eBook: Agile Operations

Winning in a Changing Insurance Landscape with Agile Operations

A more flexible, agile and resilient organization – starting with internal operations – helps insurers stay on the leading edge



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Past Challenges, Today's Opportunities

Keep Pace with Change

Improving the agility of operations will become table stakes as the entire industry looks to take advantage of many different digital use cases.



For example, McKinsey and Co. predicts that 25% of the insurance industry will be **automated by 2025** thanks to machine learning and AI techniques.[1]

Even though we're now more than two years removed from the start of the COVID-19 pandemic, most insurance companies still continue to face many challenges related to their internal operations and processes.

Clearly, insurers had a lot to manage and had to react to it all at the same time. Supply chain disruptions. Remote workers. Challenging regulations. Customers' changing patterns of behavior and expectations.

With so much change – literally overnight – insurance carriers could hardly be blamed if they hit pause on their digital transformation efforts during this time, especially those focused on internal operations and systems.

In response to all these market conditions, now is the time for insurance companies to adopt new digital solutions that can improve the agility and efficiency of their internal operations. If they succeed, not only will they save time and increase productivity, but they can stay on the leading edge and gain a valuable advantage over competitors who may be a step behind.

[1]McKinsey & Co., "Insurance 2030–The Impact of AI on the Future of Insurance," March 12, 2021.

Why Change Now?

The insurance industry is notoriously slow to change, especially when it comes to implementing cutting-edge technologies or moving beyond traditional strategies and practices that served insurers well for decades.

Insurance companies didn’t need to change, since past rating and pricing models worked well, customer expectations stayed the same, and the entire industry enjoyed general stability over a long period of time.

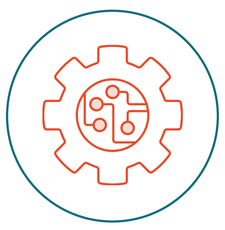
Now, the entire industry faces many major trends and changes, including the below:



New consumer expectations. Prospects and customers now expect faster, more relevant communications and offers. This means highly personalized products that truly suit them, not just a generic demographic or segment.



Overreliance on legacy systems. Many insurance companies still rely on legacy systems that may have been deployed decades ago. These core systems can’t provide innovative, cutting-edge capabilities insurance companies now require.



Overly complex tech ecosystems. Most insurance companies have extremely complicated tech architectures and ecosystems with too many siloed products that are difficult to integrate, manage, and use.



Shifting operating models. Insurance carriers are now re-evaluating traditional operating models to prioritize agility and resilience, while they rethink past approaches and capitalize on new opportunities.

Clearly, the entire industry needs innovative new technologies, not only to streamline operations but to help them accurately identify and seize revenue opportunities.

Key Considerations When Devising the Right Strategy

A recent article from McKinsey & Co. offered four recommendations for insurers looking to **emerge from COVID-19 challenges and improve past business models.** While these are related to any part of their business, it is notable that they can also apply to insurers' operational strategies. These include:

1. Opt for pragmatic but fast solutions rather than time-consuming, hard-to-implement systems, since **speed to market** is a strategy in and of itself.
2. Adopt **digital-first** strategies and technologies to provide better services to customers, agents, and other parties.
3. Engage customers (for example, with personalization) and provide them with the **most valuable information** possible at all times.
4. Seek **innovation** in products, distribution, and customer reach.

Many insurers realize they should be focused on these objectives, but may not have the systems in place to easily achieve them.



The entire **insurtech market** is predicted to grow 45% annually between 2022 and 2025.

Don’t Get Left Behind

The entire insurtech market is predicted to grow 45% annually between 2022 and 2025. Much of this growth will be led by larger companies willing to **embrace innovative new solutions** or aggressive start-ups looking to steal market share from existing players.

In either case, the outcome is still the same: insurers will need powerful new technologies that are lightyears faster than the current approaches.

McKinsey & Co, “Insurance Resilience in a Rapidly Changing Coronavirus World,” April 29, 2020.

