify missing walls, staircases and other structural features, access live local pricing for repairs, and generate the estimate report based on the customer's policy and claim details.¹⁰

Photo capture solutions make image association (with a particular claim) easy and error-free and reduce the time adjusters spend on processing and integrating images. Further, in the case of an unclear or seemingly faulty claim, adjusters can validate it using the devices or upload video and photographs from the site to their office systems and quickly receive clarification and other guidance to investigate the claim. This eliminates the need to return to the office for additional information and follow-ups, thus reducing cycle times. It also gives the back-office real-time information about the incident, enabling better guidance for the adjuster.

Satellite imaging allows insurers to better understand the extent of damage, especially

in situations where an adjuster is assessing a damaged building or a roof. In the case of catastrophes, satellite imaging provides a view of the damaged areas. This can be used to deploy adjusters to those areas where claims are expected to be filed, thus saving resources. Satellite imaging also provides adjusters directions to reach a particular location during a catastrophe and record physical settings. With the help of satellite imaging-based underwriting, adjusters can validate a claim for structural damages by comparing pictures of the structure before and after the damage, thus preventing fraudulent claims, which cost the industry \$30 billion annually, according to the Insurance Information Institute.¹¹

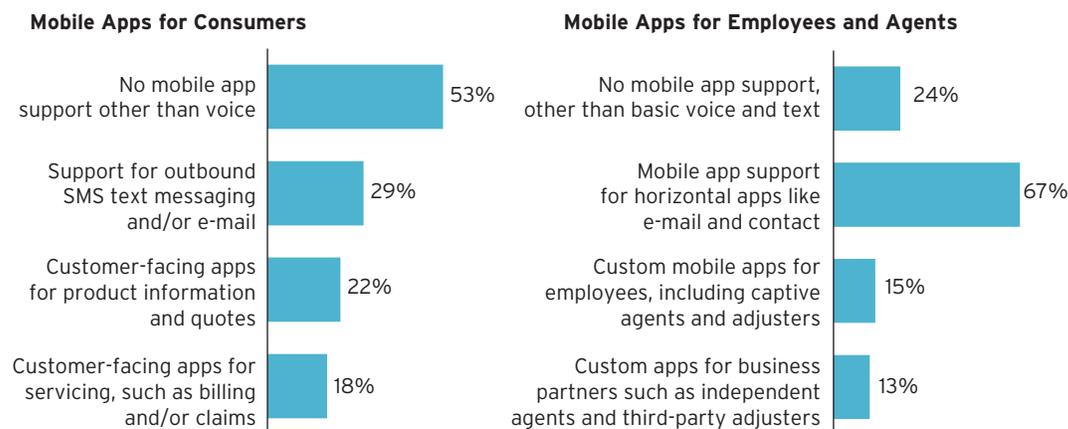
Innovative mobile apps that enable game-changing services such as augmented reality technologies can improve the claims process and reduce losses arising due to claims leakage.¹² In the case of an accident, augmented reality applications such as Autonomy's Aurasma allow adjusters to immediately see what the damaged vehicle looked like before the accident and determine the impact and repair estimates more accurately.¹³

With claims leakage costing the industry nearly \$50 billion annually,¹⁴ the use of such technologies can result in significant cost savings.

Enhancing Customer Experience

Personal automobile insurers were quick to leverage the benefits of mobile devices, setting a new benchmark in customer service when they

The State of Insurance Mobility



Source: Strategy Meets Action, December 2011 report, "The Mobile Technology Universe: Current Usage and Future Opportunities for Insurers."

Response Base: 46 insurers and more than 20 North American insurance executives.

Figure 4

introduced claims applications that allowed customers to initiate a claim from their mobile devices. Offered as free downloadable software, these apps use GPS capabilities to locate the site of the incident, arrange for help for victims, provide first-aid tips and guide roadside assistance to the accident site. They instruct customers on how to collect necessary evidence, including obtaining images of the incident, preparing a list of damages and submitting claims from the accident site. Customers can also connect to a claims representative, locate agents and the nearest repair centers and record sound in order to keep notes about important events at the crash site.

