

HEALTH & PROTECTION

ROUNDTABLE REPORT

October 2024
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**INSURANCE TECHNOLOGY:
BUILDING A DIGITAL FIRST
SECTOR FIT FOR THE FUTURE**

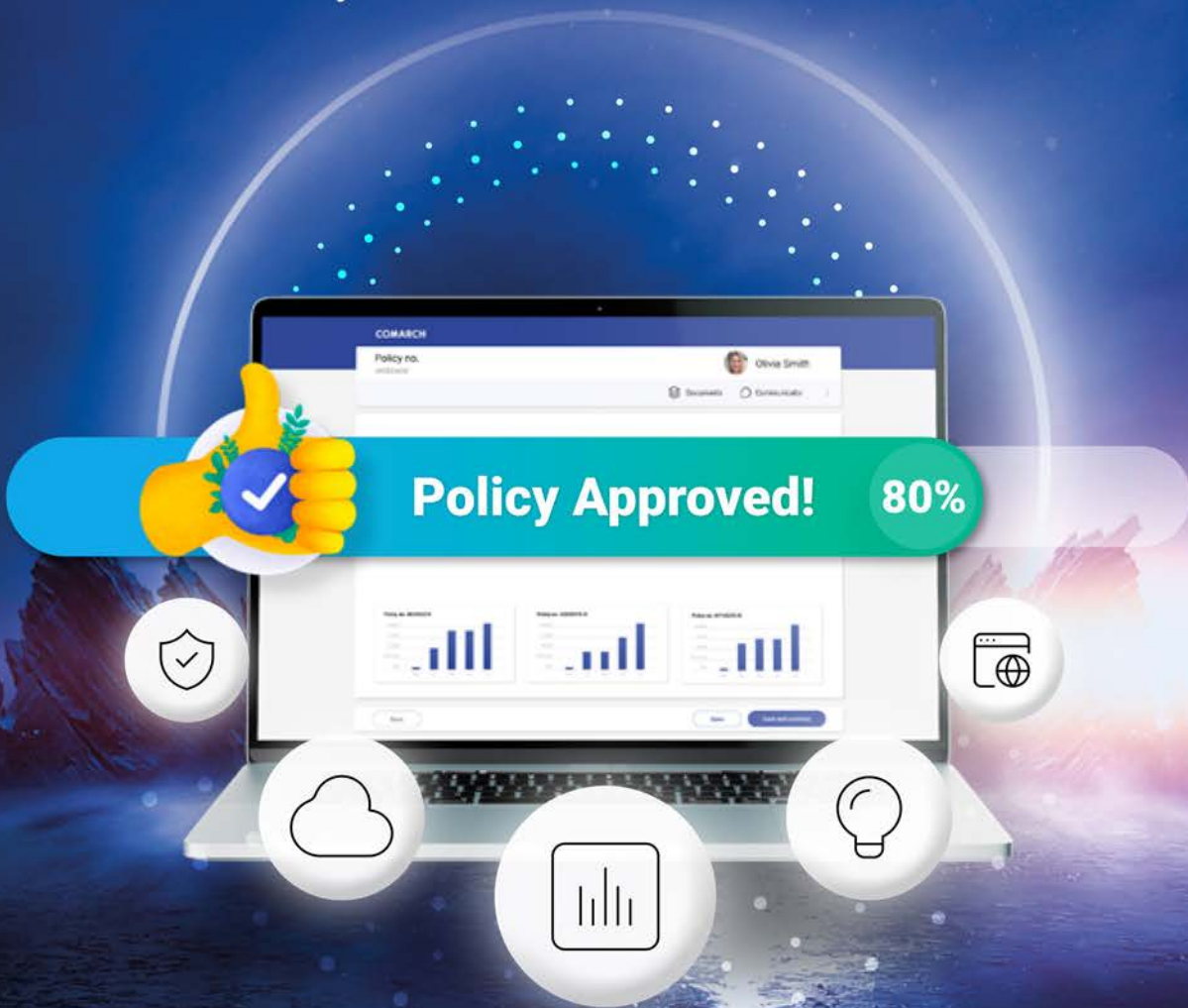
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DIGITAL FIRST, NOT DIGITAL ONLY

We live in an increasingly digital-first environment where Generation Z, those aged 12 to 27, are becoming a critical and ever more influential part of the consumer base.

