

Modern insurers require agile systems

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Over the past 17 months global events have accelerated this with an increasingly connected customer base is demanding tailored solutions reflecting the world of today.

According to research, insurers can capture three primary areas of value by transforming their business model and modernising their core IT systems.

1. Increased gross written premiums and reduced churn

According to McKinsey, flexible, digitised product systems enable insurers to revamp their product innovation process, translating to faster time to market.

2. Increased operations productivity

By overhauling legacy environments, insurers can improve processes and enable employees to become more effective at doing their jobs.

3. Reducing IT cost

Modern IT systems can reduce the cost of infrastructure reliant on a commodity hardware approach versus one more adaptive to a cloud business model.

Changing focus

Up to now, legacy infrastructure has proven to be relatively stable, reliable, and able to handle large amounts of data. Furthermore, these systems permeate virtually every aspect of the insurer's business.

However, even prior to the onset of the Covid-19 pandemic last year, insurers were under pressure as customers started to expect more agile solutions capable of benefitting from advances in digitalisation, the cloud, and even machine learning technologies.

But beyond addressing customer needs, insurers must also mitigate the risk of the rising number of insurtechs bringing meaningful change in the competitive landscape. With this comes the potential to enhance existing capabilities by partnering with them to leverage each other's strengths.

This does require a willingness to change and embrace collaborating with partners the insurer ordinarily would not have considered previously.

Another consideration is mergers and acquisitions. Insurers need to preserve value for investors. Adopting more sustainable and agile digital infrastructure ensure this can happen. It also equips the insurer with the ability to respond to emerging challenges especially given the continued lockdown conditions in South Africa.

Legacy shift

The success of insurance is built on security, trust, and the ability to deliver solutions that meet customer needs especially during these critical times.

As part of this, self-service becomes an important consideration especially when moving away from legacy systems. Empowering customers to manage more themselves gives them a sense of control over their policies and other products.

Simply put, legacy environments do not offer that degree of flexibility. These usability elements include enhancing the customer experience when using digital channels, making claims processes clearer, or providing additional customer service channels through more contemporary routes, like social media – all of which can be enabled by technology.

Ultimately, modern insurers require modern systems that are digitally-driven. So, while legacy fulfilled a critical role in the past, the time has come to change and become more agile for the connected world today.

ABOUT THE AUTHOR

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