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The 3 Big Technological Challenges Facing Insurers in 2022

Let's start with a few facts about digitalisation in the insurance industry:^[1]

- Only 38% of insurers capture data from Internet of Things (IoT) devices in real time.
- 33% extract data using natural language processing assistance technology (e.g. chatbots).
- Digital channels are already used in 75% of searches for information on car and health insurance.
- They are also used in 60% of searches for home, life and savings insurance.

The insurance industry is at a digital crossroads. New competition from insurtech and big tech companies, which have burst onto the market, is reshaping the insurance landscape. User experience has become a key enabler for insurers to attract and retain customers and policyholders, especially as users' demands and expectations continue to grow in terms of the digital experience they seek.

Insurance companies are under mounting pressure to increase market share while reducing policy administration and claims handling costs. These challenges, together with the need to modernise outdated IT systems, are having a major impact in an increasingly competitive environment.

Insurers who want to overcome their key challenges^[2] in 2022 will need to **develop innovative solutions more quickly and cost-effectively.**

This is where harnessing the benefits of low-code development can have a dramatic impact. Applications can be **developed up to 10 times faster** in a low-code development platform using visual language than with traditional code development methods, and changes can be made to applications in hours rather than weeks. Insurers can respond quickly to provide new premium features such as a self-service customer portal for insurance products, an agent portal that might include a virtual assistant, and tools for customers to ask questions, submit claims and request quotations.

[1] "Consumer Digitalisation in the Insurance Industry", in Spanish, Google Market Insights with Salvetti Llobart. November 2020.

[2] Based on the report "Top Technology Priorities for P&C Insurers in 2021", Juan Mazzini.



Let's take a closer look at each of these challenges and find out how OutSystems can help.

Transforming customer experience to outsmart insurtech and big tech

The insurance industry's biggest challenge in 2022 is transforming the way it does business with customers. How it responds to this challenge will dictate its ability to maintain market share amid increasing competition from insurtech and big tech companies (Amazon, Apple, Facebook, Google and Microsoft).

Insurtech and big tech companies have a deep understanding of their users and of their users' preferences and consumption patterns, so they are much more agile. They recognise the value that can be created from the information at their fingertips. They also tightly control all points of contact with their customers and can offer them a 360-degree omnichannel experience. If insurance companies are to survive this offensive, they will need to embrace a hyper-personalisation model focused on the customer experience, develop new partnerships and adopt emerging technologies so they can provide their customers with a tailor-made product through the right channel at the right time.

The Insurtech 2020 World Report^[3], shows that the behaviour of insurance providers' customers has changed dramatically in the last year. They have shifted to doing their policy search and purchase online by themselves, bypassing intermediaries, and are now more willing to take out policies with big techs: in 2016, only 17% were willing to do so; by January 2020, it was 36%; and by April 2020, it was 44%.

Traditional insurers continue to rely heavily on their physical channels, while insurtech and big tech companies have been able to take advantage of this change in behaviour. To do the same, insurance companies need to promote the use of digital channels for advising on, underwriting and marketing their products,^[4] and make these channels sufficiently attractive to customers.



OutSystems offers significant potential for the insurance industry: you can build state-of-the-art portals for your agents, applications designed to optimise the customer experience, and solutions for policy and claims management. And build times with OutSystems are up to 10 times faster than with traditional methods. Just think of the possibilities.

You can provide your customers with an omnichannel experience on any device. You can break down information silos, orchestrating all distributed systems from a single viewpoint to achieve the holy grail: a 360-degree view of your customer. You can also plug into the entire insurance ecosystem outside your own organisation. And you can do all this with the agility needed to outsmart your insurtech and big tech competitors.

[3] World Insurance Report 2020 by Capgemini and Efma.

[4] UNESPA Report on Post-Covid Reality, in Spanish, 2021.

Create a more profitable business model based on data

Understanding data is key to improving the customer experience. Insurers will need to move away from traditional business models and harness the value of data to identify profitable niches, manage risk and develop products and services that deliver customer value.^[5] To remain competitive, insurance providers will need to drive new areas of growth and anticipate market trends by marketing innovative products that constantly adapt to user demands.

Advanced analytics and artificial intelligence, data governance and data quality, and management of cloud environments all require the right technology.

When it comes to deciding which technology, four factors are key: time, investment, autonomy and differentiation.

OutSystems is a disruptive platform that unlocks your company's ability to quickly provide your agents, brokers and customers with state-of-the-art digital solutions to stay in touch using mobile devices, chatbots, websites or call centres. Providing your customers with an omnichannel experience and being able to contact them in their preferred way, in the right place and at the right time will greatly increase your ability to upsell and cross-sell.

But it is not just about speed; margin management is also important. With premium income expected to fall between 4% and 8% in 2020, finding an operating model that can deliver value to customers and agents while maintaining profitability is critical. Modernising these applications could have a major impact on reducing operating costs which Forrester says is a priority for 40% of insurers.^[6] Many organisations still rely on manual tasks and archaic, resource-intensive processes to transact business and provide services to their customers and agents.

OutSystems provides you with the tools to digitalise, modernise and optimise your processes. By connecting disparate data systems, applying standards and automating manual processes, you can speed up processing times and therefore reduce costs.

The OutSystems platform can help your insurance company rapidly reach zero-touch processing for quoting, underwriting, policy issuance, billing, claims submission and more.

This process efficiency helps boost profits because your teams can get more work done faster and with increased customer satisfaction.



[5] Challenges Facing the Insurance Industry in 2021, in Spanish. Vodafone Business Observatory.

[6] Oliwia Berdak, The State Of Digital Insurance, 2019. Forrester, 5 Feb.

Transforming legacy systems into intelligent processes



The pandemic that began in 2020 has been a catalyst for change. This has resulted in the rapid and widespread use of technology, extending digital practices to groups that were not previously tech users and dramatically increasing customer expectations. These new demands require insurance companies to speed up efforts to incorporate new technologies – such as chatbots and artificial intelligence – that add value to the services they offer. Insurance companies must not only modernise their systems, but also transform them to do so at scale and efficiently.

It is no secret that legacy environments are more expensive to maintain and run than modern systems. But for many, migrating or upgrading them feels like an insurmountable challenge. Legacy systems that have accumulated over decades have created a tangled web of interdependencies that makes data standardisation and migration difficult, time-consuming and costly.

OutSystems provides you with a simpler way. Using its full-stack visual development platform, your teams can migrate applications to the cloud and modernise them 10 times faster than with traditional development methods.

To reduce the risk of failure, migration can be done in phases and at your own pace, using a modular approach. A second route to modernisation is to use OutSystems to provide a digital front-end to current legacy systems.

Using APIs, your IT organisation can consolidate multiple core information systems and data sources. This improves data transparency and enables employees to respond more quickly to customer needs.

Experience the power of OutSystems

We offer you a free, cloud-based personal environment where you can build multi-device applications 50% faster

- Deploy an unlimited number of apps.
- Unlimited usage period.
- Free data storage up to 2GB.
- Community support channels available.

To find out more about OutSystems, contact our experts.



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