



The Future of Policy Administration

Understand current trends and
future-proof your business

The last few years have left an impact on the insurance industry - both in the way insurance companies operate, and the way they interact with customers.

Macroeconomic trends, including the looming threat of recession, are leading some insurance businesses to look at improving operational efficiency and reducing waste.

In addition, **an increasingly sophisticated customer base is changing expectations for customer service**; making customer experience (CX) a top priority for insurance providers and MGAs.

The top 5 trends for P&C insurance companies are:

1 Operational efficiency and measurable ROI

4 Technological transformation

2 Shift from product to customer focus

5 Process optimization and automation

3 De-risk with data

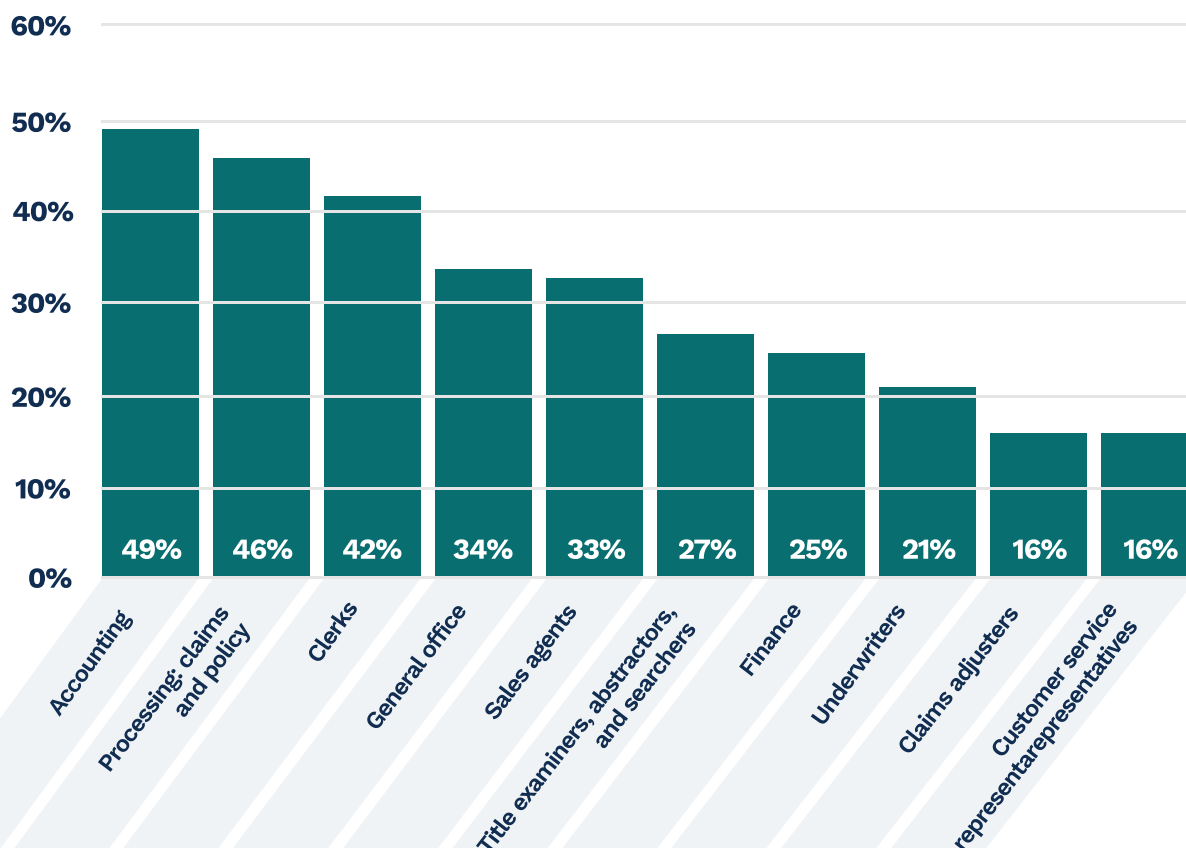
Operational Efficiency and Measurable ROI

In an uncertain economic environment, companies don't always cut costs right away - but they do tend to start intense scrutiny on the expenditures being made. This means that understanding the positive effects of investments, and tying it to accurate, meaningful return on investment (ROI) will be very important to insurance businesses in 2023.

Operational efficiency can be addressed in three related areas: people, process, and technology.

An investment in technology - like the cloud - can reduce the cost of hardware and maintenance. Streamlining processes internally, or looking to a business process outsourcing (BPO) provider to lift some of the administrative burden, allows right-sizing of labor and for remaining resources to be channeled to higher-level, strategic activities.

