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'Open Insurance' in Financial Ecosystems Is Growing. What Else Is on the Horizon in 2022?

Topics highlighted in the outlook included climate change, enabling strong cultural values, and attracting young talent.

By: Shannon Flynn (<https://riskandinsurance.com/author/shannon-flynn/>) | February 26, 2022

Topics: [Future of Insurance](https://riskandinsurance.com/category/general/future-of-insurance/) (<https://riskandinsurance.com/category/general/future-of-insurance/>) | [Insurance Industry](https://riskandinsurance.com/category/insurance-industry/) (<https://riskandinsurance.com/category/insurance-industry/>)



Now is an excellent time for people in the insurance industry to start studying what trends may become prominent during 2022.



Isabelle Santenac, EY's global insurance leader, recently published her 2022 Global Insurance Outlook (https://www.ey.com/en_gl/insurance/2022-global-insurance-outlook) (<https://riskandinsurance.com/2022-global-insurance-outlook-growing-with-people-purpose-and-tech>). It highlights several key trends. Here's a closer look at them.

The Era of Ecosystems and the Rise of Open Insurance

In today's highly connected society, people no longer have to visit insurance agents' offices to find out about offerings and sign up for their desired plans. Instead, consumers can perform self-driven research and even sign up for offerings with their smartphones.

Many of the emerging companies that blend technology and insurance offer highly personalized, user-friendly experiences.

Santenac believes that, due to the state of the industry, regulators will need to maintain an environment that lets people share their financial information with any firm in a secure and frictionless way. Such options will give customers better overall financial visibility.

However, Santenac does not suggest insurers should wait for regulators to develop and publish new rules. She recommends insurers push ahead and look for strategic opportunities in the market by connecting with partners.

She says insurers can monetize data streams, catch the interest of new customers and deploy new underwriting strategies by creating well-designed and executed ecosystems. The report clarified, "Based upon current trends, we expect ecosystems will become a major business model in the relatively near future. As is often the case, what feels innovative today will soon become a baseline."

One recent example of pursuing new technologies through partnerships concerned Sapiens International Corp., an insurance software company. It collaborated with Charlee, an artificial intelligence provider that uses algorithms to show litigation propensity and high-cost patterns in customer claims.

Jamie Yoder, North America president and general manager at Sapiens (<https://www.sapiens.com/press-releases/sapiens-partners-with-cloud-based-saas-provider-charlee-to-empower-insurers-with-intelligent-insights/>), said,



“Charlee joins Sapiens’ expansive partner ecosystem, through which we have a strategic imperative to constantly search for the latest innovations and [and power our customers with the most innovative capabilities.”](https://riskandpower.com)

Moving Forward With Care

~~(<https://www.linkedin.com/company/risk-insurance/>)~~ primary content for insurers that ~~([think moving to an ecosystem](https://twitter.com/RiskInsurance))~~ model will be a quick transition.

~~(<https://www.facebook.com/RiskInsuranceMag/>)~~ To succeed, ecosystem business models need strong leadership from the top and a clear and executable ecosystem strategy based on their current market position, brand value, business models, talent pool and level of technology sophistication,” the report said.

However, it noted, “Despite the clear upside of ecosystems, most insurers are still working to develop the necessary tech and data capabilities, navigate distribution constraints, and address organizational and cultural impacts.”

Santenac was not alone in her expectation that ecosystems would become more popular in the insurance sector.

A PwC report echoed that sentiment and said the COVID-19 pandemic ~~(<https://www.pwc.com/us/en/industries/insurance/library/top-issues/ecosystems.html>)~~ had accelerated the push to create them. It also mentioned that ecosystems give insurers ways to move beyond the traditional insurance model and strengthen customer relationships.

Insurers Increasingly Looking for Creative Ways to Mitigate Climate-Related Risks

People in the insurance and risk management industries are no strangers to helping clients get equipped for facing the worst “what-if” scenarios.

Certain industries have more inherent risks than others. However, specific threats will continue to mount regardless of a company’s line of business. Climate change will likely accelerate or trigger many of them.

As Santenac mentions in this report, climate change has caused insurers to investigate innovative ways to mitigate the associated risks they face now or might soon. Some have considered parametric policies and carbon offsets to reduce physical climate change risks.

Actions with Greater Meaning

Showing a united front could also help make progress in the battle against climate change. In 2021, eight of the world’s top insurers created a net-zero emissions alliance ~~(<https://www.reuters.com/business/sustainable->~~



<https://riskandinsurance.com>

The EY report recommended that insurers engage in meaningful, near-term decisions to show they understand their roles in creating a more sustainable

<https://www.edin.com/company/risk-insurance/>

<https://twitter.com/RiskInsurance> It suggested linking action plans to specific targets and creating quantifiable

<https://www.facebook.com/RiskInsuranceMag/> company's performance has become more sustainable. Besides showing the progression toward green targets, the report advised that chosen metrics relate to risk exposures and how the business creates value.

Another suggestion from the report was to make a company roadmap that shows how insurers' environmental and social governance (ESG) strategies impact various parts of the business. It should clarify how they will carry out ESG plans.

