



Top 5 Imperatives of 2021

Insurer Priorities, Challenges, and Successes

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COVID-19 and changing environment and social conditions left an indelible mark on the world in 2020, accelerating the pace of change within the property and casualty insurance industry. While it's hard to know what 2021 will bring, there are several overarching goals and strategies that are top of mind as insurers rise to meet the challenge.

During its Connections Reimagined event in November 2020, Guidewire, the platform P&C insurers trust to engage, innovate, and grow efficiently, sought to identify property and casualty insurers' top strategic imperatives heading into 2021. Presented with a list of 10 imperatives, global insurance professionals identified the following five as their companies' No. 1 priority for 2021:

1. **Enable Digital Transformation** – It's the imperative that drives all others. COVID-19 has tested insurance's digital preparedness with the need for remote work and buyers needing alternatives to in-person transactions. Insurers that adopt digital transformation will be well prepared for whatever 2021 throws at us.
2. **Deliver Service Excellence** – "Customer experience" has been an industry watchword for years, and the shift to a digital buying experience—accelerated by the pandemic—makes it more important than ever.
3. **Achieve Profitable Growth** – Steady, sustainable growth is essential for any company. But it's especially important to property and casualty insurers now, when many industry sectors have been crippled by the pandemic and competition for remaining business is high.
4. **Accelerate Product Launch** – Economic and social conditions seem to be changing by the day. Successful insurers must be able to leverage

new technologies to quickly deploy products and services that meet the changing needs of their prospective and current customers.

5. **Drive Process Improvements** –

Efficient operations lie at the heart of every successful insurance company. Identifying roadblocks and eliminating process friction points is a must in today's competitive landscape.

"These responses make it clear that insurers understand the importance of digital transformation for serving their customers in these complex times," said Christina Colby, Chief Customer Officer, Guidewire. "Like links in a chain, there's a causal connection between digitalization and all the other imperatives listed, from service excellence to leveraging data to improve underwriting accuracy. It all

begins with digital transformation."

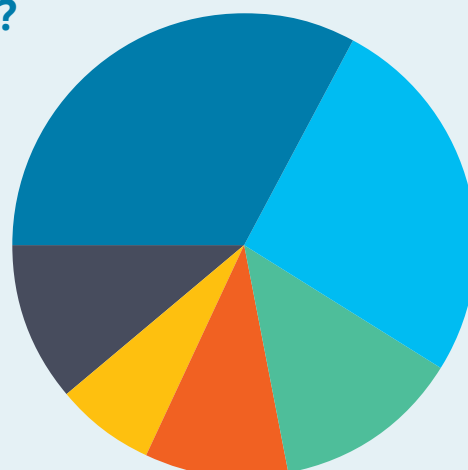
This ebook dives deeper into each imperative, revealing the biggest challenges identified by survey participants, spotlighting insurers that have succeeded in the areas, and providing perspectives from industry analysts.

Guidewire received between 97 and 101 valid insurer responses for 10 preselected strategic imperatives in order of perceived importance: *very much a priority, somewhat of a priority, not a priority, and don't know*. In addition to the Top 5 Imperatives listed above, the five others to choose from were:

- Leverage Analytics Insights
- Reduce IT Complexity
- Empower Business Users
- Make Insurance Convenient
- Harness Open Ecosystem

Of the 10 imperatives, which one would you consider the No. 1 priority for your organization for 2021? (97 insurer responses):

- Enable Digital Transformation – 33%
- Deliver Service Excellence – 26%
- Achieve Profitable Growth – 13%
- Accelerate Product Launch – 10%
- Drive Process Improvements – 7%
- Other – 11%





IMPERATIVE NO. 1: Enable Digital Transformation

Insurance has been on a digital transformation journey for years, but the encroachment of a global pandemic in spring 2020 has speeded up the trip. Overnight, insurers had to support a remote work force and find ways to service and engage customers in a totally contactless environment. Those well along the digital path were able to pivot with relative ease; those that weren't scrambled to adapt.

With almost a year behind us of acclimating to a pandemic, insurers now have a clearer idea of what the "new normal" looks like. But even those that successfully transitioned to a digital environment must now reexamine their internal processes and IT capabilities if they want to sustain the changes made during COVID-19. For property and casualty insurers, enabling digital transformation is the imperative that drives all others. The majority of the survey respondents—32%—ranked it as their top priority for 2021.

"Technology has become as core to an insurer's strategy as underwriting, finance, or marketing. However, making the transition from 'IT as a cost center' to 'IT as a strategic pillar' requires transformation of the IT organization," says Karlyn Carnahan, head of property/casualty North America for Celent.