This frees customers from having to visit a claims center, as they can track the status of their claim right from their mobile devices. Customers have been quick to embrace this functionality, as evident from Travelers Insurance's experience with its mobile application, Auto Accident Help, launched in early 2010 for iPhone, BlackBerry and Android devices. The carrier saw claims filed through mobile devices triple during the first four months of 2011 compared with 2010, with auto-related claims accounting for 70% of the total claims, followed by personal insurance property claims (28%) and business insurance property claims (2%).¹⁵

As customers initiate a claim, the process is started immediately, reducing cycle time and the overall cost of claims processing. This is useful, especially when there is a growth spurt in claims, as is usually the case in the event of a natural disaster. It is also useful for identifying complex claims that can then be allocated to experienced claims adjusters.

A key advantage of mobile solutions over other channels is their ability to provide customers with real-time information, such as discount and policy updates and the status of repairs in progress, in addition to self-service tools, such as payment-on-the-go, instant car insurance, electronic funds transfer, etc. Using geographical information systems (GIS), customers can be alerted about extreme weather conditions in advance and provided guidance on mitigating losses, which can help to reduce claims cost for insurers.

Further, customers can also use apps that provide estimates on the cost of insuring vehicles. For example, Progressive Insurance's VIN Capture app provides the insurance cost of a new car by

using a picture of the car's vehicle identification number (VIN) barcode, as well as comparative costs for up to three different models.¹⁶

However, as is often the case, insurers end up offering mobile versions of their Web sites without optimizing them for various mobile devices and platforms, resulting in poor customer experience. A better alternative is to either offer more user-friendly apps for executing self-service transactions or provide mobile versions of the Web that are optimized for better user experience.

Mobility for Agents

The growth of online insurance purchases can undoubtedly create a sense of insecurity among independent agents, who still play a major role in the distribution of insurance products, given their experience and their ability to build long-term customer relationships. Hence, insurers must do all they can to help agents deal with potential channel conflict to attract and retain the most talented agents.

Since most independent agents do not have the requisite resources to create and update Web portals and their mobile versions, insurers can help agents create and manage their own Web portals cost-effectively and highlight these on their Web sites. Online shoppers can then be directed to the most relevant agent's landing page, based on the customer's search criteria, so that customers are offered appropriate products. By providing tools such as video and live chat, as well as sales and quote generation apps on their mobile devices, agents can connect with prospective customers on the go, understand their needs better and tailor the products accordingly. Further, a self-service portal for agents that can be accessed via mobile device reduces costs and process complexity for insurers.

Lastly, agents must be trained to leverage social media, blogs and other channels and given access to the latest policy news and updates, commission details, training materials, etc. Insurers must ensure that agents and various channels, such as call centers, social media and the Internet, work cohesively to provide effective and seamless customer service.

Telematics

Telematics, touted as a game-changing technology for the auto insurance industry, combines telecommunications, informatics and vehicle

monitoring systems to capture and transfer real-time vehicle information, which is then used to determine a driver's insurance premium. This UBI (usage-based insurance) is in contrast to the traditional method of relying on driver and vehicle information. (For more details, read *The Telematics Advantage: Growth, Retention and Transformational Improvement with Usage-Based Insurance*.)

Telematics devices installed in cars send real-time driving details, such as speed, acceleration, hard braking and cornering, as well as time of driving to insurers' systems. This data is then used to generate the driver's road safety score. The score is used to determine the premium; discounts are often offered to safe drivers, encouraging their behavior. Drivers can log in and check their score on the insurer's Web site and modify their driving habits accordingly. Parents of young drivers can monitor their children's score and take appropriate measures.

Integrating smartphones with telematics devices offers immense value to both drivers and insurers. Drivers can receive real-time feedback on their driving and thus avoid accidents. They can also obtain information about fuel consumption, CO² emissions and other data that helps reduce premium costs. Further, insurers can develop apps or programs to use smartphones with GPS and accelerometers as telematics devices to capture driving information, thus reducing the cost of deploying telematics devices.

Like an airplane's black box, telematics provides accurate data about what occurred during an accident, enabling insurers to better handle claims. Fraudulent claims can be identified early, as the FNOL (first notice of loss) is automated while GPS and driver behavior details are recorded. Also, insurers can connect to emergency services in the event of an accident.

