

OnBase[®]
by Hyland

IT SYSTEMS FOR A NEW DIGITAL INSURANCE AGE

Insurance
POST



Introduction

They say that you can't teach an old dog new tricks, but the rate of change in the insurance industry and the way carriers have evolved in recent years, gives the lie to that old maxim.

Insurers have had to accept that if they don't do digital, then they won't do business, and they've had to change everything from the way they manage the initial point of contact with a prospective customer at the front end, to how they settle a claim at the back end.

Digital is no longer a new channel that offers exciting possibilities; it has become the way that insurers must run their business if they want to remain competitive. And if the move to a digital operational model is implemented properly, it enables them to improve efficiency, service customers better, create more up-selling and cross-selling opportunities, and price risks more accurately.

It can also unlock an enormous amount of value from the existing mountains of data that insurers have, so long as they can extract that data from existing systems and either transfer it to new ones, or make it accessible and usable.

The challenge is certainly not one that any insurer will have licked by lunchtime, and the effectiveness of their transformations will depend on what they prioritise and how they choose to embrace the technologies available.

Chapter one:

Customer experience is key

To get under the skin of the different approaches within the industry, OnBase, working in partnership with Insurance Post, completed a Digital Strategy Survey, speaking to over 70 senior individuals in the market with a broad range of roles and from a wide spectrum of companies (see appendix).

Right off the bat, a clear priority for respondents describing their company's technological priorities in regard to document management, for 2016, was the need to improve cost efficiencies.

For 89% this was either very important or important, and so saving money is clearly at the forefront of the industry's mind. This was not surprising to Colin Dean, sales manager EMEA insurance and financial services at OnBase, given the ultra-competitive nature of the market, although he was keen to comment: "Insurers also have to make sure that the platforms they put in place now are scalable in the right direction going forwards."

Initially the surprise came about the fact that good document management was seen as being most important when it came to delivering customer experience, but less important for underwriting and developing new business.

Surely better document management would enhance a carrier's ability to understand its customer and so price more accurately, as well as throw light on up-selling and cross-selling opportunities?

Interestingly, David Nichols, UKGI chief operating officer at Zurich, felt that when it came to document management, improving the customer experience and enhancing an insurer's ability to underwrite and win new business were one and the same thing.

"If you look at the customer journey as your pinnacle," says Nichols, "Then you've got to improve your data and your data sources to underpin that. And so how you reach out and how you validate through external sources to improve the simplicity of the customer journey encompasses underwriting in that space as well." He adds: "The real challenge is to get a great, lean customer journey, validated with as many data sources as possible, so that you can improve the risk selection. But I do think you start with what it needs to look like from a customer point of view."

Chapter two:

The cure for poor conversion

Whatever insurers believe is the most important driver for good document management, it's clear there's no consensus about the best way in which to manage their documents. The research found that within the 21 companies that took part, there were 12 different types of systems used, as well as bespoke combinations of these systems.

Dean points to the fact that some insurers may have up to 20 document management systems in place and says that if they don't talk to each other then they are hampering an insurer's ability to operate effectively.

He cites the example of insurers spending 15 or 20 minutes talking to prospective customers, but often converting less than 50% of these conversations into sales. This is a hefty cost to the bottom line and he believes the conversion rate could be improved by having data immediately available to those on the front line. "The conversion rate is not great. People on the phone cannot get all of the information they need to complete things at that one point in time and they lose the customer."

He adds: "We like to think that if you take all of the legacy and disparate systems that these organisations have, then we can provide a middleware that can be the conduit that allows the legacy environments to be connected to our middleware, and then for the other environments to be connected to that. It allows people to immediately pull in all the information that they have at the touch of a button."

Reducing and simplifying the number of document management systems is certainly on the agenda at Zurich, and Nichols comments: "Document management systems is an area of our architecture that is currently within the scope of my plans for this year." Depending on the area of the business in question, Nichols says these systems vary in type and capability and adds: "In our retail space you will see more online capability because it's logical that you would be able to provide that. In our commercial space it's typically paper-based and perhaps they've developed differently because of the nature of the customer they're serving, but it's something I'm looking at and in particular the composition tools that underpin our document delivery."