Notably this population have not known a world without the Internet while their experiences and lives have been guided by access to technology as they commonly expect to have everything at the touch of their fingers.

In many respects this may not sound unfamiliar to great swathes of the general public, whatever their age, and creating arbitrary boundaries can sometimes serve only to divide populations.

However it is also incredibly useful to recognise and understand the common and shared experiences which have moulded the lives of many millions of people at similar stages in their lives.

For Generation Z the sheer scale of immersion in digital technology along with growing up through major society-defining events which have shaped their growth is what sets them apart.

It is estimated that around 95% of Generation Z own a smartphone, with this technology being seamlessly integrated into their lives.

As they grow up, by 2035 Gen Z will be the largest generation in the global workforce at 31%, they already make-up 27% of employees, and at more than 4.3 million are already the third largest generation in the UK workforce.

So building an environment to meet the needs of this highly innovative and health-conscious population brought together the panel at Health & Protection's insurance technology roundtable in association with Comarch.

Industry technology has already progressed vastly in the last decade and with continuous development it is likely to evolve further in many new and unexpected ways.

But despite this promise of technological evolution, it was also reassuring to hear that the coming generation still value traditional elements of the sector, just maybe more on their terms.

Owain Thomas, editor of Health & Protection

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Insurers are putting more emphasis on digital capability, but achieving those goals needs focus from the top, writes Health & Protection deputy editor Richard Browne

ATTENDEES

Saumya Barber, head of proposition development, Unum

Andrew Foley, journey director, Vitality

Victoria Francis, head of individual protection propositions, Aviva

Paul Jenkin, head of protection change, Scottish Widows

Christopher Payne, partner, head of UK/EMEA technology GTM for insurance, EY

Emma Robertson, head of customer transformation, Bupa

Macarena Staudenmaier, head of clinical product and operations, Simplyhealth

Dave Winter, head of innovation and managing director of Benenden Wellbeing, Benenden Health

Bradley Jones, insurance - business development manager, Comarch

PREPARING FOR A DIGITAL FIRST GENERATION

The world is becoming a digital first environment with younger generations pushing this demand most fervently. **Owain Thomas** hears how insurers are evolving and developing to meet their needs

There is no question that digitisation is becoming a necessity for the health and protection insurance markets, however it is clear younger generations are becoming the most influential population in driving forward technology change.

Those known as Generation Z, aged from 12 to 27, are seen as digital natives, but the Health & Protection insurance technology roundtable in association with Comarch heard it is more than their use of technology which is influencing developments.

Young adults also have very defined views about themselves and particularly their health which in general terms sets them apart from many older generations.

As Dr Macarena Staudenmaier, head of clinical product and operations at Simplyhealth explained, this area is where the two subjects of health and a digital first approach meet most intensely.

"We've recently started the digital journey for our employee assistance programme (EAP) and the initial data shows 80% of people who contact the EAP through the digital journey are under 25," she said.

"And they've said they wouldn't have contacted the EAP if we didn't have a digital way of contacting them.

"They wouldn't have just rung up and said they want to speak to someone, they would much rather do it over WhatsApp, text or the digital interface."

It is a telling statistic which also provides an insight into the issues being faced by young people today.

Generation Z is typically defined as those aged 12 to 27, so while some are already well on the way in their careers, around half may not have even left formal education

yet.

All this means they have lived through some highly turbulent times during their formative years.

As Dr Staudenmaier continued: "Generation Z is the first one which has been told they might never get economic stability – 'It doesn't matter if you work really hard because you might never be able to afford a house'.

