The Insurance Disruption Playbook for CXOs

Lessons from the frontline on how to deal with the current crisis
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As the COVID-19 pandemic continues to present an unprecedented situation across the globe, the insurance industry faces a potentially far-reaching impact. Around USD 340 million is expected to be paid out in COVID-19 related claims on existing travel insurance policies, the majority of which will be for cancellation cover. Business interruption coverage and liability suits for employees getting infected in the workplace are scenarios that can increase the number of claims that can potentially overwhelm the current technologies and processes of insurers. Morgan Stanley and the Goldman Sachs Group have both warned of a record plunge in output during the second quarter, which will eventually result in a deep global recession. The American gross domestic product has been projected to fall at an annual rate of 30.1% in April-June, and that unemployment could average 12.8% over the period. Owing to the decrease in global GDP, impact on small and medium businesses, and rising unemployment, the premiums paid to insurers will be significantly affected. This, coupled with the eventual lowering of interest rates and equity returns, will drag the industry’s ROE and ROI to very low levels.
Top priorities for Insurance Leaders

While the prognosis looks grim, the decisions made by the leaders in the insurance industry today will decide the future of their companies in a post-pandemic world. The need of the hour for the C-suite is to go beyond traditional resilience planning methods and get their priorities right by recognizing key challenges and devising strategies to mitigate those specific challenges. The following are seven key aspects that insurers should prioritize before everything else, to survive and thrive in today’s highly uncertain environment and chart their path to recovery.
Relevant for CFO, CIO, COO

1. Optimize the Insurance Value Chain

The insurance value chain comprises several activities that are dependent on third-party service providers such as IT and technology support partners, outsourced customer contracts and premiums or claims processors, who may operate in areas hit by COVID-19 or face internal challenges in providing continuous support. Along with this, there will also be a surge in service requests and claim submissions across different product lines. Insurers must get a fair understanding of the business continuity plans of their business partners and review all suppliers and assess their vulnerability to continue the business. Identifying other suitable partners across geographies will help spread the risk and help with your business continuity. Insurers must also plan for a rise in operational volume by focusing on strengthening their IT infrastructure to avoid inadvertent glitches in claims and customer services.
While claim costs are expected to go high, the bigger concern that the CFOs of insurance companies are facing is growth and profitability in their underwriting and investment portfolios, which will be significantly impacted by the volatile economic environment. Volatility in the equity market will particularly affect Property and Casualty insurers, as they hold more liquid assets in case of catastrophic losses. As the situation continues, insurers will be expected to serve as shock absorbers for the economy; hence the companies must be well-capitalized to handle the rush of claims.

Insurers must ensure that their loss recognition testing models are well equipped to account for the current market scenario and best-estimate assumptions. Firms must make additional provisions for adverse circumstances that can be predicted using advanced analytics technology. Lastly, being updated regarding the latest virus-related disclosure made by the regulators and addressing these regulatory changes is critical for the industry.
3. Engage Your Customers

In these challenging times, when customers could be going through enormous stress and anxiety, insurers must ensure that they engage their customers sensitively. Marketing messaging and campaigns should be revised to reflect their brand values and reinforce a sense of trust among their customers. With significant events being canceled, sales activity will slow down; hence marketing needs to be strengthened to compensate for the reduced sales activities.

Digital communication channels are now critical to maintaining customer engagement. Being empathetic to customer needs and proactively addressing challenges faced by customers in using the digital apps and websites built for filing claims and other insurance services remotely will help solidify the existing relationship with the customers, thus strengthening brand loyalty.

Customer Experience: With claims filing, underwriting and policy management moving to digital platforms, customer experience will play a critical role in engaging with policyholders. Self Service mobile apps will have to be empowered by visual AI, cloud, analytics and ML to ensure prompt and accurate assessment along with real time resolution of queries anytime and anywhere. CX at the center of design and product engineering will ensure all stakeholders including policyholders, Insurer, agents and adjusters enjoy seamless experience while enhancing the efficiency and effectiveness of the insurance processes.
4. Boost Employee Productivity

Most of the workforce of insurance companies have begun working remotely. While some employees may be challenged due to the unavailability of appropriate physical environments for remote work, insurers are also faced with challenges of less employee engagement, reducing their productivity and quality. Remote working also necessitates processes and infrastructure that are flexible enough for the new way of working.

