Impact of Digital Documents in Insurance

Andrew Hellard | Product Marketing Manager | April 2016

Agenda

1 Introductions

2 What is digital insurance?

3 Customer communications in a digital world

4 Questions and answers

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Introduction

Andrew Hellard – Product Marketing Manager, GMC Software

10 years experience in insurance

- Experienced with both Property and Casualty and Life insurance
- Managed full legacy Customers Communications Management migration at a $1 Billion USD Property and Casualty insurer

15 years experience in technology

- Team and project leadership in insurance and marketing
- Web-based insurance application development for both customers and agents
- Mobile application development using multiple frameworks

Education and Certifications

- Electronic Document Professional – Xplor International
- Masters in Business Administration – The Ohio State University
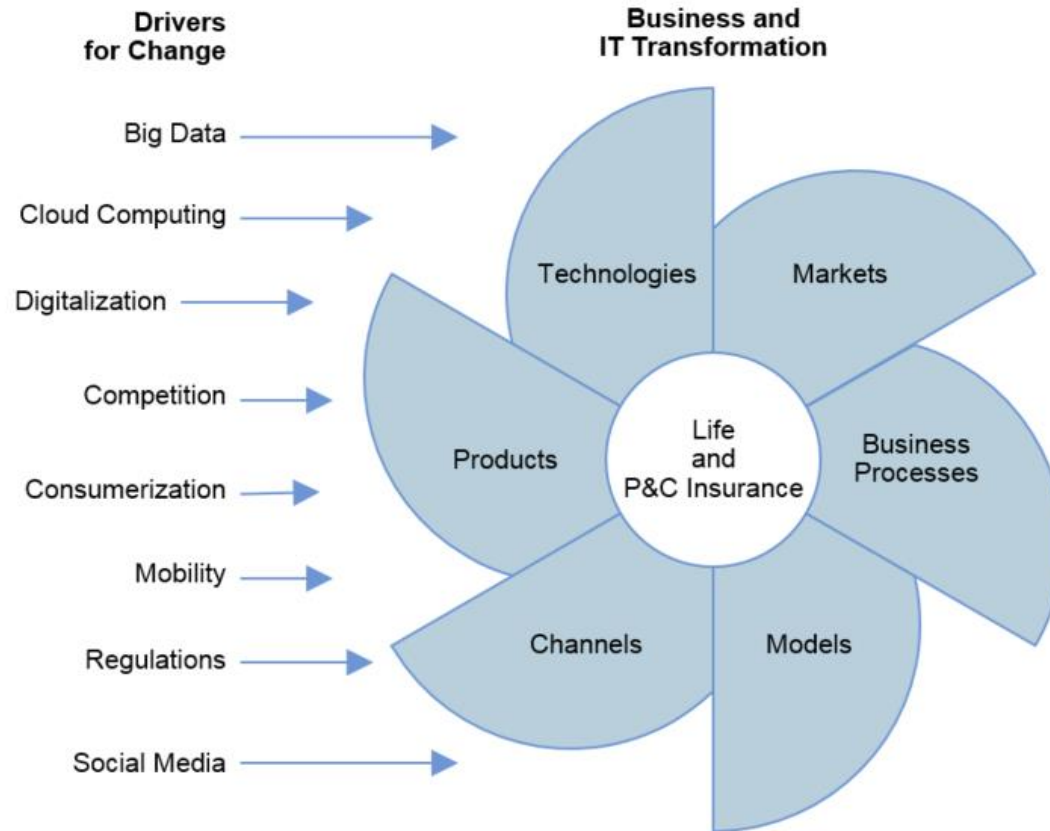- Management Information Systems, B.S. – Miami University

What is digital insurance?

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Insurance CIOs worldwide have identified digital transformation as the most disruptive factor for their industry

Gartner – Predicts 2016: New Technologies and Business Models Will Drive Digital Disruption in Insurance

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Figure 1. Transforming Into a Digital Insurer Overview

Drivers for Change

Big Data

Cloud Computing

Digitalization

Competition

Consumerization

Mobility

Regulations

Social Media

Business and IT Transformation

Technologies

Markets

Products

Life and P&C Insurance

Business Processes

Channels

Models

Source: Gartner (January 2016)

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Digital Insurance

Digitalization
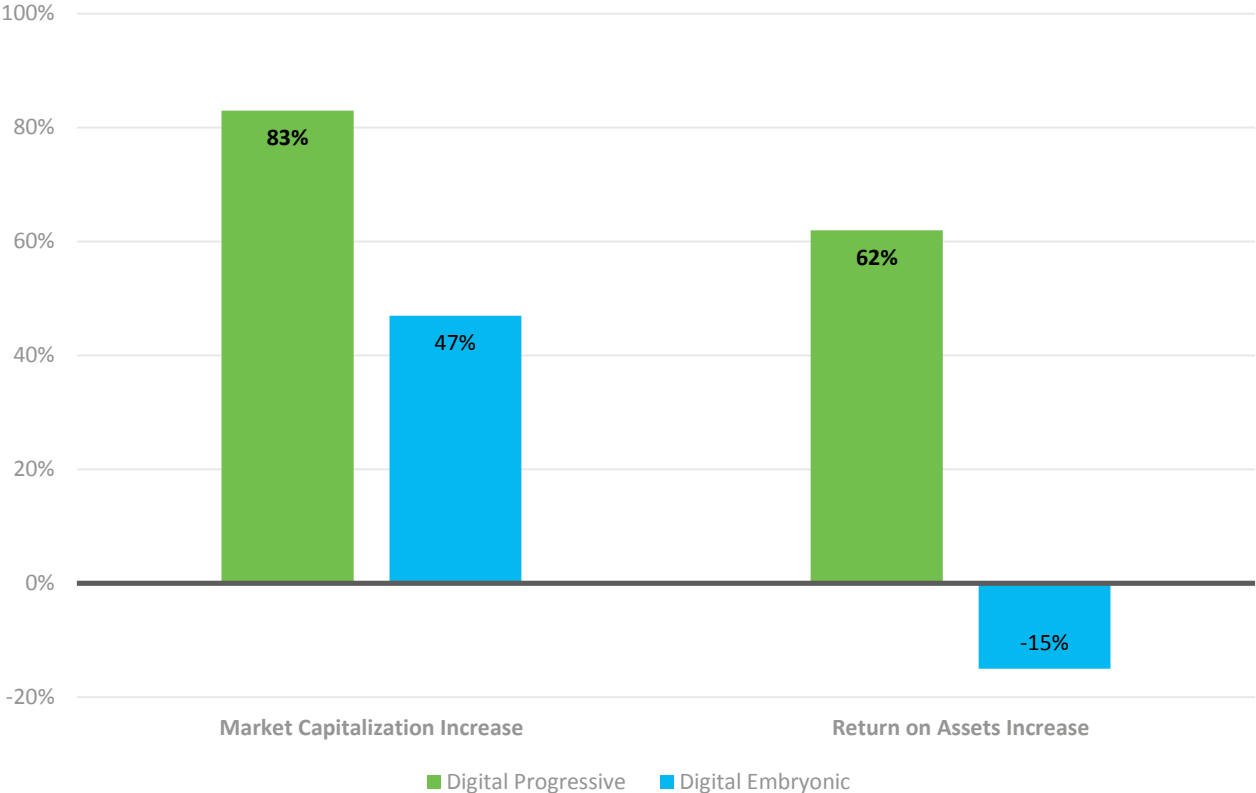Enabling digital transactions to improve margins or optimize operations