"That translates into attitudes, particularly around insurance where they don't know if they want to pay for something they might not be able to afford in the future; they want something to help them now.

"This is what we're seeing in terms of on demand self-pay services, they need direct access to what they're trying to get in the moment rather than speculating about the future."

PROACTIVE NOT REACTIVE

The panel agreed that mental health and overall wellbeing is a vital part of this population, with them being more aware of the importance of mental health than any generations to come before.

To their credit in this regard, it was also acknowledged that young people are more open about their mental health and being proactive to look after themselves, rather than reactive after issues have worsened.

On that point, Unum head of proposition development Saumya Barber noted that around one in 10 of the group risk insurer's users were Generation Z and they often use services out of hours.

"They're going in and looking at content, they're looking at self-management - it's a different style," she said.

From left: Dave Winter, Andrew Foley, Dr Macarena Staudenmaier, Paul Jenkin and Victoria Francis



"It isn't them saying 'I'd like to go see someone who's going to fix me'. They're proactively engaging in it."

And this, Barber continued, is a key insight into the collective mindset for many younger adults.

"We know this generation is choosing happiness and health over money; they'll move jobs for benefits and to be in a good culture with good people," she added.

"All of those things are playing through, and so how we package and communicate benefits to the workplace and to end users are critical to all of that.

"They're also much more conscious of the world around them from a sustainability perspective, and that's really worth bearing in mind.

"They want to be more conscious and access services which they know are going to be better for them and better for the planet."

Bupa head of customer transformation



“Instead they’re thinking about having something they can use now. They’re asking: ‘How is it tangible for me at this moment in time?’

“That’s where a lot of the health and wellbeing services that we’ve talked about come into play, and we should also not be leading with life insurance, we need to be pushing the likes of income protection more.

“And obviously the route to market and the way we do that probably needs to change,” she added.

PART OF DECISION-MAKING PROCESS

Scottish Widows head of protection change Paul Jenkin agreed and noted the insurer was talking about the challenges of Gen Z and how it can adapt to address them, but he added there could also be benefits.

“There’s huge opportunities to a generation that’s more willing to be open, which is a problem in protection as people don’t disclose information,” he said.

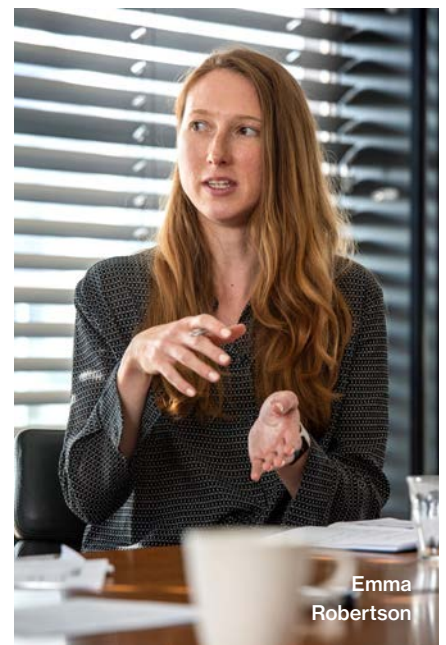
“It’s a generation that’s willing to appreciate innovation, think iteratively rather than going for that one perfect solution that fits.

“So there’s lots of opportunities in there as well if we can engage with them.”

And Jenkin highlighted a key element for the whole industry to address of not having people from that cohort in their decision-making teams.

“How do we avoid that?” he continued.

“There’s clearly an intergenerational play ▶



Emma Robertson

Emma Robertson added that the unique position of this population with so many not yet being adults was also presenting other difficulties in resources.

“It’s important to remember half of this generation we’re talking about are currently being supported by their parents or their guardians,” she said.

“As insurers we need to provide those parents that support, but we’re finding for access to these mental health services we’ve just got bottlenecks.

