

Life Insurance Technology Boom

Key Trends and Takeaways to watch for in 2023

An Infosys Consulting Perspective

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Introduction

The last three years have shown us a digital evolution in the Life Insurance space, with Insurers investing heavily in technology to automate processes, provide smart analytics, prevent fraud, lower administration costs and bring them a competitive edge to service and delight their customers.

The growth of the digital evolution in the United States and Europe is forecasted to be followed by Australia and the Asia Pacific- but Insurers locally need to learn by the mistakes of our western neighbors to take precautions when adopting any new technologies and be mindful of the risks of entering into arrangements without proper consultation and foresight.

This paper outlines some of the key trends that we saw over 2022 in the US and Europe that are headed for our shores in the very near future- and also points out the key risks and learnings that Australian Insurers should keep in mind when adopting in these types of technologies.



Life Insurance Trends and Learnings from 2022

Automation of Underwriting Challenge

The benefits of saving time and money have led to many insurers implementing automated underwriting. In the US, more than a quarter of Life insurers have expanded their automated underwriting practices- a trend which is thought to follow across Australia and the Asia Pacific region in the very near future.

In Australia, the medical underwriting process is still largely manual for Insurers and Superannuation Funds. Whilst major enhancements have been made in the past 10 years in the **submission** process - the assessment process itself then reverts to manual assessment by medical underwriters and can often be time-consuming and come at a high administrative cost.

Globally, Insurers have been turning to software vendors that offer robotic process automation and AI to enable automated underwriting. Many of these carriers are improving underwriting with smart contracts, OCR scanning and blockchain.

The key learning with automated Underwriting is that whilst consumers are delighted at the extra efficiency- they still want and expect the personal touch, with negative backlash starting to emerge around chat-bots and artificial assistants.



Claims Digitisation creating anguish for Claimants

In the US, more than half of claims activities have already been replaced with automation. Fully digital claims have reduced the average payment time by up to 5.5 days and assisted in achieving the highest satisfaction scores ever measured (by the J.D Claims Satisfaction Study)

We can expect major investments in machine learning to continue to accelerate back-end claims processing in 2023.

However- as with underwriting, studies showed that whilst claimants may be appreciative of the quicker turnaround times- there is still a definite need for human interaction, particularly with salary continuance claims. The claims process itself is perhaps the most important part of the consumers journey- this needs to be a personalised experience, with human interaction points complimenting the back-end technologies.

Insurers need to balance their investment in automation of claims with back-end technologies and a personalised front-end user experience.

Life Insurance Trends and Learnings from 2022



Cyber-Risk increases with Technology Enhancements

Insurers rushing to enhance their digitisation using cloud deployments do need to be mindful of cyber-risks.

It is not just the responsibility of the software vendor to protect Insurers and their members from cyber-risk, a fact that a number of vendors globally have learnt the difficult way.

While cloud infrastructure providers like Microsoft, Google and Amazon are responsible for the security of the actual cloud at infrastructure level- this is not all encompassing and Insurers are responsible for security in the cloud at the application level on behalf of their members.



Digital Wearables need smart platforms

The demand for health wearables is booming as advanced insurance technology allows people to monitor their health progress and get rewards for healthy living.

These services track a wealth of data, such as daily steps, sleeping patterns, activity levels, heart rates, calories consumed, UV levels, temperature preferences, when people are home and not, and distance travelled in cars.

Insurers need to be mindful of the types of digital wearables to invest in for their members, how they will make these accessible to members, and most importantly- how the wearables themselves will provide smart analytics back to the company to be able to make adjustments to premium rates.



A number of insurers in Europe learnt the hard way that a huge investment in digital wearables without a robust software platform to collect that information and apply smart analytics, can end up in negative return on investment.

Life Insurance Trends and Learnings from 2022

AI Technology- Let the Buyer Beware

Life insurance companies are increasing their use of AI and predictive analytics to develop more preventative measures for their portfolio.

AI offers insight into a customer's lifestyle, diet and general health. Insurers can better understand potential risk factors and make recommendations such as encouraging healthy habits to avoid future health issues.

As with digital wearables, the investment cost of AI is high and needs to be carefully considered in terms of which platform will be utilised, where the largest ROI's will be across the line of Insurers products. The AI technology being so easily accessible from multiple vendors with varying levels of proficiency does present a risk that the client may not be getting what they paid for.

Having an expert Insurance consultant in the digital domain will help insurers navigate this complex marketplace and make the right decision on the right platform for the right results.