Nor is he the only one. Stuart Booth, director of digital at RSA, says that in the UK: “We are in the process of transformation and we are working on that now.” But he says it would be wrong to think of it as one platform and believes that this approach may end up repeating mistakes of the past: “If you go down the single platform route then you can quite easily end up with a new legacy that’s hard to change. We prefer to think of the componentisation of systems and so various different things are put together in a holistic piece that does the job very well.”

There’s also been a lot of work done in rationalising document management systems at Axa and Matt Potashnick, IT director for the insurer, says there’s one related project just coming to an end: “We are just completing one of our document refreshes on to a later platform [from HP called HP Extream] and that is to do with one of the legacy platforms that we still have where the documents for our brokers had become a bone of contention, as they looked so dated, and we have migrated all of those on to a state-of-the-art system.”

Potashnick recognises that document management is a concern for most insurers and says that it’s not always the document generation systems that create the issue. Instead he says the amount of schemes in place can mean there are a lot of variant documents. He adds: “Where you have to change lots of documents for regulatory purposes it can be a burden and can take time.”

Chapter three:

Regulatory challenges

While much of the transformation taking place in the industry is driven by commercial considerations, a lot of it comes on the back of demands by the Financial Conduct Authority (FCA) and other UK or EU legislation that the industry is required to adopt.

In light of the increasing regulatory requirements around: document retrieval, compliant document trails and monitoring whether customers have viewed documents, the research asked how prepared organisations were in these areas. Answered on a scale of one to five, with the lowest mark reflecting the lowest level of confidence in the organisation's ability to meet future regulation, it seems a lot of firms are struggling.

Over half responded with a figure of one to three in regard to their company's ability to see whether a customer had opened policy documents, while one-quarter scored their ability to create a compliant audit trail with a three or less. Although nearly 70% were happy with their ability to retrieve documents – a score of four or five – that still means over 30% are not.

Making sure businesses are compliant is a fundamental element to operations and Dean comments: "It is necessary for insurers to get past these issues and to do so quickly. There is a real need for them to be able to comply with the FCA, to avoid fines and to make sure their reputations remain intact."

There's also a competitive edge to keeping on top of these changes, as Nichols at Zurich highlights: "If you're spending a lot of money making changes to wording and updating your documents to meet the regulatory requirements, which is totally in the interests of the customer, then it is money that you cannot spend on other components."

What is potentially problematic about the need to meet regulatory demands is that insurers have very little influence over the timeframes, and deadlines are dictated to the market. "If we were going to face situations around a lack of compliance," says Booth at RSA, "Then we would do something about it, although it might be more painful for us to do it than we would want." And keeping the cost of forced change to a minimum is a large part of why insurers have to run modern or at least inter-connected systems. Booth explains: "With newer systems it becomes easier and cheaper for us to do it and we can be more flexible."

There is also a need for insurers to be very aware of the market in which they are operating and to keep their eyes peeled for the first signs of future change, because the scale of the work that these changes can entail is significant and there are often many to contend with.

"We are working through the Insurance Act," says Potashnick at Axa. "It's part of our project prioritisation. We knew it was coming, we prioritised when it was due, and it was a bit like the changes required for Flood Re and Pool Re. It's about understanding and being on the front foot with these changes and making sure the business is on board as to maybe why they are not going to get the resource they thought they were getting at a particular time. We have to prioritise the demands that come up from a regulatory perspective."

Chapter four:

The right path

The research looked at views around enterprise content management (ECM) software and uncovered a range of views on its adoption, its use and the drivers for putting it into place.

Nichols expresses many of the considerations at stake when he explains: “ECM is about being selective and understanding how its capability interfaces with any legacy that you might have, how you utilise it to improve the customer journey and how you use it to draw upon the skills of the organisation. All of those things are a fundamental input to that sort of technology. The real challenge and the real win is how you integrate that to create an overarching value from the change.”