The coverage of this trend noted that reporting and disclosures would become standard practices.

The report said companies that prioritize transparency will experience more customer loyalty, improved stock market performance and easier capital access.

Attracting Younger Workers While Showing Strong Social Stances

The EY report also mentioned the "Great Resignation," which saw workers from numerous fields leaving the workforce during the COVID-19 pandemic.

Analysts warn that [global skilled worker shortages](#)

<https://www.insurancebusinessmag.com/ca/news/ma/great-resignation-transient-labour-market-causing-business-concerns-323898.aspx> pose risks to the insurance industry.

However, Santenac believes a vital strategy to retain younger people in the sector and attract new candidates is to disprove the beliefs that the insurance industry is boring and slow-moving.

The Need for Connection Within the Workplace and Society

Another way to retain talent, particularly on remote teams, is to use technology to foster stronger connections between managers and employees. The modern workforce will be more likely to thrive



when there are stronger links to colleagues and teams, even if not working together in the same room.

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However, the need for connection runs even deeper.

The EY trend overview highlighted the necessity for insurers to take stronger stances on social issues that matter most to younger workers, such as

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diversity and inclusion. These candidates also want assurance they're doing purposeful work that connects to the greater good. They need to feel they're making a positive difference in society rather than just earning a paycheck.

One study found that 64% of millennials would not accept positions

([https://www.insurancejournal.com/magazines/mag-](https://www.insurancejournal.com/magazines/mag-features/2020/04/20/565223.htm)

[features/2020/04/20/565223.htm](https://www.insurancejournal.com/magazines/mag-features/2020/04/20/565223.htm)), at companies that lacked strong corporate social responsibility values.

Insurance leaders should consider mentioning social values in job ads, provided the business already has a history of association with those aims. If younger recruits perceive that the company has only brought up specific values to attract candidates, all efforts will likely backfire.

Insurers Must Demonstrate Relevance

Another strategy is for hiring managers in the sector to stay up-to-date with methods of connecting to potential candidates.

For example, many millennials would perceive a firm as outdated if they received a physical postcard or flyer about a job fair or open house. However, using social media channels is a practical strategy that enables hiring professionals to target specific groups or areas.

Finally, people trying to fill open positions should look at the basic components that typically make work more fulfilling. The EY report mentioned flexibility, performance recognition, and updated benefits packages as some of the options to pursue.

Trends of Note for the Insurance Sector

These three trends are not the only areas of focus worth following this year. However, the helpful insights here show people in the industry what to prepare for in 2022 and beyond. &

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International Regulatory Update: The UK's House

The impact of Brexit and whether insurance regulation in the United Kingdom is overseeing the sector appropriately are among the (<https://riskandinsurance.com/international-regulatory-update-the-uks-house-of-lords-weighs-insurance-regulation-tweaks/>).



A Breath of Fresh Air: What Is Ergonomics

A session at the National Ergonomics Conference and ErgoExpo will look at the concept of ergonomics gamification and how it can add (<https://riskandinsurance.com/a-breath-of-fresh-air-what-is-ergonomics-gamification/>).

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The Specialty Customized Insurance Solution to Meet Your Clients' Ever-changing Needs

AmTrust Specialty Program provides a full suite of coverage, claims and loss control services for hard-to-insure and niche risks that can be tailored to your requirements. As key differentiators, its nationwide network and diversified approach enable it to cater to a broader range of industries and clients.



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If your client operates in a highly specialized business or has particular needs that are often difficult to find affordable coverage within the traditional insurance market, it's vital that you partner with a specialty insurance provider.

This will enable your customers to secure the appropriate cover and limits required to protect them and mitigate against their specific risks.

That's essential, particularly during the current hard market where rates continue to rise and traditional insurers tighten terms and conditions or pull coverage altogether.

One such solution is AmTrust Specialty Programs, a business unit of AmTrust Financial. It's a one-stop-shop that also includes claims and risk management services and can be customized to match your client's needs.

With increasingly more business being channeled through managing general underwriters (MGUs), AmTrust Specialty Programs has turned its customized approach into a boon. By providing a deep and relevant product set, it can cater to the diverse needs of these fast-growing entities.

Additionally, as a result of an influx of underwriting talent from insurance carriers into these MGUs, this has opened up more program opportunities. And that's only going to continue as MGUs become increasingly sophisticated in its operations, data analytics, risk selection and pricing.



“Many of these MGUs have realized that they need a carrier to complement their underwriting and distribution expertise to support their success – and their customers on the systems, product, actuarial, pricing or the claims side,” said Kathleen Smith, SVP Chief Underwriting Officer for AmTrust Specialty Programs. “That’s where we come in. We’ve successfully built out all of these capabilities and more and have the experience of having worked closely with MGUs on the strategies that leverage the best from each entity.”

Partnership Building



Kathleen Smith, SVP Chief Underwriting Officer, AmTrust Specialty Programs

AmTrust Specialty Programs partners with underwriting management firms that have best-in-class expertise and in-depth underwriting knowledge in a particular niche or industry segment. By partnering and approaching risk specific to the niche segment in a tailored way, AmTrust Specialty Programs helps support a solution that meets the insureds key needs and remains viable over the long-term.