Telematics technologies such as automatic crash notification and stolen vehicle recovery can reduce claims. The use of telematics can also reduce the number of crashes, as reported by Co-operative Insurance in a UK-based analysis of the driving behaviors of 10,000 telematics insurance customers aged between 17 and 25 years. Telematics insurance customers had 20% fewer accidents compared with customers with ordinary insurance. The accidents were less serious, and the cost of the claims was 30%

below that of non-telematics users, on average.¹⁷ As telematics adoption increases, there may be additional reduction in the accident-related claims amount paid out by insurers.

Within the organization, telematics can be used to monitor the driving behavior of field personnel. Features such as GPS and geo-fencing will help track adjusters and agents in real-time, and tasks can be assigned based on the proximity to the insured. New assignment details, including location specifications and other information, can be sent to their mobile device at any time, thus optimizing resource utilization, reducing travel times and CO² emissions, as well as improving customer service.

Key Challenges

While offering numerous opportunities and benefits, mobility also presents insurers with its share of challenges. These include:

- Protecting sensitive customer data.
- Modernizing legacy systems to accommodate new technologies.
- Dealing with complex technology integration.

Security

The U.S. insurance industry is governed by stringent data security and privacy norms, a major impediment for companies that want to quickly deploy mobile solutions. The issue is further compounded by the growing BYOD phenomenon. According to ISACA's 2011 IT Risk/Reward Barometer – a North American survey of about 940 business and IT professionals – 56% believe that employee-owned devices pose greater risk to organizations when compared with company-supplied devices (see Figure 5, next page).

Hence, storing and transferring sensitive customer information using handheld devices requires insurers to deploy robust security mechanisms, such as encryption techniques, mobile device management (MDM), mobile application management (MAM) and related solutions. Furthermore, insurers must ensure that the networks used for data transmission are secure and consistent, and must be prepared to handle any misuse or theft of devices such as erasing sensitive data when a device is lost. Alternatively, companies can create virtual desktops and on-demand applications, which allow users to store data on back-end servers and access it from their mobile devices.

Upgrading Legacy Systems

Over the decades, as insurers grew via mergers and acquisitions, they accumulated and consolidated systems. Core systems that were built using older technologies were patched and upgraded to comply with new regulations and support new billing and claims management systems, as well as new applications. This resulted in a complex environment filled with aging systems and disparate databases and applications.

Insurers running legacy systems will surely find it difficult to deploy mobile solutions, as the old systems may not support new technologies, real-time access to the organization's applications and seamless transmission of data. Moreover, legacy systems create significant maintenance costs, impact efficiency and reduce employee productivity.

No doubt modernizing core systems costs organizations money, time and effort, but it also enables insurers to create a more robust and flexible IT infrastructure that facilitates smooth integration of new technologies with enterprise mobility solutions. Eliminating legacy systems is also important to consolidate claims management into an integrated application that provides a consolidated view.

Integration Travails

Extending enterprise applications to mobile devices entails new challenges. To enable

enterprise applications to run on mobile devices, mobile middleware must be deployed to provide smoother device-to-device interaction. IT departments must have the requisite knowledge to work with various device models, operating systems, device-specific features, etc.

Apart from the costs and complexity involved in deploying, managing and supporting mobility, insurers are also constrained by the limited talent available within their IT departments. Developing apps and supporting device-platform-app combinations for employees and customers require deep technical know-how. Further, rapid advancements in mobile technology in terms of security and platform evolution requires continual investment in upgrading the skills of in-house staff and choosing partners wisely.