“There’s so many people trying to access child psychologists or similar professionals in that field we just can’t get them access quick enough.

“So we need to switch our thinking. Can we get access to other types of services or clinicians faster and quicker and that are more effective?”

CHANGING LIFE STAGES

This brought the conversation more widely

to how young people’s typical life stages are likely to be rather different from those of older generations.

And as a result their interaction with financial services and the health and protection insurance sectors in particular could be very different.

The panel acknowledged that traditional life events are moving out in age so that the traditional triggers such as buying a house or having a family are happening when people are much older.

So it was agreed the market needs to completely reassess how it is triggering interactions to those customers and understand what they are leaning on throughout their lives.

Aviva head of individual protection propositions Victoria Francis noted it was a “tricky” situation.

“They’re not thinking about a 25-year term, they’re not thinking about death at that point in time,” she said.

here so how do we avoid that being as a parent to child, because you'd naturally associate their problems with us as a parent-child relationship rather than a peer-to-peer one."

One approach to that problem discussed by the panel was taking a longer view and building a protection habit early, creating interest and understanding, while the purchase of a product may be several years away.

However, it was acknowledged that finding those engagement points and subjects was very difficult.

Another suggestion raised by Jenkin was creating a rider or add-on product to parental policies for children which could then convert into an adult policy at an appropriate time, but he feared this could end-up suffering from the parent-child relationship.

"Should we be thinking more about how we target them directly?" he asked.

"We need to drive true engagement and true ongoing relationships, rather than a transactional engagement point for us to stick it in a filing cabinet and hope you never have to claim on it.

"And if we don't think differently and end-up taking that approach with Generation Z, then we're going down a bad path."

ADVISERS NEED TO CONNECT

An intergenerational gap was also highlighted within the advice community as the panel noted industry data which suggested there were comparatively very few representatives from younger age groups in the intermediary population.

This further added to concerns that advisers may also not be able to relate to or



Bradley Jones



Andrew Foley (centre)

connect with younger people.

"You've got an entire industry where their mum or dad is going to be trying to sell them their insurance product and that is not going to go down well," said Vitality journey director Andrew Foley.

"They're going to be entirely digital and they will not follow a traditional path. So particularly in the protection space where advice is traditionally the route into that market, it's a massive challenge."

Some of this challenge arises from the main communication methods that appear to be prevalent in younger generations.

Failing to recognise and address this could put the sector outside the conversation.

As Comarch insurance - business development manager Bradley Jones highlighted, while telephone calls are rarely answered by younger generations, even email is now becoming rarely used.

Instead he pointed to social media platforms as being the go-to choices for information and suggested the industry needed to target these more successfully.

"I'd love to really analyse all those multiple touchpoints for users because TikTok and Instagram are used more as a search engine than Google now," he said.

"Using my niece and her friends as a sounding board I asked if they needed financial advice, where would they go?"

"The answer was TikTok. So the first place I'd go is TikTok to find out advice on protection and health."

DIGITAL FIRST, NOT DIGITAL ONLY

Overarching all this discussion is a vital trait which Dave Winter, head of innovation at Benenden Health identified as crucial for supporting and delivering services to Generation Z.

"There's a strong point also running outside this conversation," he said.

"There's a real thrust for immediacy in this generation; an expectation of immediacy. And a lot of methodologies and techniques have been products that have been developed for that generation.

"It's about them wanting access now and being quite happy to use digital channels. In fact, they prefer that, but they want it now, and there's a different expectation than traditional processes and products."

However, there was a suggestion that, as with most people, guidance from those with experience may be welcomed by Generation Z around important decision-making situations.

"We did some research on this subject earlier this year," said Aviva's Francis.

"It did show that while young adults are happy to shop around and do their research, they do want someone to be able to talk to about it.

"Whether that be parents or a financial adviser, not necessarily to go through the buying stage, but to answer questions.

