



## REINVENTING THE INSURANCE SECTOR USING BPAAS

### Abstract

The increasing number of tech-savvy consumers has made it imperative for businesses to invest in suitable technologies and build a robust digital presence. Trying to match the sophisticated services offered by global competitors and retain clients while maintaining profits are some of the challenges that businesses are trying to meet by digitally transforming their core business platforms. The insurance sector is no different. It is driven by the need to replace vulnerable legacy environments with innovative products and use analytics and artificial intelligence (AI) to analyse the increasing amounts of data the industry gathers. Then there are the frequent mergers and acquisitions, all of which are creating a need for an insurance ecosystem based on technology and data-driven insights.



Business Process as a Service (BPaaS) enables insurance agencies to make their processes agile and flexible, and improve management of costs, new business processes and underwriting functions. BPaaS is delivered using cloud services. Being configurable and connected to services such as SaaS, IaaS, and PaaS (Software-, Infrastructure-, Platform-as-a-Service), BPaaS enables businesses to use these services as needed.

It cannot be denied that the insurance industry is one of the slowest in modernising its infrastructure and in adopting new technologies. Given the industry's propensity for risk, a low-risk approach perhaps works best when adopting any new technology. Here are some factors to consider:

- **Transfer non-core functions to the cloud:** Insurers can use BPaaS solutions and move their non-core functions such as procurement, accounting and human resources, among others, to the cloud and be rewarded with higher quality solutions and lower costs.
- **Increase use of SaaS:** Increased use of SaaS will reduce maintenance costs and also the need to invest in technology development. The business must however first understand its requirements and pick the right SaaS solution for best results.
- **Increase usage of IaaS/PaaS:** To gain a significant competitive edge over others, insurers can make greater use of standardised IaaS and PaaS solutions and thereby reduce support costs otherwise needed to maintain customised applications.
- **Leverage PaaS to boost productivity:** Development teams can be more productive by using PaaS solutions. Instead of developing customised codes in-house, insurers can move to other platforms to lower maintenance costs as well as take advantage of high-quality solutions.
- **Cultivate a balanced ecosystem:** Insurers should try to reduce the number of vendors offering services, to avoid operational complexities, but it is also important to maintain a well-balanced ecosystem so that sufficient competition is maintained between vendors to keep costs down.

## Vendors or TPAs provide BPaaS solutions

Vendors, called third-party administrators (TPAs), provide BPaaS or SaaS solutions to insurers under contracts. The role of TPAs is gradually increasing from handling only claims to including e-claims, e-applications, policy issue and maintenance, customer enrollment, premium collection and other operational activities.

Insurers must ensure that they pick the right TPA for the right business activity to gain a strategic advantage. To do that, an insurer must first assess their own business and decide which activities are to be managed by the TPA, and then ensure that the TPA has the required skills, knowledge

and operational capacity to handle the activities. The insurer could consider keeping its technological differentiator, if any, in-house unless it is a draining operation in terms of cost and effort.

## Advantages of using BPaaS solutions in the insurance industry:

### 1. Boosts agility and maintains continuity:

Cloud computing technologies and solutions that are tailored for the insurance industry can help insurers become more agile and thereby deliver services at a faster rate than before. Cloud solutions allow insurers to scale up easily too. By using BPaaS solutions, insurers can take advantage of the in-built natural text processing facilities, automated data gathering and analytic solutions, and the ability to ramp up when needed. Business continuity is maintained since employees can work from anywhere on any compatible device while adhering to privacy and security regulations. Collaborative tools hosted by the BPaaS provider are important for claims and underwriting teams.

### 2. Migration becomes easier and time to value is quicker:

The process of moving or converting insurance policies from the insurer's systems to the cloud is both time and labour intensive. Mismatches in data formats and values is a common occurrence and needs human intervention at various points. However, the built-in artificial intelligence (AI) and machine learning (ML) models in BPaaS solutions can spot and correct all errors without the need for any manual effort. Systems that are built on blockchain or distributed ledger technologies can quickly detect and capture data on policy conversions.

However, it is important to remember that AI/ML technologies require good data at the right time and in the right

format. Extract, transform and load (ETL) technologies can source data from all specified sources and pool it in a data lake stored on the cloud. Data engineering tools can then get the data ready for the AI/ML algorithms to work on.

### 3. Enhances customer experience (CX):

Insurance solutions that are cloud-based enable insurers to quickly understand what customers want, communicate with them about new offerings and also receive necessary feedback. Insurers can develop, test and scale new or modified services to fulfil customer requirements. Changes can be deployed more easily too. Here are a few technologies with their advantages.

- a. Chatbot technologies help customers get quick answers to questions and also enable them to complete simple tasks, such as changing an address. In more complex situations, chatbots can collect the required information and then involve a live agent. The CX provided is smooth and saves time for both the customer and the insurer.
- b. Further, cloud-based contact centre technologies are constantly being refined. With the help of AI/ML technologies, customers can be identified, their information can be pulled up and interactions can be personalised. Customers can then get their questions answered promptly.
- c. ML can be leveraged to make the underwriting process more efficient. By implementing auto-filling forms based

on deep-extraction technologies, and advanced analytics, past claims can be accessed quickly and that enables faster decision making during current processes.

- d. Health related insurance processes can be made faster and more convenient for the customer. Distributed ledger technologies can automate the processing of life insurance policies. Licensing, commission and fee payment processes can be handled in real time by using smart contract features.

### 4. Innovations are more easily accessible:

Insurers are constantly under pressure to innovate and keep up with industry disruptors. By using cloud solutions, new technologies can be tested and deployed faster. When integrated by vendors in their BPaaS solutions, these technologies become easily accessible to insurers. They might otherwise be difficult to even know about. But when offered by a vendor, the insurer can safely use the latest innovations without fear of facing security or regulatory hurdles. Insurtech, or technological innovations created for the insurance industry, and insurance related regulatory technologies (regtech) focus on problems, opportunities and niche areas in the insurance and regulatory sector.



## Looking forward

The digitally enabled and cloud-based business process solutions offered by BPaaS providers can enable insurers to migrate from older solutions at a greater speed and thereby reduce operational costs. Instead, insurers can focus on refining the strategies that set them apart

from their global competitors. Insurers can also leverage all the technological innovations available to them to create better customer experiences.

Selecting the appropriate BPaaS provider is key to deploying more robust digital processes that are flexible and can be

implemented at scale. Insurers that can see every cloud solution as a service and not an end-product are more likely to be flexible and open-minded about adopting the most innovative solutions available to them.

\* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping **organizations with intuitive decision-making** automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, [Live Enterprise](#) is building connected organizations that are innovating collaboratively for the future.

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