And while the benefits of digital transformation speak for themselves, the obstacles to achieving it can be daunting. Survey respondents named budget, slow/outdated systems, lack of IT resources, lack of the right strategy, and COVID-19 implications as roadblocks to implementation.

Tools for a digital experience

Digitally transformed P&C insurers engage their customers and partners through omnichannel, digital experiences across the entire insurance lifecycle, empowering customers to control their insurance journey remotely, from any device. Using digital design systems like auto-generation of digital screens, insurers are creating personalized customer journeys in record time. Behind the scenes, API-driven design supports these instant digital experiences.

However, insurers must be prepared to fully integrate these "cool tools" into their existing systems. This requires some serious soul searching about their existing processes and systems. To avoid falling behind digital natives and digitizing incumbents, insurers must first establish a foundation based on building or acquiring new technological capabilities; building or acquiring new human capabilities; and revamping the organization and its processes to mix, match, and deploy these capabilities at scale, Carnahan says.

"Before you can reliably introduce the 'cool stuff' at scale, there are a lot of less cool, but important areas to address," she notes. "Technological capabilities such as moving to the cloud allow the utilization of new processes such as DevOps and create organizational changes. Those who want to successfully enable digital transformation think through all three aspects of change."



Insurer Successes

MACIF

MACIF is the largest mutual auto insurer in France. Although already well on the path to digitalization, the company needed flexible, configurable tools to improve performance, ensure reliability and efficiency, and improve customer service. MACIF quickly determined that Guidewire was the best partner for the process based on its reputation for delivering tools that would have a strong and immediate impact on the products and services MACIF provides. Along with MACIF's integration partner GFT, Guidewire enabled the company to provide policyholders with information in real time, a game-changer that immediately increased the insurer's competitiveness in the marketplace. Enhancing digitalization also assisted MACIF in bringing its products and services to third-party partners and opened new possibilities by expanding the company's sources of business.

Find out more about [MACIF here.](#)

Insurance Corporation of British Columbia

Insurance Corporation of British Columbia (ICBC), the sole provider of basic auto insurance to the residents of British Columbia, Canada, faced increasing claims severity, seasonal spikes in claims volume, and customer demand for a seamless online claims experience. Realizing the need for a truly digital online claims capability for its policyholders, ICBC wanted an online claims system that would be intuitive and easy to use for policyholders. Since implementing Guidewire ClaimCenter with digital embedded, ICBC's online claims channel accounts for 19% of all first notice of loss (FNOL) claims submitted by policyholders. In addition, 56% of all claimants now check their claims status online. Being able to log in directly allows policyholders to see where they are in the claims process, who has been assigned the file, and how to contact a stakeholder like an adjuster if needed. Since implementation, customer satisfaction scores are higher than 80%.

Find out more about [ICBC here.](#)

Obstacles

Survey respondents cited these as the biggest obstacles to enabling digital transformation:

- Budget
- Slow/outdated systems
- Lack of IT resources
- Lack of the right strategy
- COVID-19 implications



IMPERATIVE NO. 2: Deliver Service Excellence

Insurers have been looking beyond the four walls of the traditional insurance world for customer experience (CX) inspiration, resources, and data for some time. But the issue became more urgent when the pandemic hit last spring. Suddenly, for policyholders in quarantine, in-person claims adjusting and sit-downs with insurance agents were no longer an option. At the same time, life and health insurance took on a new urgency as people grappled with life-and-death concerns. Digital customer service was no longer a perk, but a necessity.

“Customer service has risen in importance as a result of the pandemic,” says Mark Breeding, partner at Strategy Meets Action (SMA). “New SMA research on the top business drivers of tech investment shows that for 2021, customer service is now a top-5 driver for both personal and commercial lines (it was not a top-5 driver moving into 2020, before COVID-19).”

And no matter what the post-COVID-19 world looks like, consumers’ high expectations of a totally digital insurance experience are not going away.

“Changing expectations, an explosion in new data sources, and increasing insurtech digital capabilities put insurers in a unique position to redesign the customer/agent experience, creating stronger relationships,” says Karlyn Carnahan, head of property/casualty North America for Celent. “Focusing on automating decisions and correspondence, and using workflow to assure tasks are completed can have a dramatic effect on delivering a consistently good experience.”

Outperforming customer expectations

Key to delivering service excellence is the ability to develop rich customer profiles powered by robust data sources and third-party integrations. Omnichannel customer journeys require delivering premium service across digital, voice, and offline touchpoints. And leveraging straightforward tools to continuously refine and improve processes can ensure the customer experience remains satisfactory.