"So while I do agree they are digital first, I don't think it's fully digital; they want some form of reassurance because it is a complex process." ■



Christopher
Payne (talking)

LEADERSHIP AND CLEAR GOALS VITAL IN TECHNOLOGY TRANSFORMATION

As Generation Z demands greater digital accessibility across the board, insurance providers are beginning to put much more emphasis on increasing their digital capability, but achieving those goals needs focus from the top, writes **Richard Browne**

Moving to a digital first approach is one of the most significant challenges for insurers in servicing the needs of modern customers.

This can require significant technological investment in financial and other workplace resources, but organisations which do not

have clear goals and backing from senior leaders run the risk of missing their targets.

That was one of the points that came out from the Health & Protection insurance technology roundtable in association with Comarch.

Christopher Payne, partner and head of UK/EMEA technology GTM for insurance

at EY noted: "There are a lot of CEOs or COOs who just look at it and say 'Oh it's too complicated, let's just keep what we've got.'

"But we all agree digital is so important for Generation Z."

As for putting those changes into place, Payne pointed to the success of Vitality.

"Vitality is a really good example, but it comes from your boss, it comes from your CEO," he said.

"Real change and real technology advancement needs to come from the top of the company or else it's going to fall down."

Dave Winter, head of innovation at Benenden Health echoed that, adding: "It's probably about having a clear vision of what you're trying to achieve.

"Technology is an enabler and it needs to come second.

"It's about what are we trying to achieve, what's our vision? What's our risk appetite? How's the market going to change? All of those things.

"And then work out what the right answer to the technology conundrum is, based on that lens."

FOCUS ON BUSINESS OUTCOMES

Winter emphasised that companies need to have a clarity of mission when undergoing ▶

'REAL CHANGE AND REAL TECHNOLOGY ADVANCEMENT NEEDS TO COME FROM THE TOP'

any form of technology change or update.

"Otherwise, you're just swapping out a shiny box and you get halfway through the project and think, what am I doing here, what have I signed up for?" he added.

Alongside support from the very top of the organisation, the panel agreed that focusing on the business changes being made and the expected outcomes for customers was vital.

Andrew Foley, journey director at Vitality highlighted two points that were vital for the insurer.

"One is enabling differentiation through technology and the second is obsession with the customer," he said.

"Our chief executive is not a technologist, but he is obsessed with the customer.

"We invest a significant amount of budget every year in technology innovation and modernisation on a constant basis, but none of it is about the technology. What he is passionate about is customer outcomes.

"If technology change will deliver a massive step in our customer outcome, then he's 100% supportive and will invest whatever is needed to achieve that goal."

STEPPING OUT FROM THE PACK

Foley then gave an example about the approach the company is taking to underwriting.

"We're putting a significant investment into improving our underwriting, predominantly because the feedback from advisers and customers is that it's an area we need to improve on," he said.

"Our chief executive is very clear, which is to look at this end-to-end experience around clinical underwriting and take it a massive step forward and completely change how we do it.

"We've put a significant investment into that, it's nothing to do with systems and applications and platforms, it's entirely around our customer experience.

"Technology is the enabler to improve that customer experience around our underwriting end-to-end."

But Foley noted that many technology providers did not understand the radical shift the insurer was aiming for and could



Paul Jenkins
(centre)

not deliver that change.

"We talked to a lot of providers in the marketplace around this and none of them were prepared to match our innovative approach that we were taking," he continued.

"They were trying to push the standard solutions, saying that was the way underwriting works and how everyone does underwriting, which we didn't want.

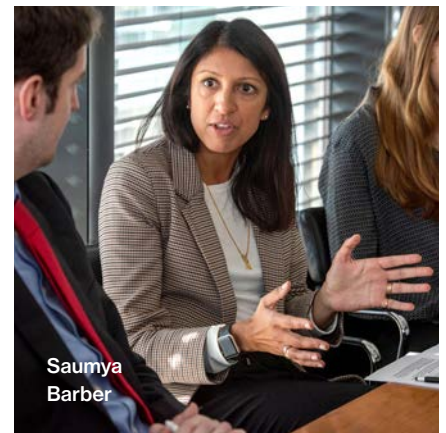
"So it took us down a different direction to the technology we wanted to implement because it didn't meet our customer expectations.