Digital Business
Generating new revenue or creating new customer experiences

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Digital Insurance

Digitalization of existing processes

New value propositions

New competitive positions

Stage 1

Stage 2

Stage 3

Stage 4

Stage 5

New digital revenues and experiences

New operating models

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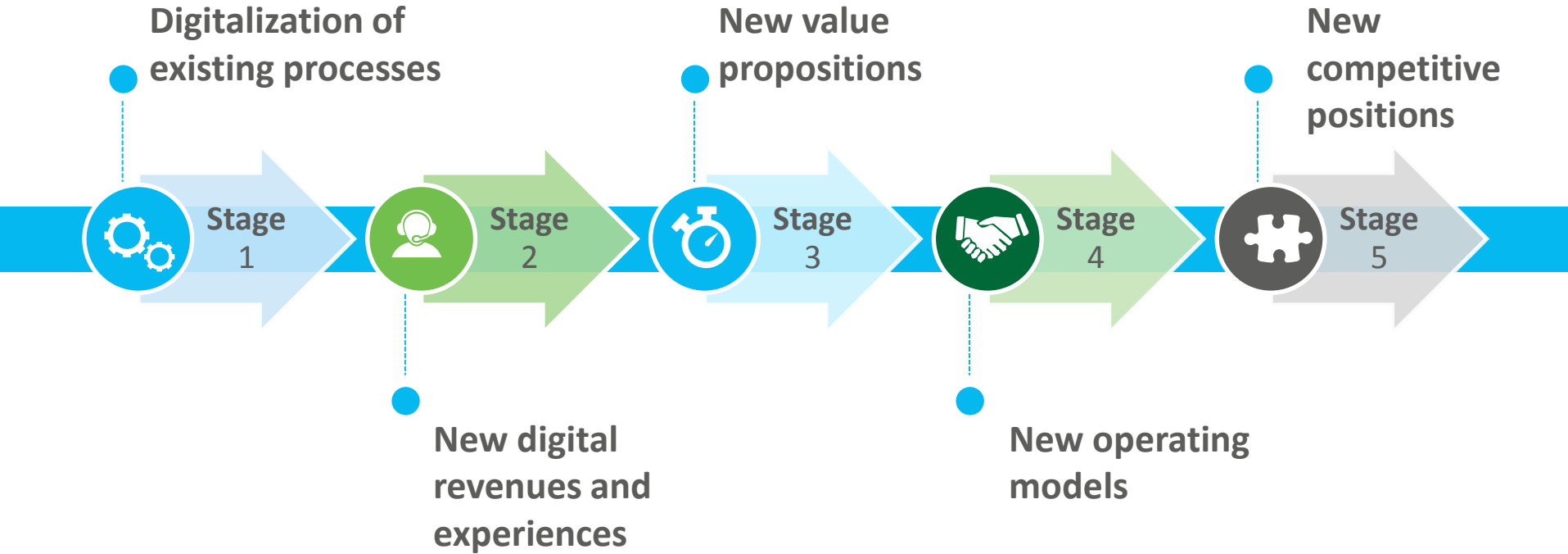
Insurer Returns 2011-2013

	Market Capitalization Increase	Return on Assets Increase
Digital Progressive	83%	62%
Digital Embryonic	47%	-15%

Source: Gartner, Best Practices for Developing Digital Leadership in Insurance

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Gartner Predicts 2016: digital insurance

- By 2018, more than 50% of life and P&C insurers worldwide will partner with or acquire insurance technology startups to secure their competitive positions.

- By 2018, 15% of insurers will deploy smart machine technology to improve profitability and customer experience.

- By 2019, telematics adoption will lead to overall personal auto insurance premium income reduction of 20%.

Gartner Predicts 2016: digital insurance

- By 2018, at least 5% of life insurance companies will offer pay-as-you-live products.

- By 2018, escalating IT debt will force more than 100 insurers to restructure, be acquired, outsource their IT operations or go bankrupt.

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Technology challenges to digital insurance

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Technology Challenges

- "IT debt" is the cost of clearing the backlog of maintenance that would be required to bring the corporate applications portfolio to a fully supported current release state

- Gartner estimates that the global IT debt in the insurance industry has grown to more than $110 billion, while insurance IT budgets have remained largely flat.

- Gartner estimates the majority of insurers across the globe still run more than 50% of their core insurance applications on legacy systems.