Potential automation displacement rate of selected insurance jobs in the United States by 2030



Shift from Product to Customer Focus

A business can not just say that they are listening to their customers. To truly shift to a customer-centric model, it is important to enable deeper changes to the business model.



Redefined organizational purpose

When was the last time you read the mission statement or value proposition for your business? **If the company is looking to entirely change its focus, the organizational purpose statement is a good place to start.** Changing the stated values of the company sends a clear message to employees at all levels of the organization: to look at their day-to-day from a new perspective - that of the customer.



Measures of success

Changing the definition of success within the organization is key to embracing a new, customer-centric approach. For example, **If a customer service agent is evaluated based on the number of calls they take, it is in their best interest to spend as little time as possible with each customer,** which could negatively impact the customer experience. Changing the success metric to issue resolved (or first call resolution) puts the focus on providing a satisfactory experience from the customer's point of view.



Ties to short-term and long-term strategic objectives

Transitions are difficult, and changing the focus of the company is a deep change that will touch all departments, functions, and individuals. If people understand how the extra effort required during the transition period will feed short-term and long-term goals, **they are more likely to get on board with the change.**



Tools of the Trade

Processes cannot change without the tools and systems in place to support it. If an insurer wants to accept electronic signatures, they must first integrate their documentation process with a provider like DocuSign.

To change from a product-centric to customer-centric model, **insurers must use a flexible, agile approach to build a new ecosystem** of customer, vendors, and back-end processes.

De-risk with Data

Improving the ways that data is gathered, managed, and used - with an eye to managing risk - will be a focus for insurance businesses in 2023. **Data analytics can help insurers understand customer behavior, sentiment, and trends.** Then, they can build on this insight to make better business decisions that are driven by data.

These data-driven decisions can have a number of benefits for the business, including:

- Fraud reduction
- Reduced customer churn
- Increased customer satisfaction
- Streamlined operations
- Faster identification of opportunities

Technological Transformation

While economic uncertainty has insurance companies paying more attention to cost controls, it is unlikely that investment in technology will halt. There will, however, be more consideration paid to the measurable ROI of technology investments.

The effect of this will lead to a focus on:



Let Go of Legacy

Technology should be flexible. Applying new technology is a critical part of positioning the business against a competitive environment. Replacing monolithic legacy applications with more agile, service-based microservices will help businesses stay ahead of future disruption and changing market conditions.



Democratized Delivery

Depending on the IT staff alone for technological transformation is an outdated model that can prevent a company from becoming truly agile. Democratized delivery - where the tools of low-code and no-code development are extended to people throughout the organization - allows a flexible, front-line response from the employees that are looking to solve real-life challenges daily.

The product development lifecycle is shortened **when citizen developers are empowered to create digital solutions of their own**, allowing a more flexible and rapid response to customer-facing services as well. If the organization is focused on improving CX, no-code solutions can be targeted to that objective as well.

Process Optimization & Automation

There are two distinct approaches to process optimization. One is a technology solution: where a company invests in assessing existing processes, determining opportunities for improvement, and purchasing or building software that supports streamlining and automation. The other is a people solution: business process outsourcing, or BPO.

The unique challenges of the process being optimized will determine whether a technology solution or a people solution is more appropriate. Ideally, an insurance business would look to a single vendor that could offer both technology and BPO services, depending on the situation.

The BPO solutions industry is one of the fastest-growing industries in the world, with a CAGR of 9.1% from 2022 to 2030 (Grand View Research 2022). Companies exploring BPO are looking for specific features, including:

- Quality
- Customer Experience
- Transparency
- Cost Reduction
- Automation (RPA)

Outsourcing policy administration and related tasks helps insurance companies by providing cost-effective methods of bridging gaps in services, covering technical and non-technical business functions without a large investment in technology.

BPO can be applied to direct cost reduction, including lower labor costs and faster processing times.

It also has an indirect impact on CX and on employee satisfaction, channeling valuable human resources to higher-level strategic objectives rather than time-consuming, manual administrative tasks.

Insurance companies will continue to improve agility to help manage the changes of the past few years, and prepare for the future.

This will involve a shift from product-centricity to customer-centricity, a focus on intelligent investment and measurable ROI, and providing the tools and solutions that will support these changes.

If you are interested in preparing your business for the future of insurance, contact Solartis. Our deep experience with policy administration microservices and BPO makes Solartis the ideal partner for insurance companies looking to improve efficiency and support long-term success.

The Solartis logo features the word "solartis" in a white, lowercase, sans-serif font. A small orange dot is positioned above the letter "o".

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**Don't let legacy technology
hold your business back.**

Streamline and modernize
policy administration with
Solartis today.

Contact Solartis