

Don't get left behind in the insurance digital transformation race

INDUSTRY VIEW

The insurance industry, particularly in the area of trade credit, has more challenges now than at any time in the last ten years. Not only is it undergoing massive digital transformation, it is also navigating the peaks and troughs of fluctuating global economic markets and a significant change in customer demand for bespoke insurance products and services.

Increase customer satisfaction

Given this backdrop, the year ahead is set to be an interesting one with both winners and losers emerging. One of the key factors is the change in the risk landscape, which is only set to sharpen as company insolvencies continue in an upward trajectory. The threat of this is likely to prompt a demand for greater governance and more transparent insurance products, particularly since reinsurance capacity, which has been abundant over the last five years is set to change. Reinsurers will look for proven and sustainable insurance models that have already undergone digital transformation to lower costs and improve customer satisfaction. Well-governed models will also be popular if they can provide long-term value creation and cost-efficiency.

Standard trade credit insurance products are no longer always fit for purpose because the needs of organisations as they expand, particularly overseas, are complex and changing. Newer entrants to the market, and some established insurance companies are now using technology that is helping them deliver a digital response to these changing demands. This includes interfaces and tools that engage organisations as 'customers', not just as 'users', and they can analyse data to extract highly valuable and detailed business intelligence. Most importantly, customer experience and satisfaction can be more easily assessed.

By using these solutions, insurers are able to put in place best practice policies and improved governance, which, in turn finds favour amongst reinsurers. Instead of providing only off-the-shelf products, they can offer tailor-made solutions as part of a more customer-centric strategy, which will help them to boost policy growth. This is important after five years of soft pricing and a slow-down in credit insurance growth. If insurers can be seen to be reactive, transparent

and flexible with the products they are offering, companies are more likely to engage them to secure the right policy to suit their specific needs and their appetite for risk at that time.

There is no doubt that these changes are taking place in the context of digital transformation. Not all insurers are at the same stage, indeed some have not even begun. But for those that are already in the process, there is a clear understanding that technology is underpinning a revolution in the services that they offer and how they offer them with the customer front and centre of the proposition. This is a real departure from the previous approach to customer relations, and emulates the seamless, personalised experience offered by the digital giants Amazon, Google and Apple. It is incumbent on insurers to deliver a fast response with services based on high quality data, rigorous research and real-time analytics. If they fail to do this, they will be left behind.

Customers are the driving force behind 'product development' and customer-centric design principles are increasingly being used by insurers to extract greater meaning from interactions. The detailed level of direct feedback shines a light on customer expectations and experiences and informs the way that policies are built. We see this in the emergence of customer portals, chatbots driven by artificial intelligence and machine learning that can steer customers to the best policies based on current risk assessments.

"Well-governed models to provide long-term value creation and cost-efficiency."

To manage this change in approach insurers are seeking help from technology partners who in turn are developing innovations that breakthrough many insurance conventions. Integration with the extended eco-system is a good example, not just receivables finance, bonding and surety or the supply chain, but with new transactions processes such as DLT (Distributed Ledger Technology) and blockchain too. These are disruptive in what has always been an industry defined by traditional practices so it's not a surprise that it is taking time to embed them to the point where their value can be fully realised.

Looking ahead to 2019, it seems clear that to stay ahead in the trade credit insurance market, providers will have to embrace emerging technologies. Without the enormous benefits of advanced integration and deep analytics in the platforms that are being used to manage trade credit globally, how else are insurers expecting to keep up?

Rely on technology is essential

The fact is, however, that the introduction of new platforms and solutions clashes with the continued use of outdated legacy systems, processes and practices that the industry has come to rely on. Transformation is essential. Indeed, in today's competitive, global environment, transformation is the most conservative, not the most ambitious investment and implementation decision that insurance companies can make. To enable this, technology partners are creating

solutions that facilitate the process, and which have been tested and refined to suit the needs not just of insurers but of their customers too.

This has brought about a new era of collaboration. As a technology provider we work with a number of insurance companies and credit agencies and we have seen that where, until recently, they were satisfied with offline processes that took over two weeks to offer credit insurance policies on select buyers, now they can deliver the same service in just a few minutes using an online portal. There are many other similar examples, all of which have come about because the industry is collaborating with software developers to respond to the new challenges and opportunities.

Overall, the industry accepts that change is not only inevitable, but beneficial too. Some worries about larger, more established players losing out to nimble newcomers still linger, but these diminish with the daily evidence of improved portfolio management, dedicated policy development, detailed risk assessments and better customer experiences. Those already engaged in digital transformation will be winners in 2019, but any insurer that is still vacillating, or making only cosmetic changes, will find it increasingly difficult to compete. The industry is moving on.

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About Tinubu

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