A Fast Pivot

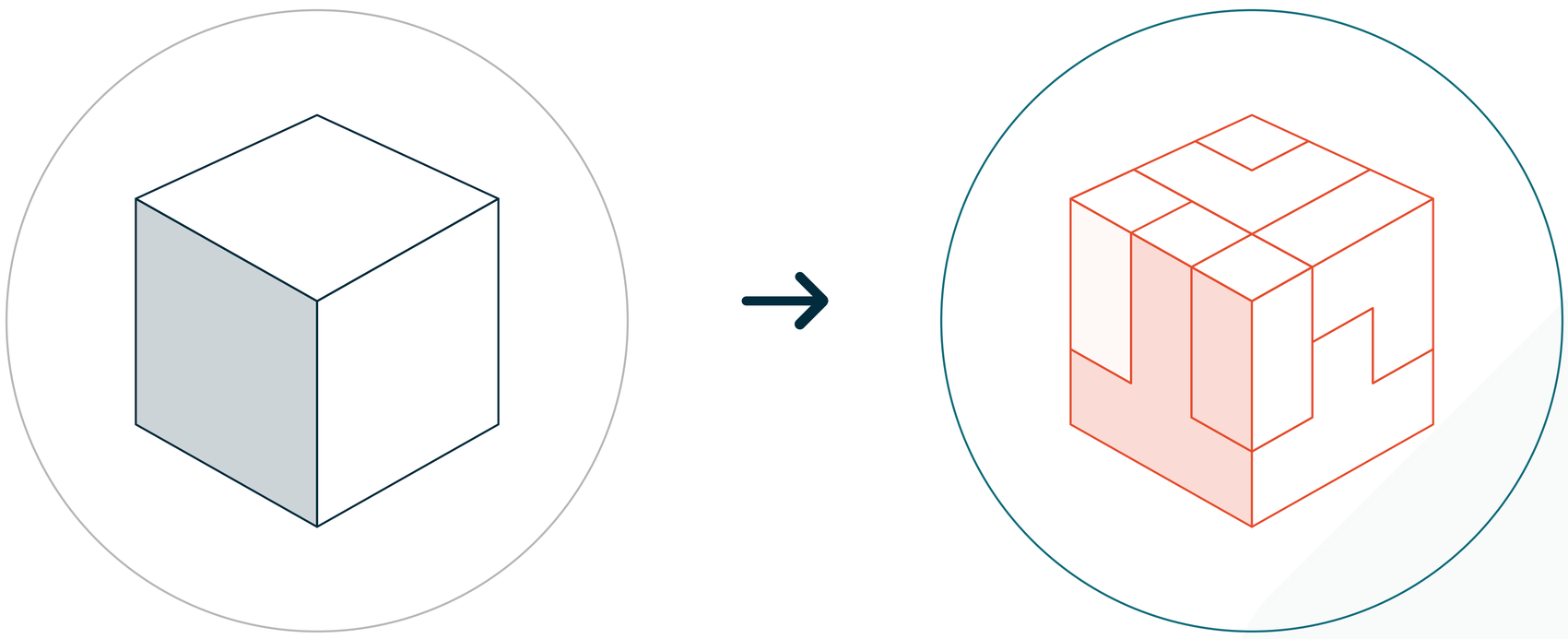
So how can insurance carriers pivot away from the sole dependency on legacy core systems to quickly implement **more agile, resilient** operating models?

The question is valid since such an effort requires years of effort, millions of dollars, and so much frustration – if the insurer is even able to get the project off the ground.

One answer: A **mindset shift** where insurance carriers stop acting like traditional insurers of the past and instead, more like modern technology companies. While such a strategy may seem to be intimidating – and likely a large effort – such a change may be easier than they think.