AmTrust Financial is a leading writer of workers’ compensation. It also provides a host of multiline and monoline coverages for small- to mid-sized accounts in a homogenous class or sector, including commercial auto, general liability, property and professional liability, including directors and officers and management liability.

Each coverage is provided either through the admitted or non-admitted market, or both, based on the insured’s particular needs. AmTrust Specialty Programs can cater to multiple industries, including but not limited to law, aviation, delivery services, street contractors and tow operations.

AmTrust Specialty Programs focus is also on alternative and traditional coverages, typically above \$10 million in gross written premium. That aligns best with its underwriting strategy, and solution and design structure.

Central to AmTrust Specialty Program’s successful underwriting strategy is maintaining a diversified specialty portfolio by product, geography, client base and distribution channel, particularly during these challenging economic and geopolitical times. It also homes in on the specialty, non-commodity part of the business, pursuing risks that require specialized underwriting.

“That diversification really came into its own during the pandemic,” said Smith. “For example, exposure on the aviation side of our business went down because flights were restricted, while in other areas, such as trucking, it



was going up.”

Claims Services

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On the claims handling side, AmTrust has seasoned claims professionals on hand providing 24/7 help. It also runs a state-of-the-art paperless claims (<https://www.linkedin.com/company/risk-insurance/>) and account managers who act as the (<https://twitter.com/RiskInsurance>) point of contact for all claims-related matters. For AmTrust Specialty Programs, the claims service can be unbundled to a specialty operator if it is (<https://www.facebook.com/RiskInsuranceMag/>) more appropriate for a particular niche.

As far as loss control is concerned, AmTrust has a nationwide network of representatives who carry out safety inspections, site evaluations and provide loss prevention services. By leveraging its scale, it's able to provide a broader range of services to more clients. Similar to claims service, AmTrust Specialty Programs loss control services can be unbundled to a specialty operator if needed.

“The key advantage of being a nationwide operation is scale,” said Smith. “On a micro level, companies want to react quickly to new opportunities in new states, so we need to provide them with the services they need.”

“On a macro level, we want to reach out to the best-in-class national insurance providers in a particular segment to partner with them in providing specialized coverage for their clients across the country,” said Smith.

Another key strength is AmTrust's technology capability. It offers rate, quote and issuance systems to its program partners to enable them to manage their businesses more efficiently.

In addition, AmTrust has a team of experienced in-house programmers who provide customized software solutions to its MGU partners. Its software download capabilities also enable the company to deliver policy information electronically to agency management systems, while accepting data feeds from other systems into its database.

By leveraging firms' technology, AmTrust can provide an improved service for all. For instance, the insurer provides workers' compensation to AAA Towing Service, which, in exchange, supplies telematics data, dispatch records and the like, to ensure a more robust risk control program and better analytics, risk selection and underwriting services.

Customized Programs

All of these services can be customized to meet the unique needs of clients. That includes everything from the underwriting and claims guidelines to risk control protocols.



“We tailor our insurance product offering based on the needs of a particular market segment, whether driven by specialized coverage, risk management and claims,” said Smith. “We believe our tailored approach brings more to the end buyer than our competitors that take a more generalist approach.”

Our long-term commitment to the program segment, wide breadth of product, in-house systems and ability to bundle or unbundle services such as claims and loss control are differentiators in the marketplace,” shared Smith.

For its distribution partners, AmTrust Specialty Programs uses unique admitted and non-admitted paper, all carrying the group financial rating and strength of AmTrust.

Having supported the program marketplace business for more than 20 years, AmTrust Specialty Programs is a well-established, committed player, with several relationships spanning over +10 years. We have been fortunate to be taking advantage of market opportunities, growing by 50% overall in the last couple of years alone. AmTrust Financial currently has \$24.8 billion in assets and \$3.5 billion in GAAP surplus capital with an A- (Excellent) rating from AMBest.

“At the end of the day, the client wants to deal with someone who is a specialist in their field and truly understands the ins and outs of their business,” said Smith. “That’s what we strive to do here every day at AmTrust: to ensure that we’re always going above and beyond to meet our clients ever-changing needs.”

To learn more about AmTrust Specialty Programs offering, call Kathleen Smith at 860 571 2153, email Kathleen.smith@amtrustgroup.com (<mailto:Kathleen.smith@amtrustgroup.com>), or visit <https://amtrustfinancial.com/insurance-products/specialty-programs> (<http://pubads.g.doubleclick.net/gampad/clk?id=6076620401&iu=/22604326247>).

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[Risk Matrix: Presented by Liberty Mutual Insurance](#)

10 Ways Supply Chain Disruption Has Impacted Aspects of Business

From individual sectors to the business world at large, supply chain issues stemming from the last few years have had a massive impact.

By: R&I Editorial Team (<https://riskandinsurance.com/author/risk-editorial/>) | July 12, 2022



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