

## Deloitte Perspective on Operations Transformation

## A number of factors are presenting both challenges and opportunities for insurers to transform operations and how they do business



### CUSTOMER NEEDS

#### Increasing complex, holistic needs

Insurers are expected to expand product portfolios to meet customer needs, as customers increasingly seek more holistic solutions

#### Higher expectations of digital experiences

As customers enjoy premium customer experiences with e-commerce giants, they increasingly demand comparable experiences from their financial institutions

#### Growing demand for more engagement in society

Companies are increasing engaging in socially responsible initiatives and ESG-linked product offerings



### MARGIN COMPRESSION

#### Entry of non-traditional players

Non-traditional digital-enabled players with access to extensive data & tools are looking to disrupt the traditional insurance value chain

#### Rising claim costs

Increased frequency and severity of health & disability costs are further challenging insurers margins

#### Continued inflation

Exacerbated by labour shortages for high-demand skillsets, the costs of labour and costs to do business are rising due to continued inflation



### REGULATORY FORCES

#### Increased risk and regulatory concerns

Insurers are more carefully vetting how to utilize new technology, such as AI, and developing robust quality control oversight practices

#### Evolving cyber and data privacy regulations

As insurers are moving towards digital, regulators have increasing expectations around privacy / transparency through data protection acts

#### Pressure to reach decarbonization goals

Regulators are enhancing disclosure requirements and insurers are well positioned to guide customer transition to net-zero and meet ESG metrics



### EMERGING TECHNOLOGY

#### Increased platform modernization

Platform modernization and process digitization are now part of redesigning the entire customer experience rather than just point solutions

#### Accelerated adoption of automation

Insurers should consider introducing new technology for automation and explore where there is value to keep in-house vs. partner to scale and unlock sustainable growth

#### Rise of GenAI

GenAI has been a catalyst for broader data, AI and transformation initiatives as speed-to-market becomes critical

# Adapting to market trends and industry shifts requires insurers to take a customer-centric lens to operations transformation

## MARKET RESPONSES..



### Reimagine the Client and Advisor Experience

To meet clients and employees' evolving need for seamless experiences, insurers are investing in **digitally-enabled engagement models, hybrid advice and digital experiences**



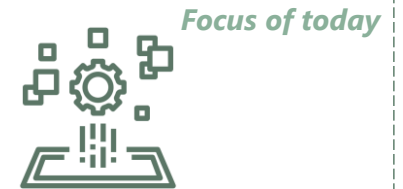
### New Customer Value Propositions

Insurers are engaging in **M&A** or **strategic partnerships** to offer new value propositions to **access new markets and underserved segments** using digital and new technologies



### Modernize Platforms

**Core systems modernization and hybrid technology approaches** are allowing insurers to **achieve operating model efficiencies**, strategically aligning execution with business intent



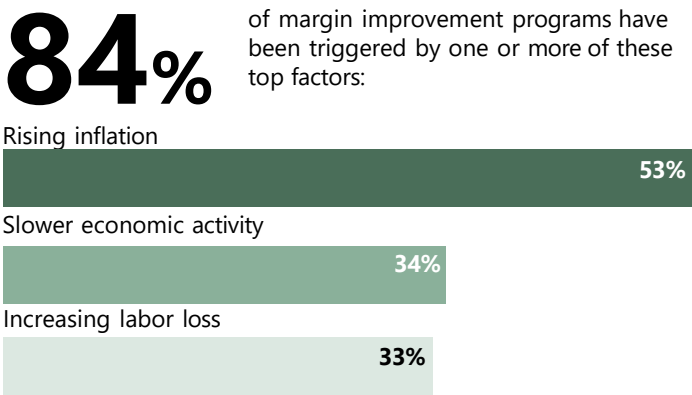
### Transform Operations and Rationalize Applications

To combat rising cost pressures, insurers are **digitizing operations** and revamping their business models, with outsourcing or partnering with **emerging platform vendors**

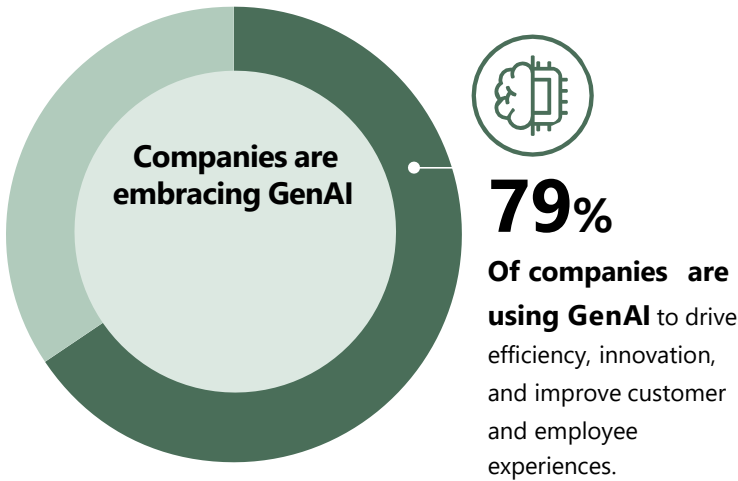


Our recent Global survey suggests organizations are increasingly embarking on transformation programs focused on strategic cost take-out and operational efficiencies