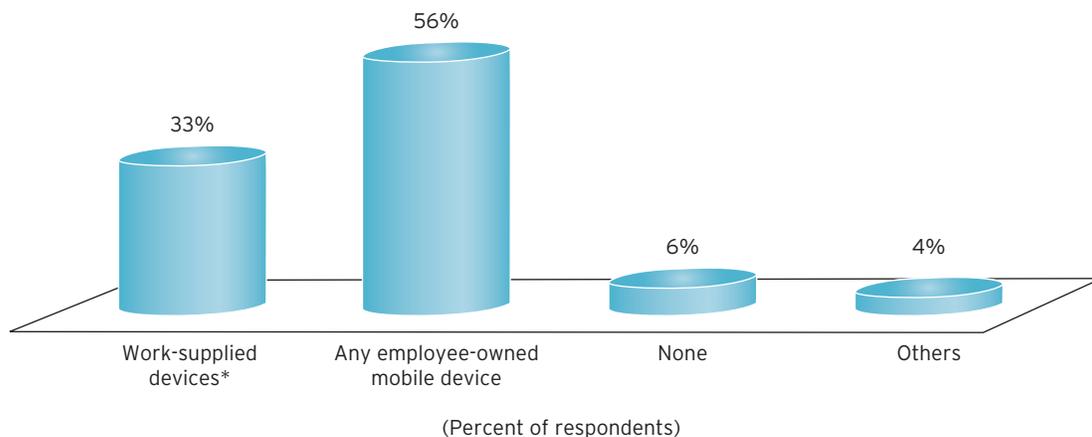
A Holistic Approach to Mobility

Overcoming the aforementioned challenges requires a holistic mobility strategy based on a fundamental understanding of customer needs, organizational requirements and the benefits of mobility across the entire insurance value chain. Such an enterprise mobility strategy should:

- **Clearly define business goals** and how mobility can help achieve them.
- **Identify the user groups in the organization and the customer segments** that need mobile solutions, as well as the associated risks and rewards.

BYOD Risk

Which device poses the greatest risk to your organization?



* Includes laptops, tablets/netbooks, smartphones, broadband card or flash drives

Source: 2011 ISACA IT Risk/Reward Barometer, North America, ISACA

Figure 5

- **Prioritize the customer-facing applications** that should be mobilized; decide what form these should take.
- **Identify the mobile devices and operating systems to support** and establish guidelines to manage the supported devices and mobile applications, as well as enable flexibility for future devices.
- **Define how mobile applications will be developed**, including:
 - Customizing various stages in the application development lifecycle to ensure the applications run smoothly on mobile devices.
 - Determining how applications are accessed – entirely from the device or entirely from the cloud or a mix of both.
 - Deciding how they will be discovered and deployed, either on public-facing or enterprise app stores or via other marketing mechanisms.
- **Establish a comprehensive security framework** that addresses security requirements for mobile application development, at all points where mobile applications communicate with enterprise systems and interact wirelessly.
- **Address BYOD and device heterogeneity issues** based on user expectations, business needs and IT capabilities.
- **Create a roadmap for establishing learning centers** for training employees and other key stakeholders on various tools and applications.

Clearly, most insurers cannot do all of this in parallel. They will need to prioritize their objectives and make certain decisions quickly to stay in front of customer requirements, as well as employee needs and expectations.

Building Apps vs. Mobile Web

Carriers must also choose between building an app for smart devices and connecting the devices with existing back-office applications via the Internet.

In many ways, mobile apps are more effective, as they are developed explicitly for mobile platforms and offer greater integration with mobile device capabilities such as cameras. They also allow adjusters to stay connected to back-office claims systems even when they are working in far-flung areas where Internet connectivity may be limited. Apps on tablets are easier to use, provide a better viewing experience than smartphones and allow

adjusters to shoot and upload photos and videos directly to insurers' claims systems. This also eliminates the need to carry a laptop and a digital camera and transfer photographs when submitting a claim.

However, creating apps can be complex and challenging for the following reasons:

- **The costs involved in developing mobile apps** and creating or implementing and subsequently integrating a middleware layer (MADP)¹⁸ with the organization's IT infrastructure.
- **The cost of dealing with heterogeneity.** Carriers must ensure that the apps run on different mobile devices and multiple platforms and that the existing infrastructure supports apps.
- **Changes to the back-end software** that might impact app performance.

