



Digital Disruption Spurs Insurers' Technological Transformation

Digital disruption is radically reshaping the insurance industry, according to participants at the recent **CxO Insurance Roundtable** customer event.

This exclusive roundtable luncheon, hosted by **FST Media** and **Sapiens**, brought together executives from Australia's leading insurance and financial institutions to explore recent industry developments as well as insurers' capacity to adapt to accelerating digitisation.

Participating executives addressed insurers' competitive embrace of nimble FinTech start-ups, spurring the rapid overhaul of legacy systems and paving a path to innovation and enhanced customer engagement initiatives.

Recurring themes of the event included the importance of Agile in technology deployments,

the changing expectations of customers in the digital age, and the increasing prominence of data and analytics in corporate decision-making.

Stay Agile

Peter Marmara, the keynote speaker and General Manager of Business Systems at RAC Insurance, opened the discussion by highlighting the importance of quick-fire Agile deployments in driving innovation.

"These Agile teams are a weapon, achieving rapid turnarounds – around six to eight weeks from project commencement to inception – that deliver genuine nuggets of value to the business," said Marmara, giving RAC's IT team leverage to pursue innovation projects that were unthinkable just a year ago.

As insurers transition from a transactional to a more continuous customer engagement model, Marmara believes that RAC – and the industry as a whole – must adapt to changing customer habits or risk irrelevance in the long term.

“We do think a lot about our customer engagement profile,” said Marmara. “Traditionally it has been a renewal business, or a claim every five years; we’ve since recognised how far apart these touch points were.”

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Negotiating the IT/Business Divide

Executives agreed that real technological transformation can only occur when business and IT overcome traditional cultural barriers and adapt to change as a unified force.

Chris Rawlins, Head of Commercial and Customer Strategy of Direct for ClearView Wealth, believes a cohesive, management-led strategy can overcome existing cultural barriers and pave the way for seamless technology integration.

According to Rawlins, the success of any change journey requires effective people engagement and a strong alignment policy.

“Without a real ‘hearts and minds’ strategy built around a clear purpose, it will be all but impossible to resolve issues [down the line],” said Rawlins.

David Charlton, General Manager of Direct at ClearView Wealth, likewise believes a unified approach is necessary for any successful cultural transition. “We have innovative and progressive

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people across our business,” said Charlton. Yet to truly inspire talent and spur innovation, companies must have a “clear forward strategy in place before embarking on any change journey.”

Executives unanimously agreed that Agile has been instrumental in facilitating fruitful corporate cohesion that inspires innovation.

“The Agile way of working in small teams is where I’ve seen the collaboration between business and IT working most successfully,” said Mario Sita, General Manager for APAC IT at Munich RE.

Sharon Nannetti, Head of Synergy Delivery at IAG, agreed that going “small” will be critical to future success.

According to Nannetti, building more compact and reactive product development teams is key to mitigating losses that result from major project failures. “Organisations will no longer pursue monolithic ‘jumbo jet’ products; it will all be very small things,” said Nannetti. “Businesses will no longer [invest] \$10 million or \$50 million, but only half a million to do anything,” reducing the loss risk significantly and increasing the business’s appetite to pursue innovation projects.

Changing Customer Expectations

While customer-centricity remains core to the product and service development process, executives did recognise the limitations imposed by legal and regulatory restrictions, particularly on the development of user-friendly touch-points.

According to Nannetti, as customers become accustomed to digital touch points (via online, phone or smart devices) offered by other service providers, insurers will face increasing pressure to adopt similar user-friendly portals.

The proliferation of customer empowerment services and tools, and the complexity of choices, makes it harder for customers to understand the products and services they need.

“Our customers now compare us with other industries,” said Nannetti. “Customers are asking: ‘if I can book my cinema tickets through my smartphone and get a cheaper rate, why can’t I do my life insurance that way as well?’”

However, efforts to boost the value proposition and accessibility of digital services are often hindered by legal and regulatory red tape.

“While legislation is designed to protect insurers, it can confuse customers. This only makes it harder for customers to understand what they actually need,” said Andrew Linfoot, Head of Life Reinsurance at Munich RE.

According to Chris Rawlins, “analysis paralysis” becomes all but inevitable as today’s highly informed customers confront an overabundance of product and service offerings.

“The proliferation of customer empowerment services and tools, and the complexity of choices, makes it harder for customers to understand the products and services they need,” said Rawlins. “More technology doesn’t necessarily solve any of that – it could actually make it worse.”

The Industry in 2030

Predictions on the industry’s future ranged from insurers’ capacity to negotiate generational change, the increasing prominence of data and analytics in business processes, the impact of crowd-sourced insurance models, and how digital disruption will fundamentally reshape the way insurers interact with the customers of tomorrow.

For Gerard Kerr, Head of Life Insurance at ANZ Wealth, Google – utilising its vast repository of data – may seek to position itself as a future power-player in insurance. “If you can fathom the volume of data Google has today, all indications are they could probably underwrite better than we do today,” said Kerr.

Kerr also echoed fellow executives’ predictions on how data-rich algorithms will shape customers’ expectations and interactions. “From a customer proposition, ideally, we should know when customers want to be contacted, and with the particular offer they want; [only at this point] should we be contacting them,” said Kerr.

Chelsy Snell, Chief Technology and Projects Officer at AIA Australia, believes insurance will remain a “social business”. However, in the face of rampant digitisation, the challenge for insurers is to maintain their human face, where customers feel they can effectively engage with – and remain supported by – the business.

Wayne Te Paa, the event’s host and regional director for Sapiens, concluded the discussion by recognising the critical importance of agility in driving future success.

“As insurers place their bets on digital disruption initiatives and address the cultural aspects of change, those insurers invested in remaining agile, by eliminating legacy in their business, will be far better off.”