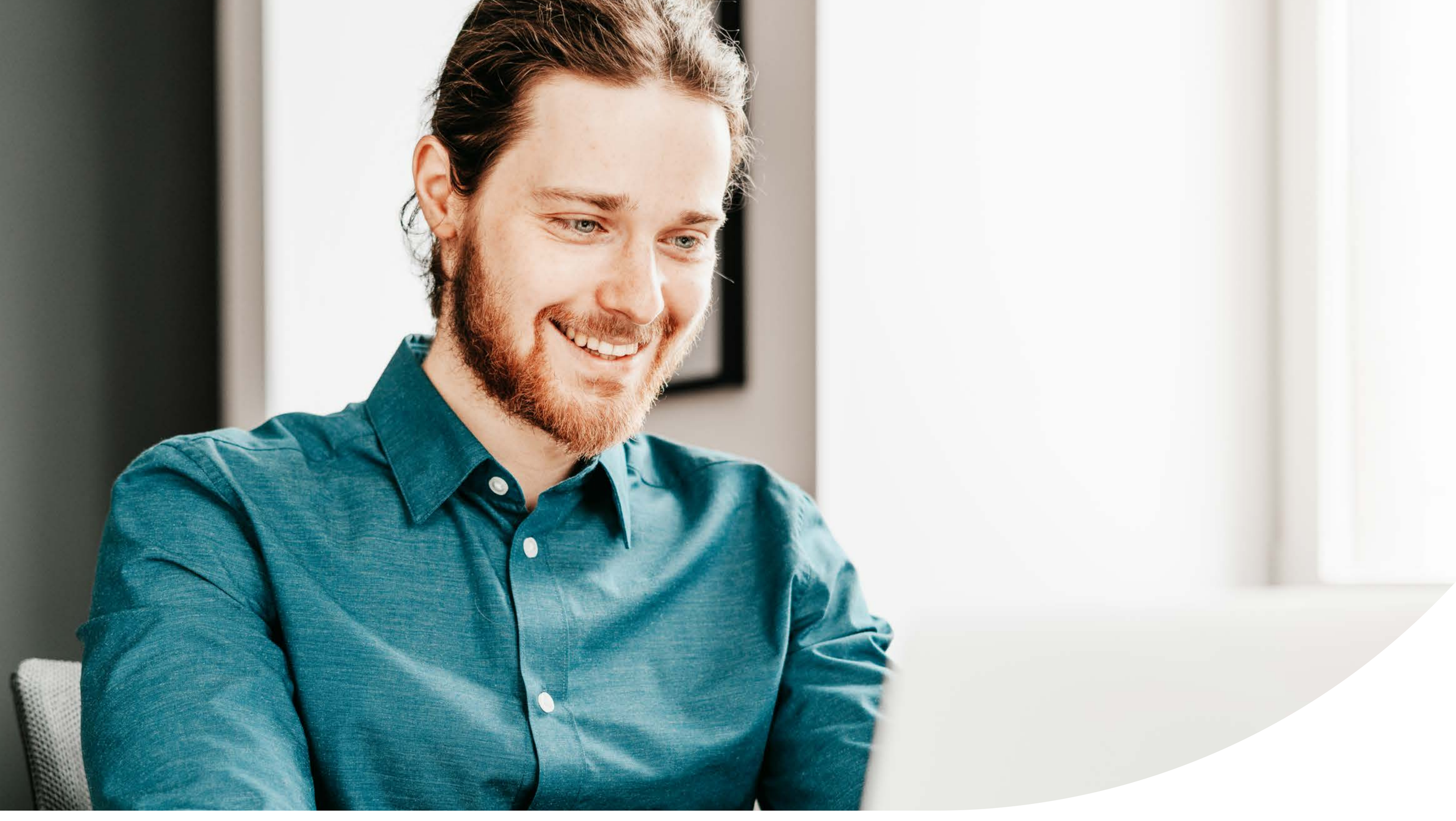
For example, InsurOps companies like Earnix can now provide all the functionality any insurer would require. This includes rating and pricing engines, product personalization capabilities, fully operationalized telematics technology, robust governance, and autonomous monitoring.

Even better, these solutions use **cutting-edge technology** – machine learning and AI, powerful automation, advanced data analytics, and more – all for innovative, personalized, and engaging experiences.



Legacy Platforms

Composable Solutions



Agile Insurance Success

LINK4

"We chose Earnix because of the solution's powerful capabilities, its complete flexibility, and its **proven ability to deploy in our architecture** and easily connect with our full ecosystem of partners and third-party systems."

Krzysztof Wasyluk
Pricing Manager

Earnix customer LINK4 used to rely on an on-premise mainframe-based system for rating and pricing, an approach that created internal inefficiencies and hampered the insurer's ability to respond to real-time opportunities in the market.

LINK4 partnered with Earnix because of its solution's powerful capabilities, its complete flexibility, and its proven ability to quickly and easily fit in the company's existing architecture.

With Earnix's proven, dynamic Price-It solution, LINK4's pricing team can now implement model updates themselves. This has been a critical advantage over the weeks or months it once took and has **helped LINK4 improve its ability to reach prospects with faster, more compelling offers.**

Agility and Intelligent Operations

Agility describes the use of agile methodologies within a company's operating processes and workflows. It promotes **speed and frequency** to overcome challenges – such as, rating and pricing model updates that take too long or difficulty in changing pricing strategies to confidently win new business.

Agility can become a real advantage. Insurers can implement the infrastructure needed to navigate ongoing transformation. With more flexible, resilient and intelligent operations and processes, they can **quickly adopt new initiatives** and stay on the leading edge.



Insurance Agility, Delivered

When it comes to increasing agility in insurnace, Earnix delivers intelligent insurance operations through our:

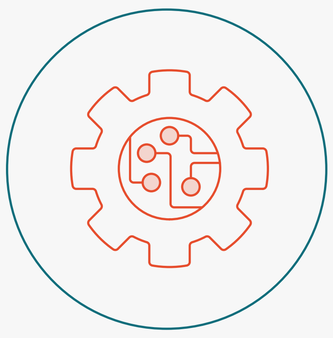
- ✓ Real-time AI-driven engine
- ✓ Dynamic pricing solution
- ✓ Product personalization
- ✓ Fully operationalized telematics solutions

Our solutions **seamlessly integrate with your existing systems** and add the layer of intelligence needed to create fully connected organizations. We enhance all aspects of operations through powerful automation, advanced analytics, robust governance, and proactive monitoring.