The OnBase and Insurance Post research shows that while the insurance sector understands the importance of putting digital concerns at its core, individual practitioners are at very different stages of this journey and many have chosen different paths. Who is on the right path, remains to be seen.

Introducing OnBase by Hyland

Focused on delivering relevant software solutions that align to key business drivers, Hyland Software, creator of OnBase, has helped insurance organisations all over the world to better manage their business information. We continue to strive to deliver enterprise-class, best-of-breed solutions to the insurance market and take an active role in helping our customers understand the practical application of our technology to meet the increased demands of their customers.

Hyland provides world class solutions for the insurance industry with OnBase, a rapidly deployable enterprise content management software solution. It combines document management, records management and business process automation into a single solution. With OnBase, insurance organisations efficiently manage all of their content, from scanned paper documents, print streams, application files and electronic forms to web content, multi-media files, emails and industry standard files like ACORD XML.

Property & Casualty, Life and Health insurers as well as managed general agents and third party administrators use OnBase to create a competitive advantage through streamlined processes, reduced costs, increased internal controls, audit assistance, and improved customer service.

OnBase provides a highly valued opportunity to extend and complement insurance organisations' investments in core system technologies and other supporting applications, while providing the best user experience for insurance professionals. Part of that strategy involves working with our customers and other industry leaders to bring world class solutions that drive real results and provide capabilities for our customers to differentiate themselves by leveraging the investments they have made in technology.

To learn how OnBase could help your organisation please feel free to contact me or visit our website OnBase.com/insurance

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DIGITAL STRATEGY SURVEY 2016

APPENDIX

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Question one, Section A: Document Management

What are your company's technological priorities in 2016?

71 Individual responses

Option	Very important	Important	Considered	Not relevant	Weighted average
Improve cost efficiencies	38	25	7	1	80.28%
Replace legacy systems	30	21	14	6	68.54%
Enable electronic data exchange	24	32	11	4	69.01%
Improve omni-channel service	24	24	11	12	61.50%
Improve mobile accessibility	18	23	25	5	58.69%

Option	Very important	Important	Considered	Not relevant	Total
Improve cost efficiencies	54%	35%	10%	1%	100%
Replace legacy systems	42%	30%	20%	8%	100%
Enable electronic data exchange	34%	45%	15%	6%	100%
Improve omni-channel service	34%	34%	15%	17%	100%
Improve mobile accessibility	25%	32%	35%	7%	100%

Question two, Section A: Document Management

How important is document management for the below processes?

71 Individual responses

Option	Very important	Important	Considered	Not relevant	Weighted average
Customer experience	41	25	5	0	83.57%
Policy administration	40	24	4	3	80.75%
Claims administration	37	24	7	3	77.93%
Ensuring compliance	32	31	6	2	77.00%
Underwriting	22	30	9	10	63.38%
Renewals	22	32	12	5	66.67%
Developing new business	19	31	14	7	62.44%

Option	Very important	Important	Considered	Not relevant	Total
Customer experience	58%	35%	7%	0%	100%
Policy administration	56%	34%	6%	4%	100%
Claims administration	52%	34%	10%	4%	100%
Ensuring compliance	45%	44%	8%	3%	100%
Underwriting	31%	42%	13%	14%	100%
Renewals	31%	45%	17%	7%	100%
Developing new business	27%	44%	20%	10%	100%

Question three, Section A: Document Management

Within your organisation, which of the below systems do you use to manage transactions, content and workflows?

71 Individual responses

Option	Responses	%
Document management system	49	69.01%
Excel	44	61.97%
CRM or ERP system	40	56.34%
SharePoint	38	53.52%
BPM or workflow engine	20	28.17%
Access / Lotus Notes databases	19	26.76%
ESB (Enterprise Service Bus)	10	14.08%

Question four, Section A: Document Management

Where are these systems hosted?