"To take that big step, you can't do that without having an entirely new way of looking at the issue, and all the technology providers in that space in the UK, none of them could do it," he added.

REGULATION DRIVING INVESTMENT

Another issue affecting the market is the Consumer Duty and the new regulations that have come into place, the effect that has had on business and the technology requirements around it.

Despite the greater complexity that



Saumya
Barber

Consumer Duty can bring, the consensus seemed to be there were many positive aspects and it can be an important trigger for funding developments.

In contrast to some perceptions of regulatory work being used as an excuse for avoiding innovation, now it is being used to drive the previous outcomes and push forward the funding model and prioritisation.



Saumya Barber, head of proposition development at Unum said: "I think it's been really positive in terms of unlocking the investment into why customer experience and customer journeys are using the right technology as the enabler.

"It has never been more important to have a really clear way of communicating to your customers.

"As we move further and further into digital first, this is the way to do it. What we've seen is it's accelerated it and we're unlocking more investment to do it right."

Having this investment and internal desire does not mean oversight is ignored during design and implementation, with focus groups still needed to test and ensure the quality experience is being delivered.

"You can turn anything digital, can't you?" Barber continued.

"But it doesn't mean anyone's going to use it or it's going to be any good.

"From my point of view, Consumer Duty has been really positive to accelerate where we were heading anyway and putting the customer at the heart of it."

DATA DEMANDS

The panel agreed, noting that the Customer Duty shifted the focus more towards outcomes and to know what's happening.

That importance on taking in more data and having a greater understanding of the overall situation was recognised by Aviva head of individual protection propositions Victoria Francis.

She highlighted how insurers are now relying on data more and this can prove attractive to business leaders in telling the story of the organisation and its customers, whether that comes from the Consumer Duty or other requirements.

"It is the insight," Francis said.

"That kind of drives that, to enable you to get that across to the senior leaders as well."

And Emma Robertson, head of customer transformation at Bupa agreed, noting greater access to data was desired across the business.

"Our account managers really love that access to data, which they can then pass on to their clients," she said.

"So that's the angle I've seen it from; account managers who really want to understand how this particular service really adds value for our customers, because then that's a great message. And they can then sell it to their clients."

MAKING ADVISERS' LIVES EASIER

But it is not only insurers that are calling out for more digital ability to meet the needs of Generation Z and consumers as a whole.

Advisers too are seeking the digital first approach as it will benefit them and their models, especially as they build out consultancy and expertise in the right areas.

Dr Macarena Staudenmaier, head of clinical product and operations at Simplyhealth, explained the cash plan provider aimed its focus on customer outcomes, health outcomes and how its product is differentiated.

However, she acknowledged that message does not always go through the intermediary channel into corporate clients.

"Brokers need their job to be easier through technology and they don't have that at the moment," Staudenmaier said.

"This is the best way that they can communicate value through to the staff. They're asking, how do I collate all of this information to be able to make the right decision?

"There's definitely a collective ask for these sorts of systems."

Victoria Francis



DIFFERENTIATING PROVIDERS

Of course the challenge comes when looking to implement the right technology and insurers have myriad systems and providers to choose from, but this can be a difficult task.

As Bupa's Robertson highlighted: "There are a lot of businesses now who are selling quite similar products, albeit with a few different nuances.

"Trying to get to the real detail of how that's going to support your business can be challenging.

"I went to a conference earlier in the year and there were about five companies I couldn't really differentiate between, so really trying to differentiate what you need as a business can be quite challenging."

But for Bradley Jones, insurance-business development manager at Comarch, there is a huge opportunity for insurers to bring control of sales back in house.