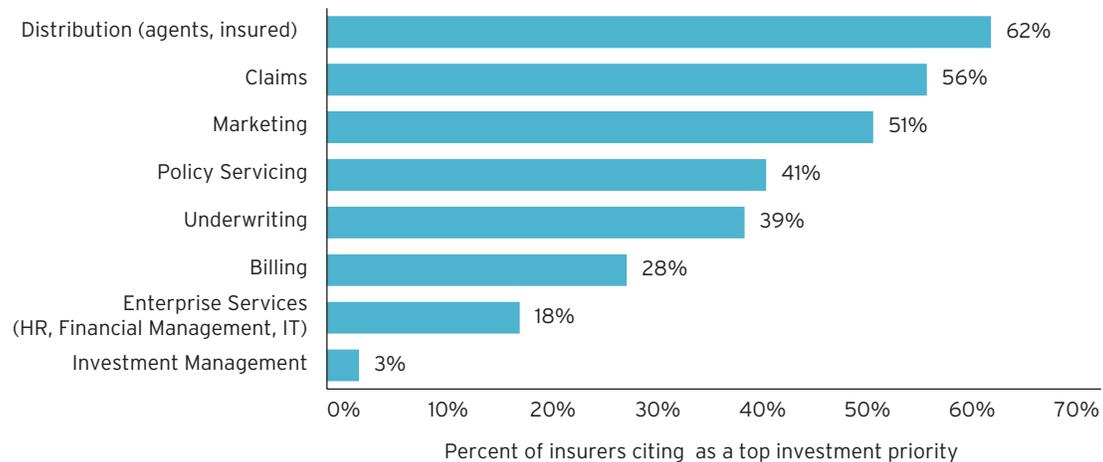
On the other hand, the mobile Web (connecting to office systems via the Internet from a mobile device) provides only the essential components of the claims systems on an adjuster's mobile device. Hence, there is no significant maintenance cost involved. However, the mobile Web does require modern office claims systems that permit Web access. Further, with this option, the lack of Internet connectivity, particularly in rural areas with spotty coverage, can undermine process consistency and the benefits of mobile solutions.

Both approaches have pros and cons. IT departments should evaluate both options, keeping in mind the end goal of providing remote connectivity to claims adjusters; they should be prepared to provide a combination of both access types where it makes sense to do so.

Cloud-Based Managed Services

As insurers battle a tough business environment that constrains their Cap-Ex budgets, cloud-based mobility managed services provide a simple and flexible way to go mobile. Insurers can enjoy the rewards of mobility without owning the infrastructure and the costs associated with developing and maintaining applications. The major advantage of this approach is that the fixed costs involved in providing enterprise mobility services are converted into variable costs. For instance, small insurers can use cloud-based claims administration systems when entering new markets as a cost-effective option.

Insurers' Investment Plans for Mobile Apps



Source: *Strategy Meets Action*, December 2011 report, "The Mobile Technology Universe: Current Usage and Future Opportunities for Insurers."

Figure 6

To realize the full benefits of such services, insurers must consider entering into strategic partnerships with Tier-1 technology providers that offer focused mobile capabilities to guide insurers in their mobile journey through cloud-based infrastructure provisioning and mobile app development. This arrangement allows insurers to effectively keep up with device and operating system heterogeneity, the rapid advancements in software, devices and networks, and deal with other complexities while transferring the risk of technology volatility and immaturity to a partner.

The Road Ahead

Tier-1 insurers will continue to leverage the mobile revolution to provide innovative products and services to customers, agents and employees. Distribution- and claims-related apps will see major investments in the near future (see Figure 6), according to *Strategy Meets Action*.

Advancements in mobile technology such as machine-to-machine communication and telematics will see insurers moving away from simply compensating customers on claims, to preventing accidents altogether. Cloud computing will gain prominence as insurers look to use

hosted software to quickly and cost-effectively gain new mobile capabilities, such as e-signatures. Insurers would do well to choose and control their own data security and encryption and reserve the right to be custodians of the encrypted data to avoid security issues.¹⁹

Employees and agents will continue to demand access to more enterprise solutions on their personal devices. Insurers are taking baby steps in this direction. They should, however, design a comprehensive BYOD policy that clarifies which devices and operating systems to support, data security, level of access to employees based on their requirements and designation, risk tolerance and employee privacy concerns.

Mobility is no longer an option but rather a key strategy to optimize processes and resources and create greater efficiencies that allow insurers to compete effectively in a difficult market. As mobility becomes pervasive and customer expectations grow, aggressive players with superior mobile offerings will forge ahead by attracting and retaining customers and employees.