71 Individual responses

Option	Responses	%
Both	41	57.75%
On premises	27	38.03%
Cloud	3	4.23%

Question six, Section A: Document Management

In your specific role, would you benefit from using one platform which integrates existing systems?

71 Individual responses

Option	Volume	%
Yes	58	81.69%
No	13	18.31%

Question seven, Section B: Compliance

With the Insurance Act coming into effect this year, on a scale of 1-5 how fit for purpose are your systems for document management and retrieval?

1 = not fit for purpose

5 = fit for purpose

64 Individual responses

Confidence level	Responses	%
1	1	1.56%
2	3	4.69%
3	16	25%
4	28	43.75%
5	16	25%

Question eight, Section B: Compliance

On a scale of 1-5, how confident are you that your team's document trail will stand up to regulatory audit? For example, can you tell if changes have been made to documents by your colleagues?

1 = not confident

5 = very confident

64 Individual responses

Confidence level	Responses	%
1	1	1.56%
2	2	3.13%
3	13	20.31%
4	30	46.88%
5	18	28.13%

Question nine, Section B: Compliance

In order to meet future compliance regulations, insurers will need to verify that customers have viewed policy documents. On a scale of 1-5, how confident are you that your systems will achieve this?

1 = not confident
5 = very confident

64 Individual responses

Confidence level	Responses	%
1	6	9.38%
2	9	14.06%
3	18	28.13%
4	20	31.25%
5	11	17.19%

Question ten, Section C: Enterprise Content Management

Does your company currently use Enterprise Content Management software?

63 Individual responses

Option	Responses	%
Yes – we currently use ECM	29	46.03%
No – but plan to invest in a solution within 12 months	11	17.46%
No – and no plans to invest	23	36.51%

Question eleven, Section C: Enterprise Content Management

What content do you manage using your ECM solution?

25 Individual responses

Option	Responses	%
Image	21	84%
Office Documents (.xls / .xlsx / .doc/ .docx)	18	72%
Txt	16	64%
.PFD (afterimage)	14	56%
Video	10	40%
Audio	8	32%
MO:DCA / AFP	1	4%

Question twelve, Section C: Enterprise Content Management

When considering an ECM solution, how important are the below factors?

36 Individual responses

Factor	Very important	Important	Considered	Not relevant	Weighted average
Improving operational efficiency and productivity	24	11	1	0	87.96%
Improving customer service	17	16	3	0	79.63%
Reducing costs	17	16	3	0	79.63%
Increasing compliance	15	18	3	0	77.78%
Compatibility with existing systems	12	18	6	0	72.22%
Freeing up internal resources	9	22	3	2	70.37%
Implementation speed	8	21	7	0	67.59%

Factor	Very important	Important	Considered	Not relevant	Total
Improving operational efficiency and productivity	67%	31%	3%	0%	100%
Improving customer service	47%	44%	8%	0%	100%
Reducing costs	47%	44%	8%	0%	100%
Increasing compliance	42%	50%	8%	0%	100%
Compatibility with existing systems	33%	50%	17%	0%	100%
Freeing up internal resources	25%	61%	8%	6%	100%
Implementation speed	22%	58%	19%	0%	100%

Question thirteen, Section C: Enterprise Content Management

What are the barriers for your company not investing in ECM?

Please select up to THREE barriers.

15 Individual responses

Option	Responses	%
Financial cost	11	73.33%
Internal resources required to implement	7	46.67%
Lack of support from senior management	5	33.33%
Training staff	3	20.00%
Fear of disruption	2	13.33%

Question fourteen:

On a scale of 1-5, how concerned are you with the risks associated with using shadow IT systems such as lack of accountability and risk of data loss?

53 Individual responses

Level of concern	Responses	%
1	4	7.55%
2	10	18.87%
3	13	24.53%
4	17	32.08%
5	9	16.98%

Question fifteen:

Is your company looking to employ a CDO
(Chief Digital Officer)?

53 Individual responses

Option	Responses	%
No, role incorporated into role of the CIO	26	49.06%
Yes, in place	19	35.85%
No. not for the foreseeable future	8	15.09%



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