



[Home](#) > [World Menu](#) > [North America](#)
 > [Integrate, Digitise, Transform: 3 Insurtech Trends for the Rest of 2021](#)

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Integrate, Digitise, Transform: 3 Insurtech Trends for the Rest of 2021

by Polly Jean Harrison May 2, 2021

Though the insurance industry can be slow to adopt new technologies, with the past year bringing new challenges to businesses, the rest of 2021 is insurtech's time to shine.

*Chris Ewing is CEO & Founder of **One Inc.**, a digital insurance payments platform that helps more than 170 insurance companies process over \$15 billion in payments annually. Here he shares his top 3 predictions for insurtech trends in 2021.*

The past 18 months have brought disruptive challenges to businesses and consumers alike, and ‘sleepy’ industries like insurance have responded by prioritising innovation – seriously, if belatedly, taking to heart the idea that ‘every company is now a fintech company.’

After a hardening of the insurance market in the first half of 2021, the second half of the year should deliver more fruitful results amid the reopening of the economy, and insurers will now put at least three tech components through the paces after improving their stack over the past year – with game-changing differentiators for consumers, whilst solving lingering issues as they seek to actualise the value of their new technology.

1. Bold Actions Following Insurtech’s Explosion

First, it’s no secret that the insurance industry is typically slow to adopt new technologies, even as insurtech has grown in size and use-cases over the last decade and the pandemic accelerated the industry’s need for digital solutions. Cybersecurity protections, big data, digital payments, virtual claims management, remote work access, omnichannel customer service and many other ‘nice-to-have’ trends over the past few years quickly evolved from luxury to necessity.

That explains why tech adoption within the insurance industry last year was equivalent to three to four years’ worth of progress at the pre-pandemic pace, per a **McKinsey** survey.

By strategically implementing **digital insurtech solutions** – such as digital billing automation, mobile

claims management software like claims adjuster apps, innovative digital payments systems for multi-party arrangements and remote network security – insurers in 2021 are better positioned to lower costs, meet customer expectations and provide greater transparency into their claims processes.

We all know what needs to get done – the hard part is getting it done. Partnerships between insurtechs and insurance providers will become even more essential over the rest of the year as the industry continues to lean into innovation in response to a radically different environment for working with both partners and customers. The key now will be for technology, strategy and product teams to integrate and optimise this technology in a manner that effectively augments (or replaces) the existing tech stack.

2. Meeting the Appetite for Digital Claims Payments

Next, while social distancing and touchless-interface adoption has pushed digital payments forward, most insurance companies offer some degree of digital claims payment options to their customers but most do not offer digital claim disbursements, yet. Once the pandemic hit, digital claims payments and multi-party payment functionality quickly became a major focal point for the industry.

SMA's Market Pulse Insights 2020 found that 81% of personal lines insurers and 57% of commercial lines insurers are moving forward with or accelerating digital claims payment technology plans, driven largely by consumers and the pandemic. Checks are the main culprit and increase in cycle times, lower customer satisfaction scores and provide an expensive way to pay claims. When adjusters settle a simple claim expediently with a check, the process of distributing and cashing the check can have the insured wait an additional seven to 10 days to access their funds – hardly the best experience for

customers already feeling pinched. Customers are also wary of the prospect of handling paper checks, the processing of which costs insurers at least 10 times more than digital alternatives according to the **Association for Financial Professionals**.

Insurers will continue their push to implement a full-stack, inbound-outbound payment solution, offering flexibility, convenience and control to consumers and cost-efficiency to insurers.

3. AI & Infrastructure

Finally, insurers are eyeing robotic process automation (RPA) to streamline repetitive or rule-based administrative tasks like routine customer communications and transactions via chatbots, interactive voice response and virtual customer assistants. RPA-enabled processes – like quote generation, fraud detection, bill production and market analysis – improve user experience and workflow while freeing up professionals to spend time on more complex matters. These services are very good ways to manage a vertical like insurance which has many processes that are repeated and in the insurance context readily predictable.

One of the fastest-growing areas is leveraging a carrier's current core with digital assets and services that can still integrate with these legacy systems. XaaS – or Everything as a Service – enables insurers to expand their technological capabilities and leverage these assets without building a full in-house IT team, to utilise greater functionality, reduce costs and ultimately again competitive advantage. We expect insurers to continue leaning into transformative XaaS investments and partnerships in the second half of the year, particularly cloud-based services which rapidly scale while offering advancements in compliance, account maintenance and fraud protection.

Insurers have woken up to the **power of insurtech** and broader fintech principles to revolutionise their cost structure, compete in a rapidly evolving industry and most importantly, the experience offered to consumers. The key questions now centre around sustaining this pace of innovation, optimising business processes and, of course, positioning themselves for what's next.

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Polly is a journalist, content creator and general opinion holder from North Wales. She has written for a number of publications, usually hovering around the topics of fintech, tech, lifestyle and body positivity.



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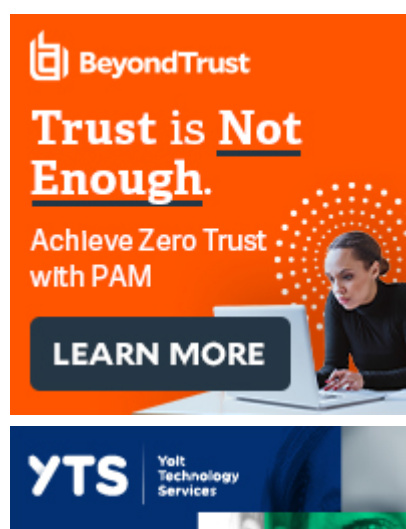


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The advertisement features an orange background with a woman working on a laptop. A circular pattern of white dots is positioned behind her head. The text is in white and black, with 'Trust is Not Enough.' in a large, bold font. The 'LEARN MORE' button is a dark grey rectangle with white text. The YTS logo is in the bottom left corner.



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