Footnotes

- ¹ Derry N. Finkeldey, "Revolutionary Road," *The Who's Who of Financial Services*, June 2012.
- ² "Smartphones Account for Half of All Mobile Phones, Dominate New Phone Purchases in the U.S.," Nielsen, March 29, 2012.
- ³ Bill Kenealy, "P&C Investment Income Woes Predate Financial Crisis," Insurance Networking, Nov. 11, 2011.
- ⁴ "U.S. Property-Casualty Insurance Outlook," Ernst & Young, 2011.
- ⁵ "Good Technology State of BYOD Report," Good Technology, 2011.
- ⁶ Ibid.
- ⁷ "State Farm Insurance Ranks First for Best Mobile Site; USAA, GEICO and Progressive Lead for Best Mobile App," Key Lime Interactive, July 25, 2012.
- ⁸ "Verisk Virtual Inspection Help Insurers Confirm Property Location, Characteristics," Property Casualty360, May 21, 2012.
- ⁹ "Underwriting on the Move: How Mobility Can Streamline the Underwriting Process," Property Casualty360, July 27, 2011.
- ¹⁰ "Xactware Adds Sketch to Latest Version of XactScope," Prwebcom, Feb. 29, 2012.
- ¹¹ Insurance Fraud, Insurance Information Institute, June 2012.
- ¹² Claims leakage occurs when an insurer pays the insured more than the eligible amount due to human error, poor processing, fraud, etc.
- ¹³ Barry Rabkin, "Making Augmented Reality a Reality Can Benefit Insurers," Ovum, March 27, 2012.
- ¹⁴ SEC Filing of Guidewire Software, Inc., Sept. 2, 2011.
- ¹⁵ Lynnette Khalfani-Cox, "More Mobile Devices Used for Auto Insurance Claims," Aug. 11, 2011.
- ¹⁶ "Progressive's New Mobile Services Put Car Insurance in the Palm of Your Hand," Progressive Insurance, July 25, 2011.
- ¹⁷ Jill Insley, "Car Insurance: Satellite Boxes 'Make Young Drivers Safer'" *The Guardian*, April 5, 2012.
- ¹⁸ A mobile application development platform (MADP) is a set of products and services used to develop, test, deploy and manage mobility applications running on various mobile devices.
- ¹⁹ "Global Multi-Line Insurance Company and Subsidiaries Use SecureCloud for Customer Innovation," Trend Micro, November 2011.

References

- Kennen Burkhart, "Mobile Claims: To App or Not to App," *Insurance Networking News*, April 01, 2012.
- Bill Kenealy, "Insurance Untethered," *Insurance Networking News*, Feb. 1, 2012.
- Nathan Golia, "The Best Insurance iPad Apps," *Insurance & Technology*, Sept. 12, 2011.
- Michael P. Voelker, "Yesterday's Toys; Today's Tools," *PropertyCasualty360*, June 2011.
- Nathan Clevenger, "iPad in the Enterprise Part III: Developing a Mobile Application Roadmap," *Tablet PC Review*, 2011.
- "Anticipating the Next Phase of Enterprise Mobility," *PricewaterhouseCoopers*, 2011.
- Alex Laurie, "Telematics - The New Auto Insurance," *Towers Watson*, 2011.
- "Telematics: The Game Changer," *A. T. Kearney*, 2010.

Author and Analyst

Vinaya Kumar Mylavarapu, Senior Research Analyst, Cognizant Research Center

Credits

Cognizant Research Center would like to acknowledge the contributions of Jeff Wallace, Assistant Vice President and North American Practice Leader for Cognizant Mobility, to this report.

Design

*Harleen Bhatia, Creative Director
Suresh Sambandhan, Designer*

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 145,200 employees as of June 30, 2012, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world.

Visit us online at www.cognizant.com for more information.



World Headquarters

500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277
Email: inquiry@cognizant.com

European Headquarters

1 Kingdom Street
Paddington Central
London W2 6BD
Phone: +44 (0) 207 297 7600
Fax: +44 (0) 207 121 0102
Email: infouk@cognizant.com

India Operations Headquarters

#5/535, Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060
Email: inquiryindia@cognizant.com