All of this empowers insurers to capitalize on the opportunity to segment audiences, personalize product offers, and accelerate their speed to market. By implementing fully agile solutions, insurance carriers can stay a step ahead of the industry's accelerating rate of change and rapidly evolving competitive landscape.

Intelligent Insurance Operations by Earnix

Today's most-effective **insurance tech solutions** are capable of delivering truly agile operations with the following capabilities:



Machine learning and AI-driven rating engine



Powerful automation



Dynamic pricing models



Proactive monitoring



Product personalization



Advanced data analytics



Fully operationalized telematics



Governance and compliance

The Benefits of Insurance Agility

Issues Hindering Agility



Legacy systems



Interoperability issues



Siloed teams, functions, and systems



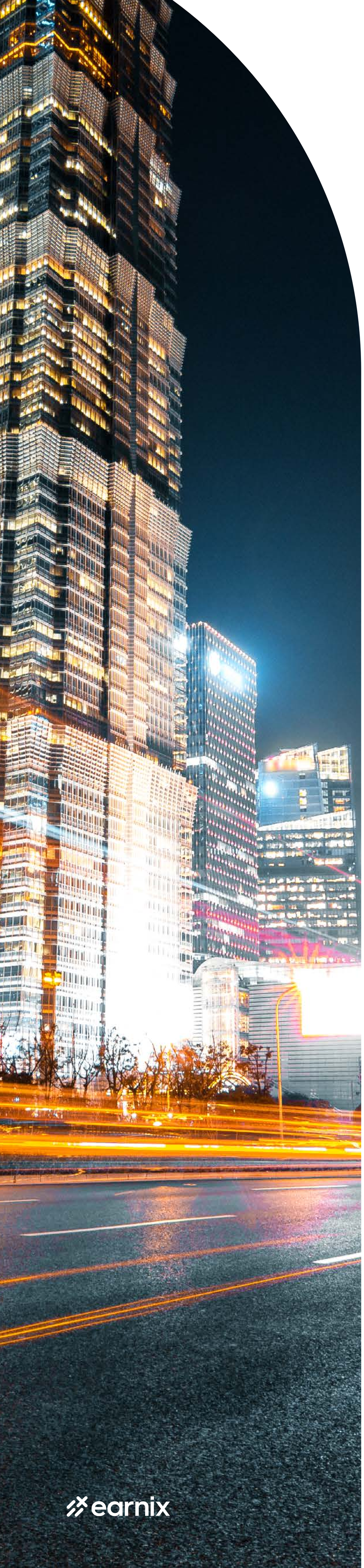
Budget pressures and constraints



Overly complicated infrastructure

Improving agility is not just an internal accomplishment. While this helps enhance internal workflows and processes – saving time, increasing productivity, and generating new efficiencies – truly agile operations also deliver benefits for the entire organization:

- **Overcome legacy systems:** Work more quickly and efficiently with the systems you have now, free up staff time and transform systems on a efficient timeframe.
- **Reduce business complexity:** Standardize processes on a global level, break down business silos, streamline complex operations and work more effectively with third parties.
- **Improve customer experience:** Create faster, personalized, and more positive customer transactions.
- **Improve compliance:** Be on time to comply with new and changing regulations. Rethink past approaches and capitalize on new opportunities.



Reimagine Insurance

When it comes to increasing agility, Earnix delivers intelligent insurance operations through our real-time AI-driven engine, dynamic pricing solution, product personalization, and fully operationalized telematics solutions.

We **enhance all aspects of operations** through powerful automation, advanced analytics, robust governance, and autonomous monitoring. By combining **best-in-class technologies with dynamic decisioning capabilities,** we empower carriers to scale experiences, reduce their time to market, and continuously innovate their offerings.

It’s Time for Intelligent Insurance Operations

Improve your operational agility, scale dynamic customer experiences, and continuously innovate your offering.

Learn More at Earnix.com →

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Earnix is the premier provider of composable intelligent solutions designed to transform how global insurers and banks are run. Earnix solutions unlock value across all facets of the business, connecting with customers, and breaking away from the status quo imposed by legacy single systems.

Earnix’s solutions offer systemized, enterprise-wide value with ultra-fast ROI. It has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel. For more information visit: earnix.com.