- Latin America IT budget increases lag the rest of the world

Figure 3. Insurance: IT Spending as a Percent of Revenue
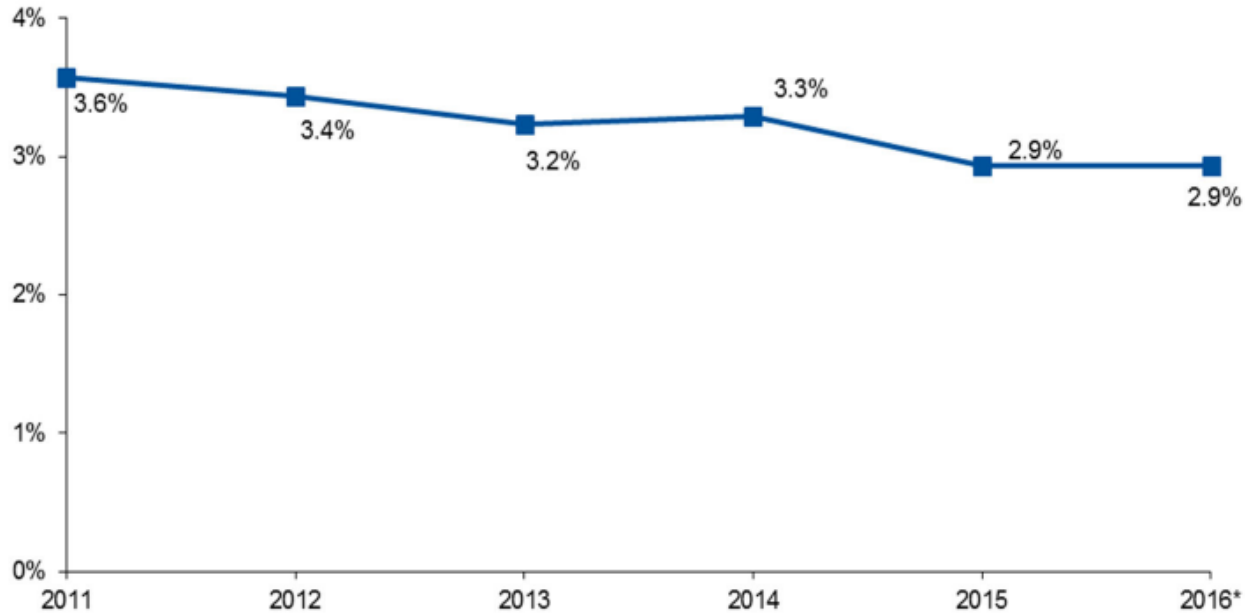
Note: The value for 2016 is a projected figure, and is based upon projected 2016 IT budgets provided by Gartner clients.

Source: Gartner IT Key Metrics Data (December 2015)

Figure 10. Insurance: IT Operational vs. Capital Spending

Source: Gartner IT Key Metrics Data (December 2015)

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Figure 8. Adoption of SMART Technologies, Latin America vs. Global

Latin America

	Not relevant right now	On the radar, but no action planned	In midterm or long-term planning	Actively experimenting	Have already invested and deployed
Thinking Machines	50	32	14	4	
Robotics	56	25	11	5	3
Augmented Human	51	30	12	6	1
3D Printing	53	31	13	2	
Sensor/IoT	24	36	32	6	3

Global

	Not relevant right now	On the radar, but no action planned	In midterm or long-term planning	Actively experimenting	Have already invested and deployed
Thinking Machines	49	28	14	8	2
Robotics	63	16	9	5	7
Augmented Human	52	25	12	9	2
3D Printing	60	20	9	7	3
Sensor/IoT	27	28	24	13	7

- ■ Not relevant right now
- ■ On the radar, but no action planned
- ■ In midterm or long-term planning
- ■ Actively experimenting
- ■ Have already invested and deployed

Values represent the percentage of respondents and may not total 100% due to rounding. IoT = Internet of Things

Source: Gartner (January 2015)

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15% 14%

Insurance leaders consider their organizations to be digitally progressive

Insurers worldwide with a national digital strategy

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82%

Insurance core system modernization projects go over budget

1. High failure rates in insurance legacy modernization challenge CIOs – Gartner Research 2014

How can we meet customer digital needs in this environment?

Customer communications in digital insurance

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Insurance is a promise, not a product

- Nature of insurance requires documents

- Outbound communications are the only interaction many customers have with their insurer

- Most customers have so little contact with their insurer that each communication is a moment of truth

- Communications must be a part of any insurers customer experience strategy

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Connection

- Insurer to customer
- Broker to customer

Experience

- Technology
- Personal

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The Mexican Digital Customer

- 62.5M smartphone users

- 59.8% of mobile phones are smartphones

- 41.4% smartphone user growth from 2014

- 65M internet users by end of 2015

Source: The Competitive Intelligence Unit, August 2015

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Figure 13: Consumer satisfaction with outbound communications
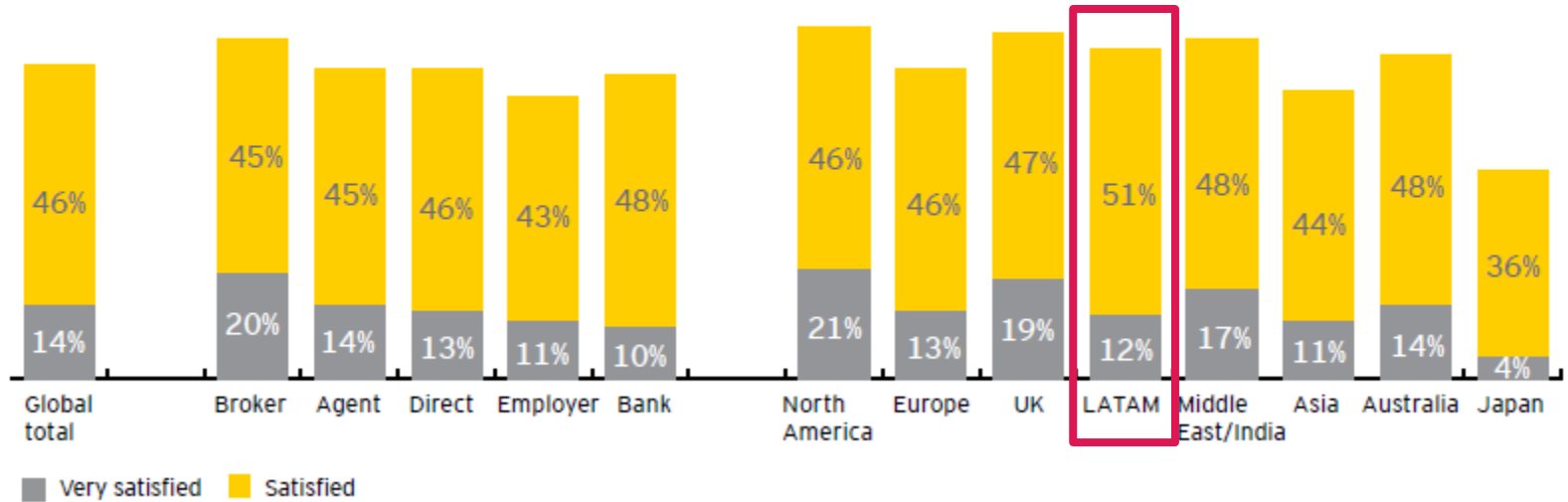
Legend: ■ Very satisfied ■ Satisfied