But delivering on customer expectations must go beyond the applications found in a traditional core application architecture. The new customer experience requires many kinds of technologies to deliver: mobile, cloud, data and analytics, chatbots, advice engines, e-signature, social integration, gamification, natural language processing, and integrations to core and non-core back-end systems, and more. Open APIs simplify the integration process.

Although the survey respondents recognize the need for improved customer service, they also cite a number of obstacles to success, including lack of IT resources, budget, slow/outdated systems, and insufficient or messy data.

“Insurers that have already completed their core system replacement are ahead of the curve,” Carnahan adds. “Implementing these changes requires a focus on orchestrating processes and data. The implication is that shifting the IT organization and moving to a new architecture to support this coming business need will be just as important an initiative for IT organizations as the actual implementation of these digital capabilities. IT organizations need to start thinking about what their future architecture will look like and begin putting together their transition plans.”

Insurer Successes

Caixa Seguradora

Caixa Seguradora is the fifth-largest insurer in Brazil, a partnership between the French insurance company CNP Assurances and the largest Brazilian government bank, Caixa Econômica Federal. With more than 40 products, it offers insurance solutions and pension plans to more than 11 million customers nationwide. But the company's legacy system kept it from quickly and efficiently meeting customer demands. Caixa Seguradora implemented Guidewire's InsuranceSuite to digitalize underwriting, rating, policy administration, claims, billing, digital strategy, and client data management. The new system provides agility in building new products, differentiated service offerings, and benefits. APIs enable InsuranceSuite to integrate with Caixa Seguradora's online client services portal. With more effective operational control and greater access to data, Caixa Seguradora now performs statistical actuarial studies to make differentiated projections and product offerings. The improvements helped Caixa Seguradora become the first Brazilian insurer with a 100% digital customer journey—and the possibility of reaching more than 90 million customers.

[Find out more about Caixa Seguradora here.](#)



The North Carolina Joint Underwriting Association

The North Carolina Joint Underwriting Association (NCJUA), also known as the FAIR Plan, is a tax-exempt association of insurers licensed to write and engage in writing primarily coastal property insurance in North Carolina. As an insurer of last resort, NCJUA serves 374,000 customers in the state and must respond to hurricanes, windstorms, and other natural disasters that impact its policyholders. With the cloud capabilities of InsuranceNow NCJUA can scale response time based on peak demand. During Hurricane Florence in 2018, NCJUA worked closely with Guidewire to enable 24/7 customer service from a network of remote offices, and forward any claims within 20 minutes to its independent adjusters, and same-day claims processing that eliminated cycle delays. The outcome was a 90% claims closure within 60 days.

[Find out more about NCJUA here.](#)

Obstacles

Survey respondents cited these as the biggest obstacles to delivering service excellence:

- Lack of IT resources
- Budget
- Slow/outdated systems
- Insufficient or messy data



IMPERATIVE NO. 3: Achieve Profitable Growth

Steady, sustainable growth is especially important to property and casualty insurers now, when many industry sectors have been crippled by the pandemic and competition for remaining business is high. In the Guidewire imperatives study, 12% of respondents ranked it their No. 1 priority for 2021.

Many insurers have intensified their focus on underwriting and pricing with an eye toward profitable growth, notes Mark Breeding, partner at Strategy Meets Action (SMA). “Operational efficiencies and expense management are also part of the equation, with a new urgency in this area due to the financial uncertainties created by the pandemic.”

Optimized underwriting and more

All of these strategies harken back to the need for insurers to be digitally engaged so they can quickly

and intelligently capture market opportunities. Optimized underwriting—automating simple underwriting tasks to free up resources and capture market opportunity—can open the doors to new business. Precise risk selection and pricing help insurers discover new opportunities for profitable growth by embracing and conquering new and evolving insurance risks. And the ability to rapidly design, test, and launch products helps insurers seize new opportunities and respond to market change with ease.

However, the adoption of these strategies can be inhibited by serious obstacles. Survey respondents cited slow/outdated systems, insufficient/messy data, COVID-19 ramifications, lack of IT resources, and lack of the right strategy or vision as the main roadblocks to growth.



Insurer Successes

Pekin Insurance

Pekin Insurance, located in Pekin, Illinois, has been providing dependable insurance coverage to families in its six-state marketing area since 1921. The company uses 1,500 agencies and 8,500 independent agents to market business and service its policyholders. Pekin had been struggling with loss ratios in personal auto, its primary line of business. In 2018 it implemented Guidewire's InsurancePlatform to modernize its infrastructure and simplify processes for agents to do business and enable growth. Since then, it has deployed the tool to the rest of its commercial and personal lines business. The platform helped Pekin enact core business processes like billing as well as more complex predictive modeling. Since profitability hinges on both loss and expense control, Pekin applied the Guidewire auto predictive model first. Within the year, the insurer had reduced its auto loss ratio by almost 20%, and has been able to sustain it at between 10% and 15% ever since.

