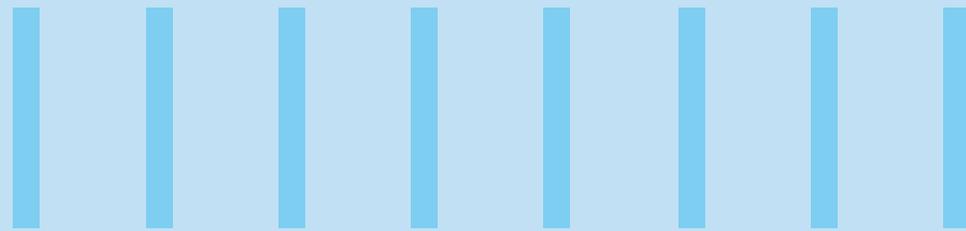




CRITICAL CAPABILITIES OF ADVANCED INSURANCE POLICY AUTOMATION SOLUTIONS



Abstract

Technology and tools in the insurance industry have an average age of four years before they require an upgrade. However, many businesses continue to use them for over fifteen years, introducing obsolete processes that have a direct impact on the bottom line. It also impacts the ability to remain competitive in the market. With intelligent insurance policy automation solutions, insurance businesses can reduce the burden on the human workforce, elevate customer experience, and increase profits.



Current systems in the insurance industry are infested with inefficiencies that lower productivity. In a survey, 41% of insurers shared that they keep their insurance

systems much longer than their proposed lifetime. Also, 76% of insurance businesses juggle between six to ten systems that demand a higher number of employees

and make the processes complex.

Let's look at the reasons to upgrade these systems and introduce automation in insurance.

Challenges of legacy insurance policy management

Manual processes and a lack of Artificial Intelligence (AI) and Machine Learning (ML) technologies in legacy insurance policy management systems cause variations in numbers, statistical errors, delays in

processing, data silos, and administrative burdens.

For over 65% of insurers, manual processes become bottlenecks in business processes that lower profit margins. They also need a

larger staff, real estate, and consumables. This is where insurance policy automation through systems like Intelligent Process Automation solutions, AI, ML, and robotics increase profits and streamline processes.

Challenges of legacy insurance policy management

With a range of insurance policy management solutions available in the market, one needs to know the key features to look for. The following are crucial to boost profits and keep your business in the green:

[Policy issuance, updates, and cancellations](#)

Once the customer decides to purchase the policy, the process of issuing the certificate

should be quick, digital, and automated. Similarly, upon cancellation, the customer should get a confirmation immediately. The documents must be consistent and updated across systems.

[Intelligent Process Automation](#), which integrates the [Robotic Process Automation \(RPA\)](#) technology, minimises manual operations. Intelligent process automation

can extract the necessary information from customer service chats, emails, call transcripts, and web forms and synchronise them to process insurance, updates, and cancellations quickly.

[Underwriting](#)

Underwriting is the most time-consuming phase in the insurance policy issuance process. You do not want to delay

it further because of inefficient and manual processes. Some of the checks an underwriter does are credit score verification, history of defaults (if any), loss-run reports, bank statement reviews, and more to assess the risk exposure of the client.

This requires them to access different systems with manual processing. Intelligent process automation gathers and analyses the data and generates an underwriter's report with minimal manual intervention. It mines data from several sources, eliminating human errors and accelerating the process.

Automated quotes and renewals

Forward-thinking enterprises look for digital and automated quotations, which speed up the decision-making process and the chances of customer acquisition. Advanced insurance policy automation solutions let you automate quotes and issue a proposal without email exchanges or face-to-face meetings.

Keeping track of policy renewals for thousands of customers can be extremely difficult without automation in insurance. Repeated follow-ups and the chances of customers missing their premiums are high. Advance reminders to renew insurance policies (through messages and email) eliminate the need to make physical calls. Manual follow-ups are resource-intensive and curtail the ability to scale. Automated renewals are hassle-free and offer a self-service portal for customers to pay on, boosting satisfaction and loyalty. With insurance policy automation solutions, underwriters only need to spend time on exceptional cases, thus releasing their time for other tasks.