Category	Satisfied	Very satisfied
Global total	46%	14%
Broker	45%	20%
Agent	45%	14%
Direct	46%	13%
Employer	43%	11%
Bank	48%	10%
North America	46%	21%
Europe	46%	13%
UK	47%	19%
LATAM	51%	12%
Middle East/India	48%	17%
Asia	44%	11%
Australia	48%	14%
Japan	36%	4%

Figure 1.4: Use of Channels at Least Once a Month, by Age and Region (%), 2015

Customers Using Traditional Channels at Least Once a Month, by Age and Region (%), 2015

Region	Gen Y	Others	PP Gap
Global	30.7%	18.1%	12.6
North America	33.6%	21.5%	12.1
Europe	26.6%	15.1%	11.5
Latin America	46.7%	30.5%	16.2
Developed Asia-Pacific	25.7%	17.7%	8.0
Developing Asia-Pacific	40.8%	24.6%	16.2

Customers Using Digital Channels at Least Once a Month, by Age and Region (%), 2015

Region	Gen Y	Others	PP Gap
Global	37.1%	18.9%	18.2
North America	39.5%	20.4%	19.1
Europe	32.1%	15.3%	16.8
Latin America	56.7%	34.6%	22.1
Developed Asia-Pacific	30.2%	17.3%	12.9
Developing Asia-Pacific	53.2%	33.9%	19.3

Legend: ■ Gen Y   ■ Others

Note: 1. Question asked: "How often do/will you use the following channels for your insurance needs? Frequency of Use: Weekly, Once a Month, Once in Three Months, Twice a Year, Yearly, Never"; The values considered for the above charts are Weekly and Once a Month
2. Traditional channels include Agent, Broker, Bank, and Phone; Digital Channels include Internet-PC, Internet-Mobile, and Social Media
Source: Capgemini Financial Services Analysis, 2015; Capgemini Voice of the Customer Survey, 2015

Source: CapGemini, World Insurance Report 2016

Figure 1.6: Positive Experience in Channels, by Age and Region (%), 2015

Positive Experience in Traditional Channels, by Age and Region (%), 2015

Region	Gen Y	Others	PP Gap
Global	35.5%	56.2%	20.7
North America	40.3%	64.7%	24.4
Europe	34.6%	56.6%	22.0
Latin America	35.4%	59.3%	23.9
Developed Asia-Pacific	36.0%	51.6%	15.5
Developing Asia-Pacific	33.9%	48.8%	14.9

Positive Experience in Digital Channels, by Age and Region (%), 2015

Region	Gen Y	Others	PP Gap
Global	30.5%	48.2%	17.7
North America	36.2%	51.6%	15.3
Europe	29.0%	49.9%	20.9
Latin America	32.3%	47.3%	15.0
Developed Asia-Pacific	29.0%	44.7%	15.7
Developing Asia-Pacific	33.3%	40.7%	7.3

Legend:
- Gen Y
- Others

Source: Capgemini Financial Services Analysis, 2015; Capgemini Voice of the Customer Survey, 2015

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Figure 1.8: Number of Customers Likely to Purchase Insurance from Technology Companies, by Age and Region (%), 2015
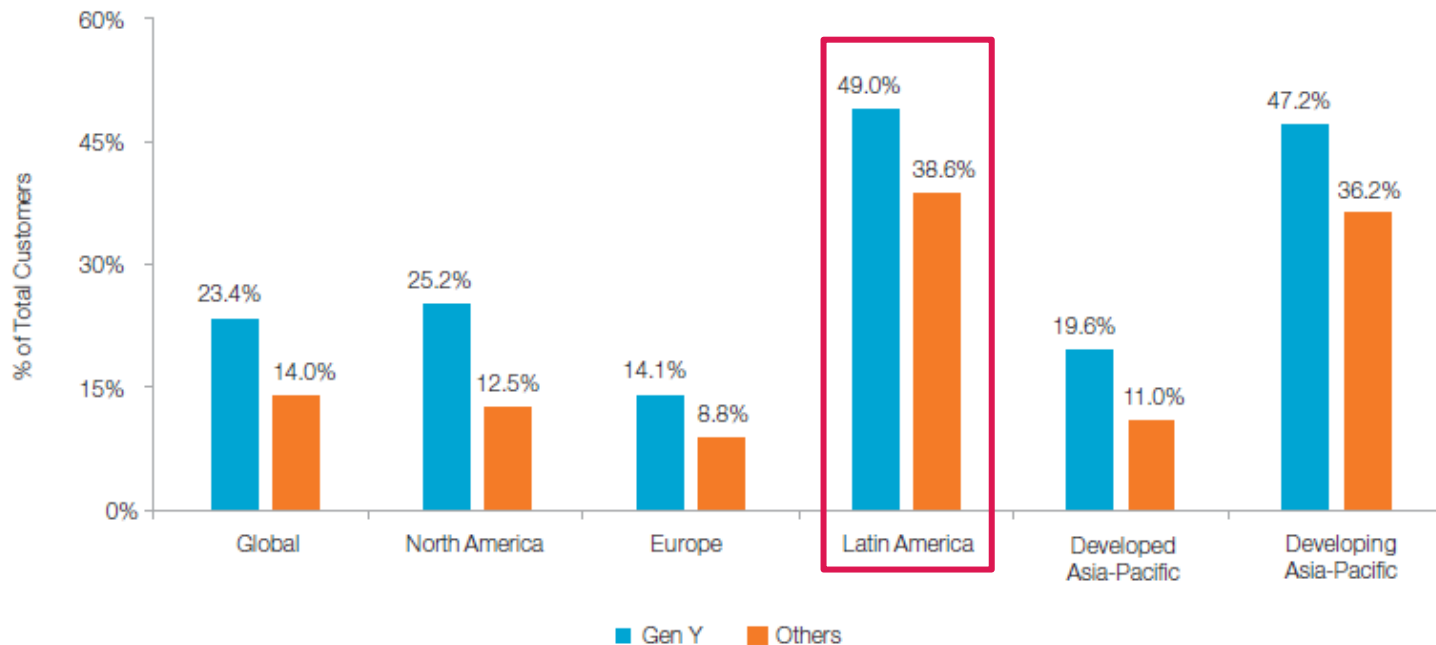
What would be a better way?

