The Insurance Tech Ecosystem

By Owls Software

DEFINING 21ST CENTURY INSURANCE ECOSYSTEMS

Technological advances in recent years have completely shifted the way insurance eco-systems operate. These systems can bring together insurers and UMAs in ways that weren't possible before, giving them a whole new scope of opportunities. From a data perspective, now more than ever, the impacts of Artificial Intelligence (AI) and machine learning are prevalent and have completely changed the way the industry operates. For the first time, you're able to control and automate different functions across the ownership journey in a centralised way without running the risk of human error across the value chain.

THE SHIFT FROM LEGACY SYSTEMS

Traditionally, there were multiple legacy systems that were being utilised by various stakeholders in the insurance value chain. In essence each stakeholder in the value chain, i.e the insurer, the UMA and the broker, will use their own particular system to manage their function in the customer's journey. The CEO of OWLS™ Software provided the following insight, "Ultimately, it's policyholder information which needs to be recorded and reported on. And what would then happen traditionally, would be that they would aggregate from the broker app the data into the UMA, or into the insurer. Then they would manually manipulate / transform that data order to report to the insurer, to the UMA, to the broker and to the reinsurer, each on their own matrix."This process was a very clunky and cumbersome way of operating. It would take a lot of time by human resources, actual people who sit and segment and break down the data in a way that it can be consumed by each one of those stakeholders. An insurance ecosystem is a central place, or one version of the truth, both from a functionality perspective, and from a data perspective. It's where everyone operates, and provides a space for everyone to amend and make changes centrally.

A DATA DRIVEN FUTURE

Once you have that very normalised and standardised data set, you're able to then extrapolate or extract the information that you require, in your position as a consumer of the information as a particular stakeholder in the insurance value chain. So a practical example would be that an insurer would use a centralised system with centralised data and functionality. But each one of the various stakeholders in its business would be able to log in and consume the very same underlying data, they would just be able to consume it in the way that makes sense to them.

So a broker for example would look at that very same information and know the following:

- How much premium was raised,
- How much premium was collected,
- How much commission was due to them.

All in real time. But that's not what's important for the reinsurer, as the reinsurer would be more interested in the premium collected as a function of claims paid across an entire product or book. It's all of the same data set on the same architecture, essentially of the same ecosystem.

THE STARTING POINT FOR INSURERS AND UMA'S

We start off at the hub - which is the insurer. The core and the central nucleus of all is the insurer. The first thing is to understand is that technology has evolved. The technology that is available today allows one to have a system where each one of the stakeholders are able to log in and consume that information.

But before you even get there, you have to philosophically look at your current setup, your current structure, your current IT environment, and you have to find a way of centralising all your data. That is the first port of call. And people do that in many different ways.

So instead of changing your underlying policy administration system, perhaps you can just extract the data out of that into a central data repository. If you've got two or three other incumbent systems that can all be exported, export the data into this one central place, which allows people to report and understand.

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That's one way of approaching it but it's a bit of a clunky way to operate. This is because when you extract the information in the data out of your incumbent system and put it into a central data repository, you have to transform and work on the data. Doing so you realise that the data might not be as pure and as accurate as you had hoped, because of all the transformation rules that you've had to run on it.

SHOULD DATA BE VALIDATED IN REAL-TIME?

You actually have to take one step further back. As an insurer, you have to understand that the data ought to be validated in real time at the coalface to ensure that it is entered into the ecosystem in the correct format. Once it is in your database i should be correct, validated data.

We're talking about really basic stuff like ID numbers and vehicle registration numbers, which often we see has got a "TBA" allocated to the line, or physical addresses which don't exist. And all these things are things which you can validate in real-time against third party data sources, like the Department of Home Affairs, for ID number validation and the banking switch for banking validation.

You can do all sorts of validations to third party data sources to ensure that by the time that data hits you, it's right. An insurer should focus their attention solely on getting the data in a validated format, the first time that it hits their business and enters their ecosystem.

THE UPTAKE FROM INSURERS ON THE CONCEPT OF AN ECOSYSTEM

Generally, the insurer would fully understand the concept of a centralised ecosystem. However, it is crucial for everyone in that value chain to be educated and trained to see the value of the ecosystem and importance of getting the data in correctly.

LOOKING AT IT FROM A SOFTWARE DEVELOPER PERSPECTIVE

From the outset, the design philosophy has to be an agnostic one. One which accepts the reality of the multiple stakeholders and the difficulty at the coalface, in receiving real and validated information. Furthermore building workflows and building the system to be able to accommodate those, but slowly pushing and funnelling the manner in which people work into a particular way that works best for the insurer.

From a system architecture point of view, there has to be a recognition that you will never work in isolation as an insurer. There's always going to be these other stakeholders, and there has to be the recognition into understanding what is the information they look to consume? And how can I present that information to them in real time, or in a reporting format, which doesn't require a lot of human hours to be able to convert data for what they need to see. It should be readily available, then you do that from the outset of your design.

OWLS™ Software is a proudly South African insurance administration software company redefining 21st century insurance ecosystems to give Insures, UMAs and Brokers the chance to connect with their customers. Our technology is designed to deliver the best customer experience using real-time data. The future of the insurance industry lies in integrated systems, that every level of the value chain can benefit from.

Centralised systems like ours bring all these key players together and have the additional benefits of AI and machine learning technology. This is how insurance companies can create loyal customers for years to come, consistently increasing their lifetime value to the organisation. Implementing the right centralised software to do just that, is your insurance company's competitive advantage today.