"It goes back to communication, branding and understanding clients," he said.

"And given the commission involved and that broker may try to switch the client at the next year's renewal to earn another commission, I've never understood why insurers don't try and regain control and bring that whole process back in-house.

"Because it gives you access to the clients, cross-selling opportunities, new acquisitions and can drive loyalty.

"With Generation Z wanting things to be digitised and online, here is a golden opportunity for insurers to bring it back in house and move away from aggregators and price comparison websites." ■

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CLAIMS TRANSFORMATION: HOW TO GO ABOUT THIS JOURNEY

Aleksandra Romot, senior business consultant, Comarch



Claims are the moment of truth for insurers, offering a chance to build loyalty and gather data. The claims process also involves beneficiaries, and a smooth experience can help retain clients and attract new ones.

According to the 2017 EY Global Consumer Insurance Survey, 87% of policyholders say their claims experience influences their decision to stay with an insurer.

Poor claims experiences can lead to client churn, which is costly. Managing claims is a significant cost area for insurers. Outdated paper-based processes inflate operational costs and slow down processing times.

CLAIMS MANAGEMENT: WHERE LOYALTY AND PROFITABILITY MEET

While sales begin the insurance journey, claims management is the most important post-acquisition touchpoint. Claims are crucial for building loyalty but are also one of the largest cost areas. With rising claims handling costs and outdated processes, inefficiencies amplify. Paper-based procedures drive up costs and delay operations.

BUSINESS AND TECHNOLOGICAL CHALLENGES

Claims management faces business and technological hurdles. Collecting documentation from stakeholders can take weeks, leading to long processing times.

Manual tasks cause data loss, while outdated systems suffer from transparency issues and lack real-time

reporting for risk valuation.

Insurers also struggle with gaps in control processes and a lack of tools for claims analysis and predictive monitoring. Legacy systems present a major challenge, leading to longer settlement times and higher costs. Concerns about data security, privacy, and compliance complicate digitisation.

DIGITISATION: THE ONLY WAY FORWARD

According to KPMG's 2021 report, over the next five to 10 years, claims functions will digitise, automating processes. KPMG recommends advancing automation, enabling machine learning, and using data sets to streamline operations.

Capgemini notes digitisation will improve customer experience while retaining assets, especially with \$68trn in assets passing from baby boomers to their heirs during the Great Wealth Transfer.

FULL DIGITISATION OF THE CLAIMS PROCESS

For today's customers, the ideal claims process is fully digital, simple, and real-time. Claims should be transmitted instantly, with documents stored in the cloud. Self-learning algorithms validate claims, fill in missing data, and update clients automatically.

This system supports automatic validation, queuing, and automated communication. Compensation decisions are sent through a 360-degree client portal, with digital payments improving speed.

To support this, insurers need a flexible cloud-based IT infrastructure. However, even with digitisation, insurers must offer

human contact. Customers expect 24/7 service with flexibility between digital and human interaction.

BENEFITS OF DIGITISING CLAIMS

In McKinsey's 2019 report, partial digitisation can reduce claims processes by 30%. Health insurers could save 10–20% in medical costs through advanced analytics prioritising audits and identifying high-risk patients.

The benefits include:

1. Cost optimisation through faster handling.
2. Competitive advantage with smoother information flow.
3. Automation of payments and verifications.
4. Improved data integrity for audits.
5. Faster decisions, boosting satisfaction.
6. Fraud prevention through monitoring.
7. Flexibility to adapt to regulations.

READY-MADE SOLUTIONS FOR LESS RISK

Insurers should adopt ready-made solutions for multiple insurance lines like life, health, and pension. These systems should support various communication channels and integrate with external platforms.

A cloud-based service-oriented architecture (SOA) is essential. User-friendly interfaces enhance service. Partnering with an experienced IT provider reduces modernisation risks, as tested solutions minimise uncertainty. ■

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