Connection	Experience
• Communications are personal and relevant	• Customer chooses engagement channel
• Personalized messaging on communications	• Not dependent on physical mail
• Customers feels that the company understands his needs	• Conversion in minutes, not days or weeks
	• Minimize customer frustrations

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Agents and Brokers

- Agents are a critical part of the customer experience

- Agents have the most contact with customers

- Agents are struggling with digital transformation

- Insurers must help agents with this transformation

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How can GMC Software help?

Customer Communications Management

Solution enabling the creation, management and delivery of personalized outbound communications across many channels and formats.

Policy System

Claims System

CRM System

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Emails and SMS

Printed output

Digital output

Dynamic Communications

Meet digital customer's expectations

Optimize every touchpoint

Marketing, quotes, policies, contracts, claims correspondence, loyalty programs, renewals, notices

Digitize legacy paper processes (e.g. digital onboarding)

Drive clients to **lower-cost, higher-impact** channels

Engage consistently, create multichannel experiences

Refine the customer journey and optimize moments of truth

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Inspire Designer

GMC Roadmap for Ally Bank. Subject to NDA
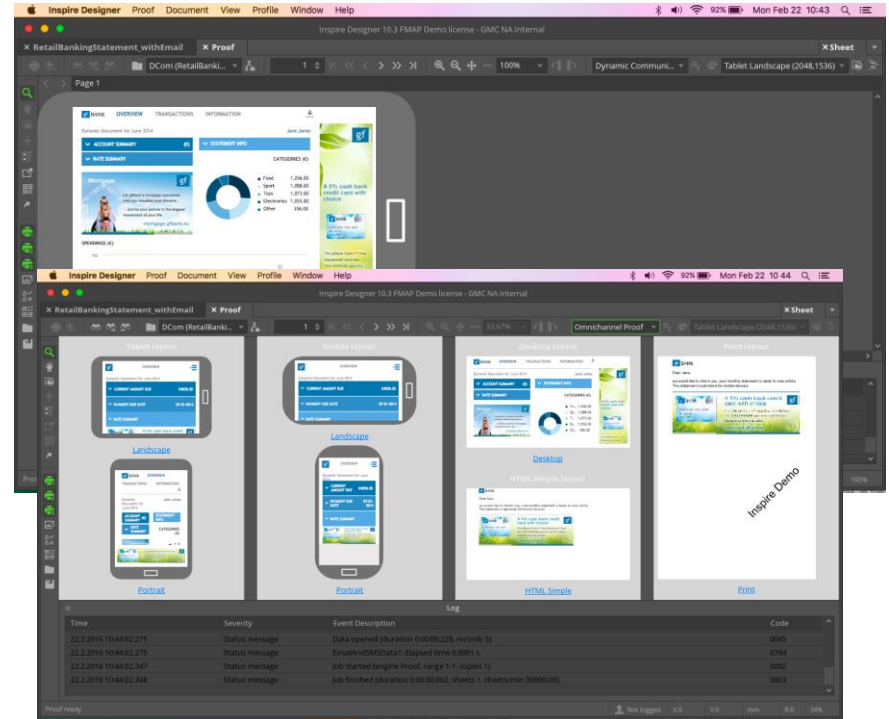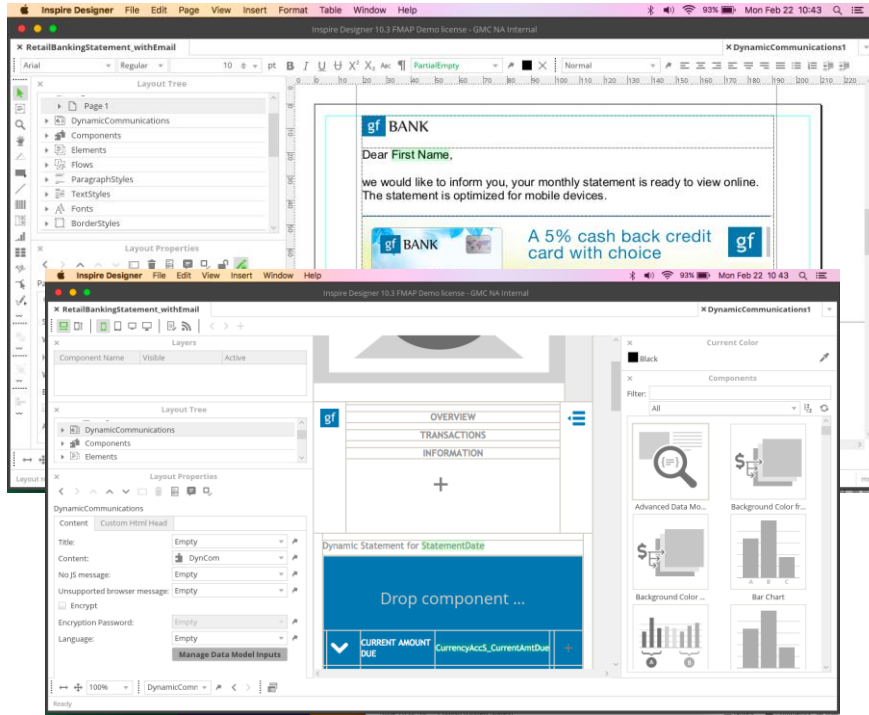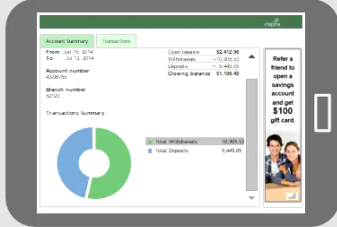
Powerful Omnichannel Preview

Browser-based Interactive

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Browser-based Remote Authoring