[Find out more about Pekin here.](#)

Farmers Union Insurance

Incorporated in 1944, Farmers Union Mutual Insurance Company offers personal coverage for farmers, ranchers, homeowners, and businesses across North Dakota and Arkansas. Operating on a legacy core system on the backbone of an AS/400—and virtually no IT staff—the insurer was challenged with making necessary changes to its system and struggled to communicate with its captive agents, who are the company's main distribution network. In 2018, Farmers selected Guidewire's InsuranceNow because it wanted an agile system that would work right out of the box. Farmers' three- to five-year goal is to grow and compete with national insurers through an enhanced customer experience. The strategy hinges on finding a cloud-based system that its agents would find easy to use, as well as the ability to see data in real time and export it as needed. Since implementing InsuranceNow, Farmers was able to roll out four new lines of business with all modules—homeowners', dwelling, personal watercraft, and personal umbrella—three months ahead of schedule and well under budget. Farmers Union Insurance expects to continue seeing benefits around speed, especially in product development now that the system is no longer the obstacle.

[Find out more about Farmers Union Insurance here.](#)

Obstacles

Survey respondents cited these as the biggest obstacles to achieving profitable growth:

- Slow/outdated systems
- Insufficient/messy data
- COVID-19 ramifications
- Lack of IT resources
- Lack of the right strategy or vision



IMPERATIVE NO. 4: Accelerate Product Launch

With economic and social conditions changing by the day, successful insurers must be able to leverage new technologies to quickly deploy products and services that meet the changing needs of prospects and policyholders. In the Guidewire imperatives survey, 10% of respondents cited accelerated product launch as their No. 1 priority in 2021.

The availability of big data and other advances have made it easier than ever for insurers to respond quickly to their customers' evolving needs. "Today, the ability to better understand buyer needs and create appropriate pricing algorithms is enabled with new sources of data allowing product developers to make good decisions more quickly than in the past," says Karlyn Carnahan, head of property/casualty North America for Celent.

The drawback is that the product development process can still be costly and time-consuming. In 12 years of research, Carnahan has found that the biggest drain typically comes in two chunks of work: ideation and analysis, and standing up a new product in a core system. Luckily, the cost and work required for the second step has dramatically dropped as insurers have moved to highly configurable systems. "The ability to clone products, modify algorithms, rate tables and forms, and create user screens using low-code tools has dramatically reduced the time to launch a new product by more than 50% over the last ten years," she says.

In spite of this, formidable obstacles still stand in the way of rapid deployment of new insurance products and services. Survey respondents named slow, outdated systems, insufficient or messy data, lack of IT resources, budget, and COVID-19 ramifications as possible hindrances.

Rapid launches, more opportunity

Today's technology allows insurers to capture more market opportunity with rapid product launches. Simple, rapid product creation is enabled by streamlining the requirements gathering, conceptualization, and needs assessment with mapping capabilities. Expedient testing and product rollout are enabled by visualizing and testing products with complete lifecycle insight, which ensures seamless production. By using core system connectivity and inherent functionality, insurers can provide customers with a full product lifecycle at launch.



Insurer Successes

Aviva Italy

Although fifth in the Italian life insurance market, Aviva Italy has just 1% of market share in the nation's non-life insurance market. To penetrate the Italian General Insurance (GI) market, in which many consumers don't trust insurance companies, Aviva Italy needed to focus on being customer centric, innovative, and simple. With this in mind, the insurer set a six-month timeline—from concept to launch—to build a small- to medium-sized enterprise insurance offering, and a new digital platform called AvivaPlus. After considering integration time and effort, cloud hosting, minimal customization, and agile methodology, Aviva Italy selected Guidewire InsuranceSuite. Since implementation, Aviva Italy has improved the product development process and reduced the time needed to create products and get them to market from months to weeks. For example, with InsuranceSuite and Advanced Product Designer in just three weeks the insurer developed AvivaPlus SalvaGuai (translated as "Save Trouble"), a modular, third-party liability product that is part of the AvivaPlus digital platform.