Customer self-service and sales portals

Self-service and sales portals empower customers and agents to offer a one-stop solution to manage sales, renewals, claims, and disputes quickly. This 24/7 service enhances customer loyalty and improves operational efficiency. By giving

direct access to the portal, you also introduce transparency that builds trust. Surveys have shown that seven out of ten customers prefer [self-service for a better experience \(CX\)](#).

Robust APIs

Well-documented and robust APIs allow seamless integration and interaction between the insurance and third-party systems. Interoperability opens new opportunities and improves compliance with evolving regulations. Without APIs, the systems would remain in siloes causing data inconsistency and access control issues.

No-code/low-code interface

No-code and low-code solutions let you customise the interface and workflows with changing market conditions without deep technical know-how. In legacy systems, even the smallest of changes must undergo weeks of change management, including development and testing, at a significantly higher cost.

Integrated financing

Advanced financing solutions and flexible payment options improve the company's value proposition. Whether you work with B2C, B2B or both, you can improve the cash flow and minimise any outstanding credit. A smooth and competitive financing solution also impacts the customer's decision-making.

Automation workflows

Introducing intelligent process automation in insurance streamlines routine operations, such as issuing alerts if a customer misses their payment date. The staff can focus on other strategic tasks that require a human touch, thus improving the operating ratios.

Dashboards and analytics

Visual dashboards and customisable reports help insurance businesses make data-driven decisions for successful operations. ML ingests this data and uses AI to provide actionable insights and

recommendations for improvements and strategic decisions. AI also proactively detects potential fraud before it occurs and alerts the team, thus mitigating the chances of financial losses.

Accounting and claims management

Accounting functions tailored to the insurance business facilitate a 360-degree view of accounts payable and receivable and ensure accurate annual audits. With a single source for all accounting data, your accounts team and the CTO are always on top of the numbers without having to synchronise account data across systems.

Data and document management

Data management cost in 2022 was \$41.1 billion, making it the single most significant IT expense. Digital data management and documentation reduce the pile of files and the storage space needed. It keeps a digital copy of all documents and helps you comply with data storage and security regulations such as GDPR. Digitisation elevates the processing time, reduces retrieval time, enhances security, and supports environmental sustainability.

Compliance with industry regulations

Several state and central bodies regulate the insurance industry. For example, in the US, the [McCarran-Ferguson Act of 1945](#) gives the state laws precedence over federal ones. The laws regulate and monitor factors such as interest rate changes, insurer solvency, and market conduct. This is to safeguard the interest of both the insurer and the client. In India, the [Insurance Regulatory and Development Authority of India \(IRDAI\)](#) ensures that there are enough resources and regulations to meet the liabilities, treat customers fairly, resolve disputes, and protect the interests of all parties.

System automation in insurance policy management ensures that your business always complies with the state and central laws. It automatically generates alerts if any deviations are saving your legal team's precious time.



The impact of insurance systems automation on revenue

Research has shown that overhauling legacy systems could save between \$5-7 billion in the insurance industry. Insurers who have already adopted insurance policy automation solutions have seen a 25% reduction in expense ratio.

Insurance businesses can spend this money on things like brand building, lead generation and customer acquisition, creating new products, marketing, and growth.

Claims are often time-sensitive for the clients. Any delays due to lacklustre

processes or communication gaps can have severe consequences for the client who has trusted the insurance company for emergencies. This can eventually attract lawsuits and reputation damage.

End note

Insurance businesses that have not transitioned to automation stand to face the risk of becoming obsolete in a competitive market. [Automation in](#)

[insurance](#) lets you be on par with growing businesses. With advanced analytics and AI, ML, and RPA technologies you reduce the operational expense, quickly design

and market products, and offer innovative solutions to potential clients.

For more information, contact infosysbpm@infosys.com



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