Interactive mail merge for brokers

Approval Workflow Editor
manages complex compliance issues
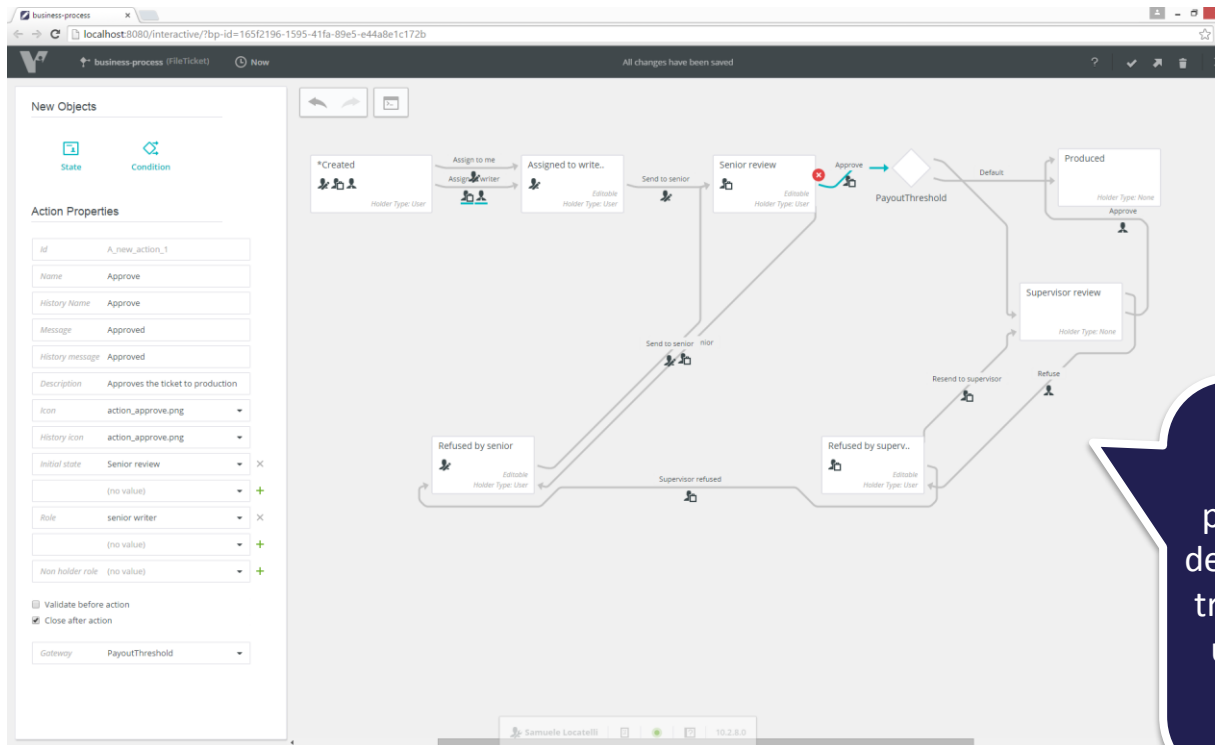
Define approval processes for different departments, templates, transactional processes using GUI within web browser