TRANSFORMATION TRIGGERS

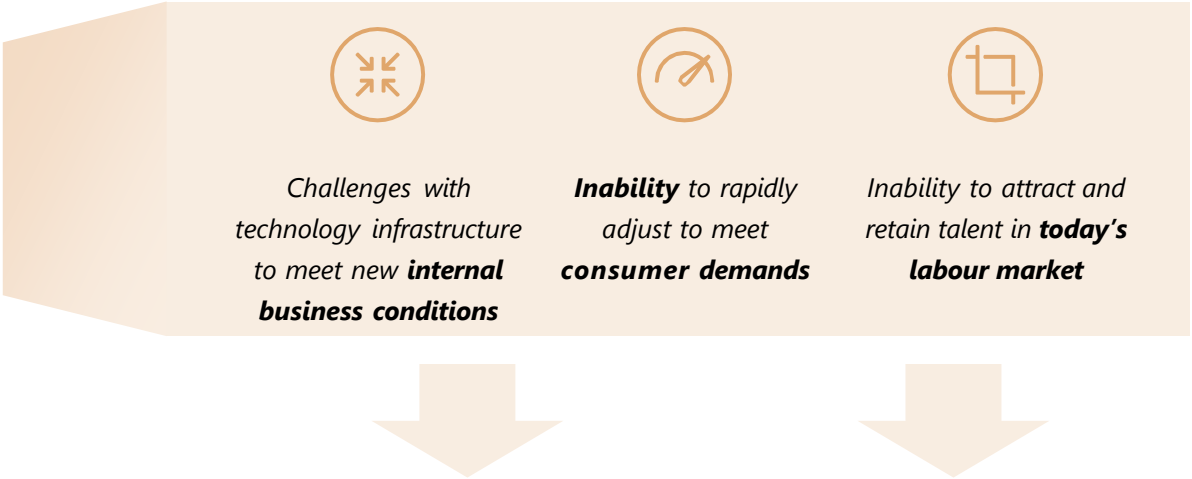
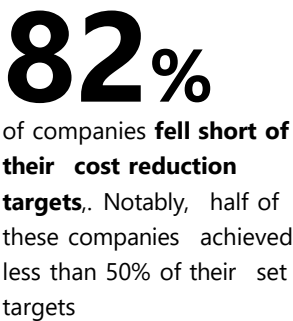


GEN AI IS ALREADY PART OF THE FABRIC

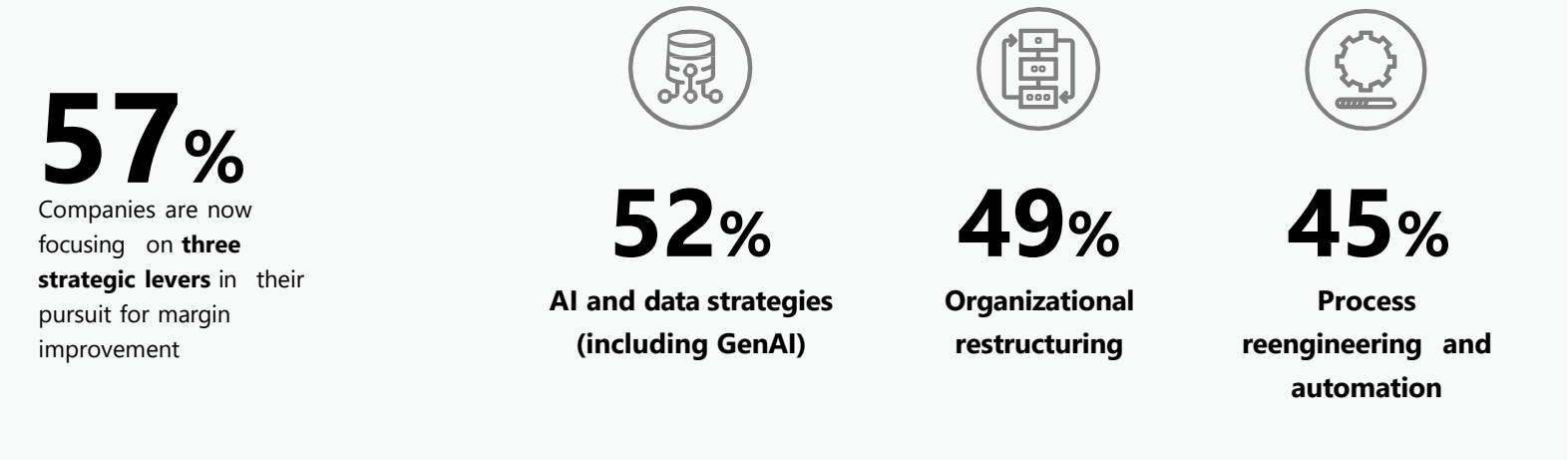



Source: Refocusing amidst uncertainty | 2024 MarginPLUS Survey  
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FALLING SHORT