[Find out more about Aviva Italy here.](#)

CAA Insurance Company

One of the largest consumer-based organizations in Canada, CAA offers a range of services to more than 6 million members, including automotive and travel services, emergency roadside assistance, member savings, and insurance services. Live on Guidewire InsuranceSuite since 2012, CAA Insurance Company innovates and builds its products on Guidewire PolicyCenter, Guidewire BillingCenter, and Guidewire ClaimCenter and taps the digital functionality embedded in these systems. As a trusted insurance provider delivering innovative products, CAA Insurance recognized that auto insurance consumers lacked choice and control. To address this need, CAA Insurance developed Canada's first pay-as-you-drive insurance offering—CAA MyPace—which enables motorists to track how much they drive and control how they pay for auto insurance, based on kilometers driven. MyPace is data driven and relies on many different facets to make it come to life. CAA Insurance used Guidewire capabilities to better support customers and develop this and other new products. As a result, the company has seen a more than 70% increase in sales with new and existing customers.

[Find out more about CAA Insurance Company here.](#)

Obstacles

Survey respondents cited these as the biggest obstacles to accelerating product launch:

- Slow, outdated systems
- Insufficient or messy data
- Lack of IT resources
- Budget
- COVID-19 ramifications



IMPERATIVE NO. 5: Drive Process Improvements

Efficient operations lie at the heart of every successful insurance company. Identifying roadblocks and eliminating process friction points is a must in today's competitive landscape. In the Guidewire imperatives survey, 7% of respondents ranked "driving process improvements" as their top priority in 2021. Insurers are improving efficiency in a number of ways, with some of the most common being workflow automation, straight-through processing, intelligent document ingestion, and data prefill.

While insurers agree that process improvements are a top priority, they also know there are obstacles involved in adoption. Survey respondents pointed to lack of IT resources, budget, slow and outdated systems, COVID-19 ramifications, and insufficient or messy data as possible hindrances.

Streamlining processes with intelligent automation

Insurers are optimizing the insurance process with intelligent automation and straight-through processing. New technologies enable them to



connect the entire insurance lifecycle, from straight-through invoice processing to no-touch claims, simple underwriting approvals, and more. This dynamic workflow helps insurers leverage a flexible business rule framework to adjust workflows based on claim and quote characteristics. And by using new data sources, they can make intelligent decisions with actionable insights embedded into core processes.



Insurer Successes

Grinnell Mutual Insurance

Grinnell Mutual Group is the 110th-largest property and casualty insurer in the United States and the largest primary reinsurer of farm mutual companies in North America. Through its three subsidiaries, the company cultivates trusted relationships by providing state-of-the-art reinsurance solutions and consultative services. Grinnell Mutual's existing platform revolved around limited legacy technology. Customer data was not connected to the back-end system, so there was no single customer view. There were many disparate systems, but none were integrated or worked well together. The result was subpar experiences for both customers and agents. Implementing Guidewire's InsuranceSuite Cloud freed up Grinnell Mutual's small IT team to focus on competitive advantages rather than patching servers and deploying software updates. Streamlining the agent experience had a transformative impact. In the first week, Grinnell Mutual producers submitted 124 quotes—and bound nine policies, exceeding hit-rate benchmarks. Agents like the new platform because it doesn't require them to be on the phone with underwriters to close deals. Today, Grinnell Mutual processes almost 85% of its auto policies without a human touching it.

[Find out more about Grinnell Mutual Insurance here.](#)

Tryg

Tryg, a multiline insurance company based in Copenhagen, is one of the largest non-life insurance companies in the Nordic region, with activities in Denmark, Norway and Sweden. The current company was created in 2002 through the merging of Tryg Forsikring and Nordea's insurance activities. The company is the second-largest provider of general insurance services in the Nordic countries. Input from Tryg and other customers was instrumental in Guidewire's development of Guidewire Claims Autopilot, a cloud-based claims automation service built to allow insurers to follow an automation-first approach to claims handling. Although Tryg had customized ClaimCenter for claims automation, the company wanted to do more to reduce claim servicing costs and meet the high expectations of its customers. This required a claims handling process that was fast, efficient, and kept costs down—in short, a system in which automation is the rule and manual handling the exception. Based on this input and more, Guidewire developed Claims Autopilot to automate the entire claims process, and make exceptions for more complicated cases where human intervention is necessary. Today, Tryg aspires to reach half of its claims on a no-touch basis..

[Find out more about Tryg here.](#)

Obstacles

Survey respondents cited these as the biggest obstacles to driving process improvements:

- Lack of IT resources
- Budget
- Slow and outdated systems
- COVID-19 ramifications
- Insufficient or messy data



Navigate what's next.

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and AI to deliver our platform as a cloud service. More than 400 insurers, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, contact us at info@guidewire.com.

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