GMC Roadmap for Ally Bank. Subject to NDA

Native mobile approval apps

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Mobile Advantage SDK

Core Systems

& GMC backend

Encrypted communications

GMC runtime powers up
customer communications
in native mobile applications

Runtime

Mobile app

CCM
Runtime

API API API

iPhone, iPad,
Android
Smartphones

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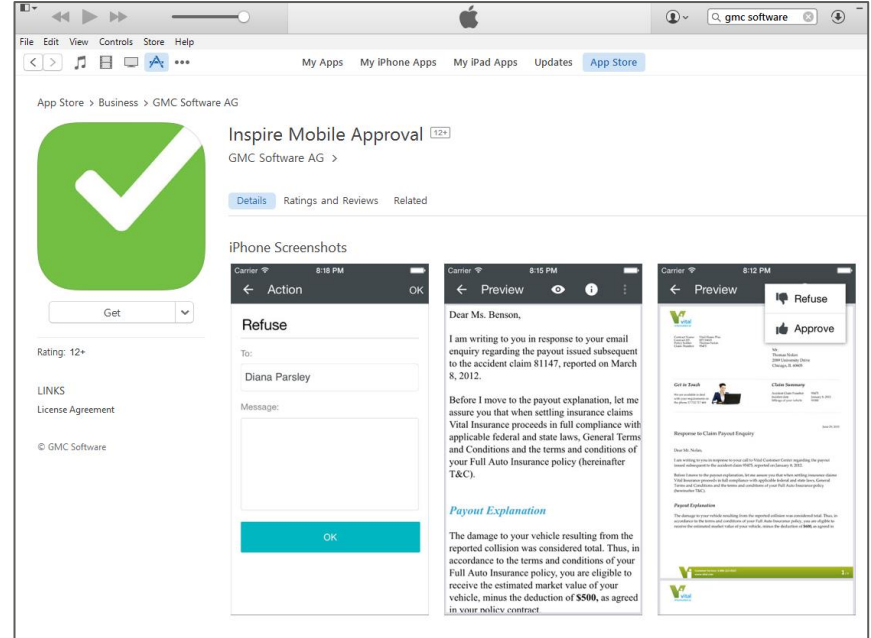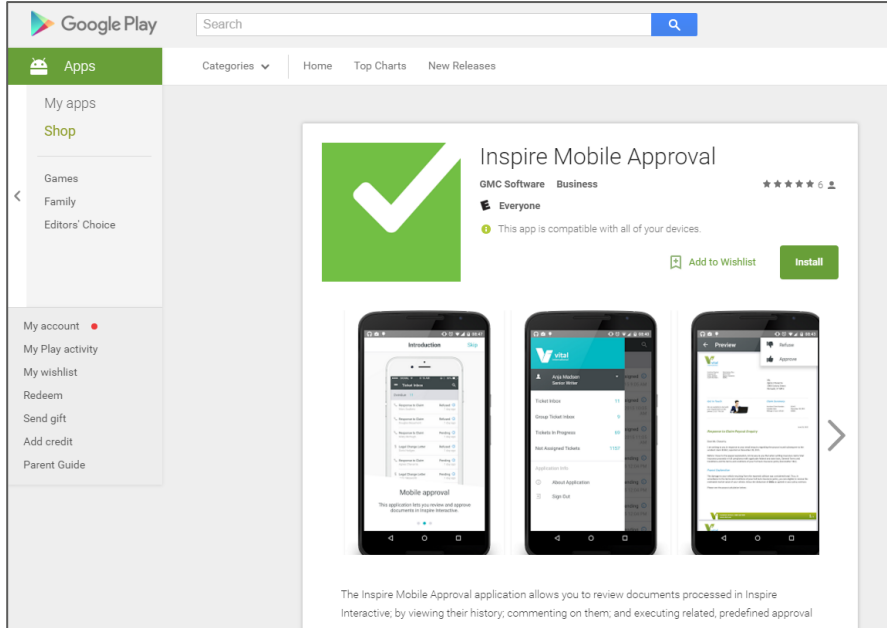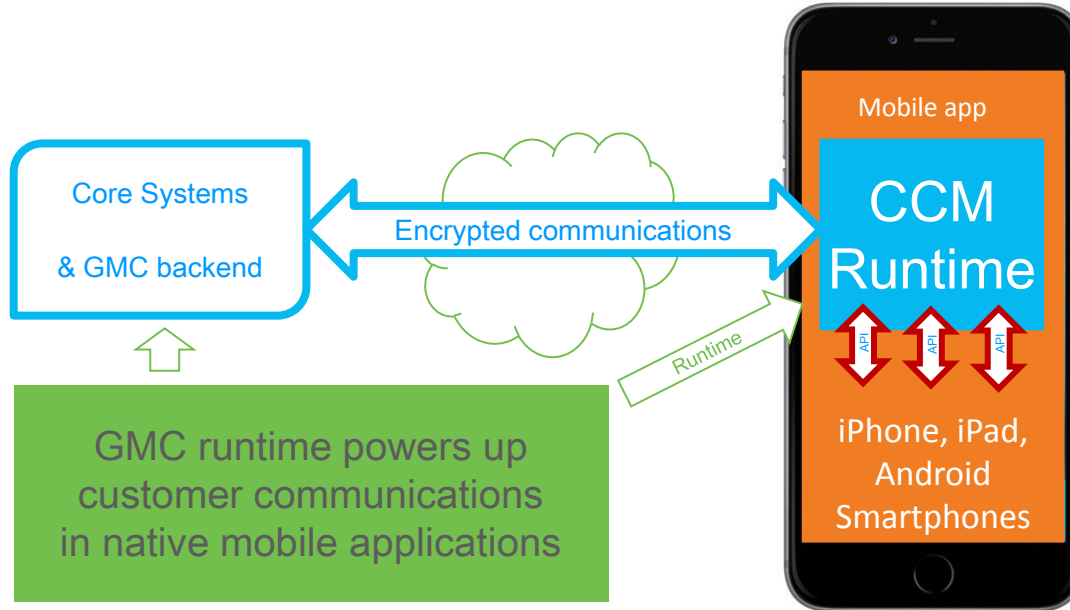
New cloud-enabled automation tools
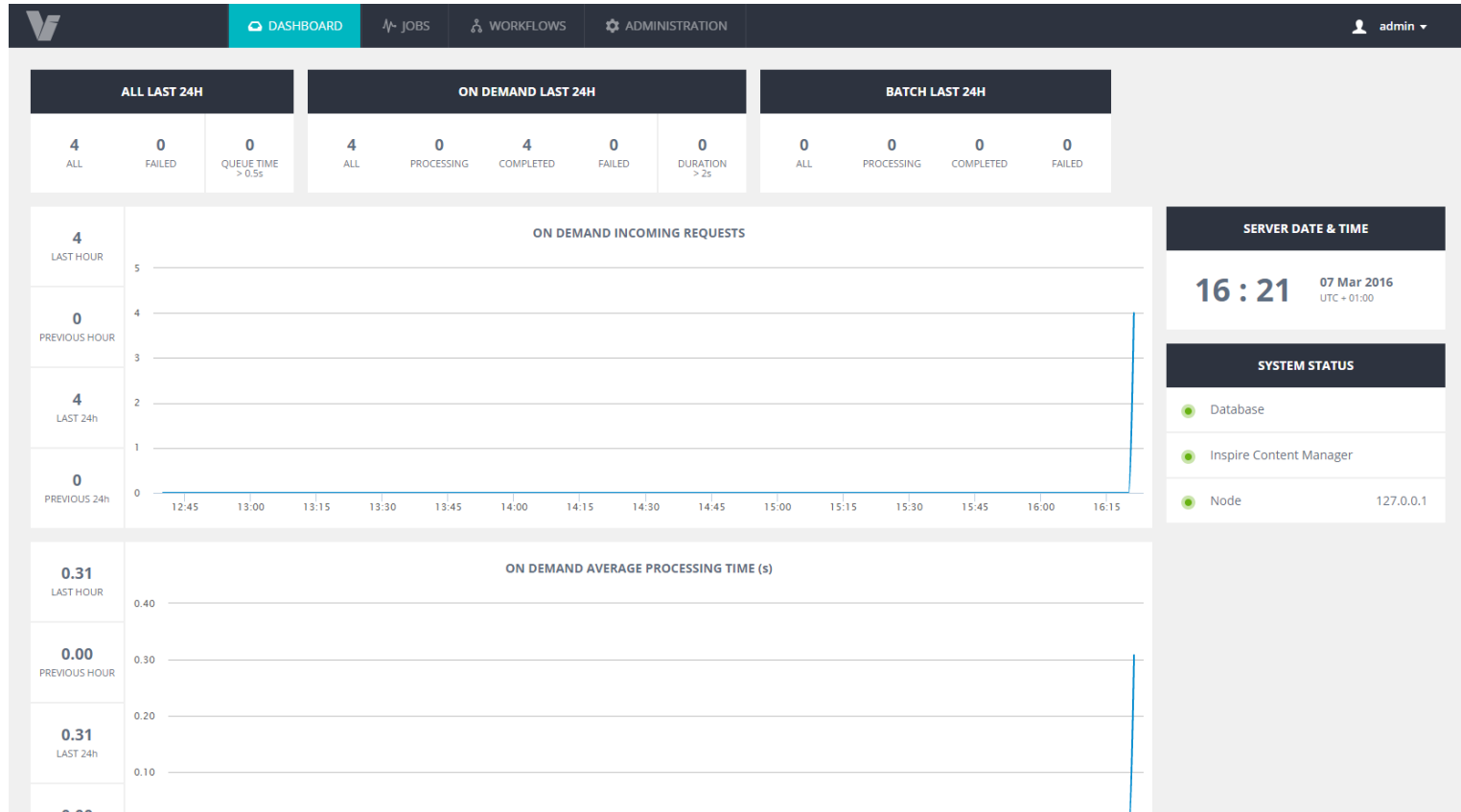
Customer Journey Mapping