TARGETED ACTIONS

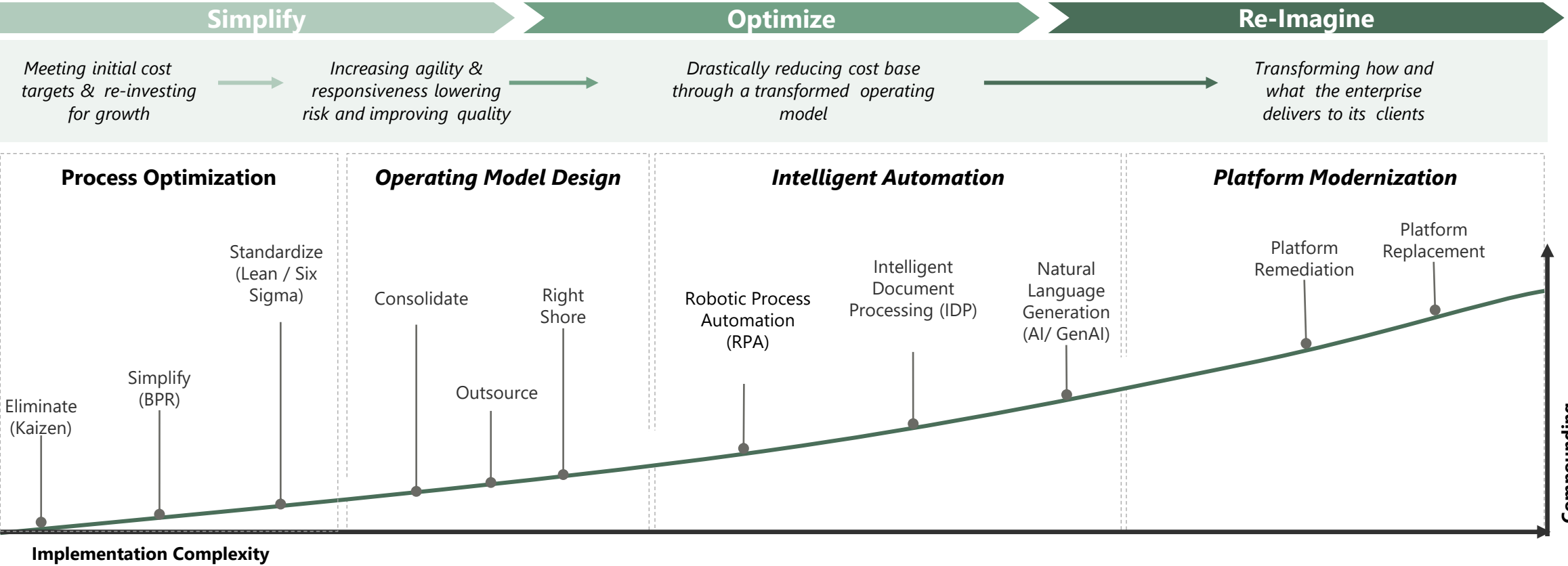




**Challenges in Operations are often  
the result of **FRAGMENTED PROCESSES**  
**LEGACY PLATFORMS** and  
**RESISTANCE TO CHANGE** because it  
has been cheaper or simpler to hire  
staff than to fix the systemic  
challenges...**

**... but the market is shifting**

A spectrum of transformation levers are available for insurers to choose from based on alignment with their overall business strategy



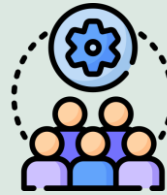
Leading carriers **prioritize a combination of levers to maximize value and derive incremental benefits** across the entire value chain

## The range of AI / Gen AI experiments currently being explored by large insurers can be categorized into 3 themes



### **Augmentation of Complex Underwriting and Claims**

Gathering and analyzing relevant data to assist underwriters and claims adjusters in making better decisions for complex cases



### **Personalization of Sales and Service**

Provide personalized sales support, answering complex questions, improving overall customer experience, and orchestrating better administration



### **Engineering and Digital Transformation**

Analyze existing codebases, understand underlying logic, and generate code snippets or even entire modules, helping accelerate development of technical applications

# THANK YOU

Contact us to hear about  
use cases and if you need  
more information..



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