To ensure adequate business continuity, insurers must enable alternative work arrangements for their employees. Some employees working as actuaries and underwriters may need access to data while working from remote locations. The Chief Information Security Officers (CISO) may need to establish new cybersecurity protocols to ensure the safe exchange of confidential information among the right personnel only, as data security is an essential factor of credibility for insurance companies.
With employees beginning to work remotely across the insurance industry, there is an increased data security risk with employees accessing systems and data from home. It is reported that cybercriminals are seeking to prey on the fears of people caused by the COVID-19 pandemic. There has been an increase in coronavirus related phishing emails trying to break into the systems of people working remotely.

Insurers should conduct phishing exercises to reveal gaps in their defenses. Strengthening the security further using digital tools that will identify and deflect threats is essential. Remote access management needs to be relooked, and transition to a more secure remote work model should be made, if necessary. Fortifying the endpoint protection and making sure devices and software are hardened and patched will help reinforce the existing security systems.
6. Ensure prompt customer service

Relevant for CTO, CMO, CIO

The insurance business is based on trust, and in times of crisis, promptness of customer service and sufficient resolution of queries and services are of most importance to insurers. Insurers who leverage opportunity and speed to market will have a more obvious competitive advantage as the industry moves towards a new normal in the post-pandemic situation, with businesses and individuals recovering from the crisis.

Providing 24/7 customer service to customers in a crisis means having the infrastructure that allows traffic to be rerouted and augmented in-house capabilities. Datacenter models, SAAS-based systems, phone system deployments, BPO services, website hosting solutions, and telecommunication providers are all a part of this support ecosystem. Agile technology provides a clear advantage, especially when integrated with remote working arrangements. Insurers can also consider leveraging third-party service providers who can help with providing customer service virtually and at scale.
COVID-19 is an eye-opener on how vulnerable our businesses are during a global catastrophic event. In the wake of the pandemic, companies are desperately looking for protection against business interruption, which is suggestive of the important role that pandemic policies will play in a post-pandemic world. With well-structured pandemic insurance, the aftereffects can be drastically controlled in future occurrences of pandemics.

While developing new insurance products, insurers price the risk based on similar historical events as base models. The existence of very few pandemic insurances reflects the lack of understanding we have about pandemics. But the COVID-19 will change that, providing essential data that will enable insurers to better handle pandemic risk in the future with a better suite of products. Insurers can leverage data like triggers, analytics on infectious diseases, geographical variations, and seasonality to build effective predictive risk models.
How Can Zensar Support You During the COVID-19 Crisis?

With over 50 years of supporting customers through ups and downs, Zensar is committed to standing by our customers during this unprecedented time. We are investing in making ourselves more robust, and our service offerings more relevant to you, in your time of need. Zensar announces the launch of its COVID-19 Business Support package for insurers. The Zensar Enterprise Resiliency Framework (ZERF) enables flexible business solutions to help enterprises mitigate the business impact through immediate cost take out, prepare for expedited recovery post normalization and build a more robust enterprise in the long term. ZERF is a packaged guide for our customers to identify their zones of impact by proactively mapping their expected turnover and priorities over the next 12 – 18 months. Through ZERF, our experts will work with you to define a business support package that helps you provide relief now and help your business recover faster by optimizing operational cost and protecting employee productivity with our two solutions.

**ZenTrust:** In the current scenario, your enterprise applications must keep running to ensure business continuity. Digital technologies will play a critical role in automating customer interfaces and securing applications amongst various users within the enterprise. Zensar’s self-service mobile app is an AI and cloud enabled solution which helps Insurers with managing claim processes, underwriting and policy management remotely. This helps in reducing the operational cost by up to 20% and resolving customer queries by 30%. The embedded AI based omnichannel bot provides a real-time and instant service request resolution to the customer across all channels including webchat, mobile app chat and messenger chat.

**ZenCare:** Among the biggest priorities for businesses right now, is to safeguard their workforce and continue servicing their customers without compromising on performance, security, and experience. We extend a helping hand through our remote productivity solution ZenCare. It empowers end users with virtual workplace and collaboration tools in a secure environment.

[Click here](#) to find out more about our customised solutions and accelerators that unlock immediate optimisations for your business and ensure a fast-tracked return to growth and productivity.
Zensar is a leading digital solutions and technology services company that specializes in partnering with global organizations across industries on their Digital Transformation journey. A technology partner of choice, backed by a strong track record of innovation, credible investment in Digital solutions; and unwavering commitment to client success. Zensar’s comprehensive range of digital and technology services and solutions enables its clients to achieve new thresholds of business performance. Zensar, with its experience in delivering excellence and superior client satisfaction through myriad of technology solutions, is uniquely positioned to help its clients surpass challenges they face running their existing business most efficiently, helping in their legacy transformation, and planning for business expansion and growth through innovative and digital ways.

For more information on Zensar, please contact: Covid19support@zensar.com | www.zensar.com

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