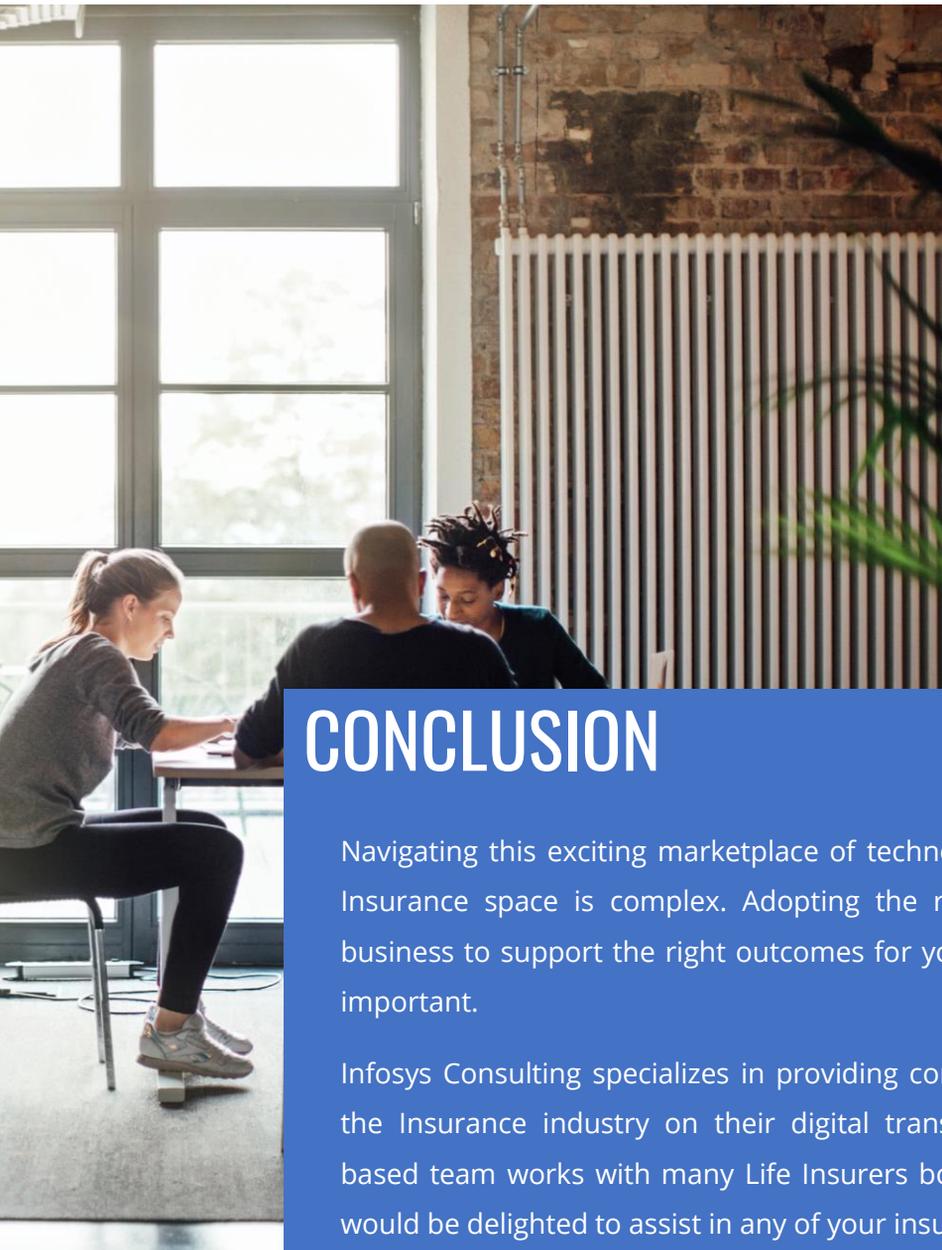


Low-Code/No-Code Platforms Flourishing

Low-code/no-code software can reduce application deployment time from several months to just a few days- which has proved extremely popular over the past few years, with the expectation that in 2023 this will be more prominent than ever.

However, Insurers need to be careful about over-adopting in this space and risking the loss of control over their growing digital infrastructure. This could result in security and workflow issues, inconsistencies in business logic and other unforeseen problems. Low-code/no-code solutions should be implemented following software development lifecycle and architectural best practices in collaboration with IT.

Low-code/no-code platforms are not intended to replace IT departments. Rather, they allow the IT department to deploy their technical resources more strategically.



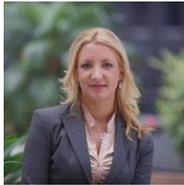
CONCLUSION

Navigating this exciting marketplace of technologies available in the Life Insurance space is complex. Adopting the right technologies for your business to support the right outcomes for you and your members is so important.

Infosys Consulting specializes in providing consulting services specific to the Insurance industry on their digital transformation. Our Australian based team works with many Life Insurers both locally and globally and would be delighted to assist in any of your insurance technology needs.

For a non-obligation 'Digital Health Check and Benchmark'- please contact our team.

MEET THE EXPERTS



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