Customer Journey Map

What does this mean for you?
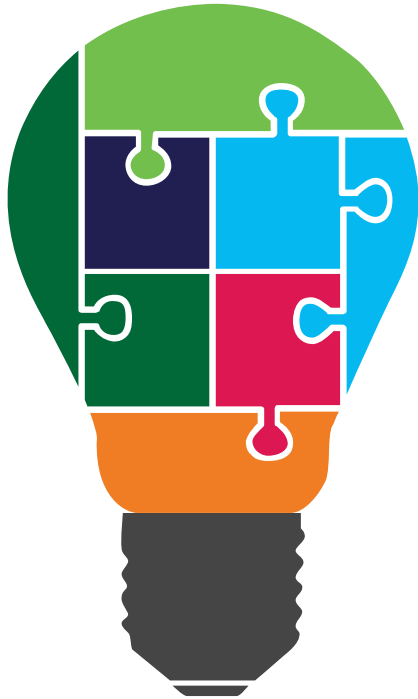
Improve customer relationships with each interaction

Connect business to clients with easy to use tools

Build once, deliver to all channels

Say "Yes" to the new digital customer

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Your Questions

GMC wants to help you transform your business

Engage your customers

Create new business models

Quantify the value of communications

Increase the strength of your connections

Bring new products to market faster

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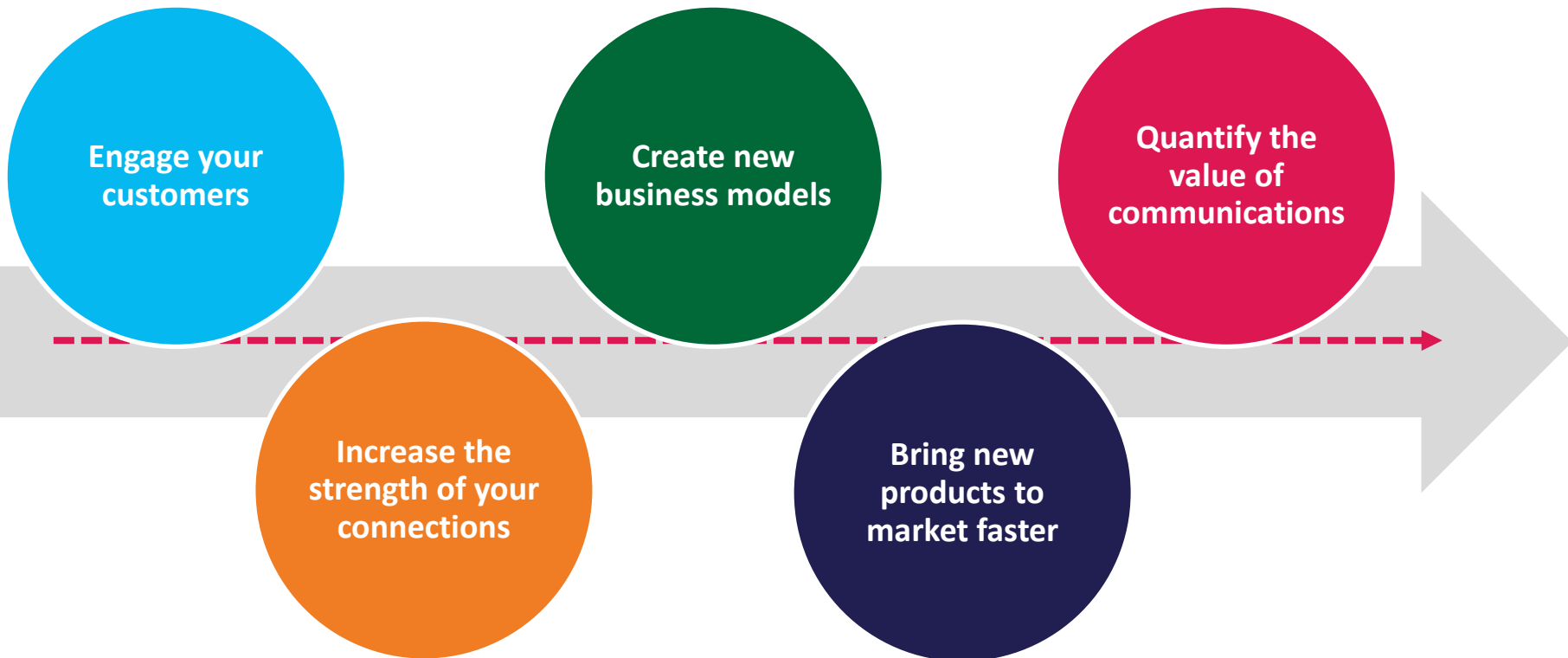
Figure 5. Top Technology Priorities for 2015, Latin America vs. Global

Latin America

1.	Infrastructure and Data Center
2.	BI/Analytics
3.	ERP
4.	Cloud
5.	Mobile
6.	Networking, Voice and Data Communications
7.	Digitalization/Digital Marketing
8.	Security
9.	Application Development
10.	IT Services/Automation
11.	Enterprise Applications
12.	CRM

Global

1.	BI/Analytics
2.	Infrastructure and Data Center
3.	Cloud
4.	ERP
5.	Mobile
6.	Digitalization/Digital Marketing
7.	Security
8.	Networking, Voice and Data Communications
9.	CRM
10.	Industry-Specific Applications
11.	Legacy Modernization
12.	Enterprise Applications

Source: Gartner (January 2015)

Figure 11a: Percentages of consumers who would consider using these contact methods (assuming they were available) when interacting with their insurance companies

Latin America

	Inquire about new insurance policy	Questions about an existing policy	Seeking financial advice	Assistance with a claim	Researching different types of insurance	Managing your current policy	Renewing your policy	Cancel my policy
Web chat	48%	50%	37%	34%	39%	30%	27%	20%
Email	43%	42%	41%	32%	39%	38%	38%	27%
24-hour telephone hotline	38%	47%	39%	53%	31%	41%	36%	41%
Mobile app	33%	37%	29%	34%	37%	30%	25%	18%
Interactive support	31%	35%	29%	31%	35%	30%	22%	15%
Video tutorials and guides	24%	31%	32%	24%	35%	22%	16%	12%
None of the above	11%	9%	11%	10%	10%	12%	17%	22%

Note: Interactive support is defined as combined phone and remote control of a customer's computer screen to assist with navigating online materials.

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What does this mean for your customers?

An exceptional communication experience

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