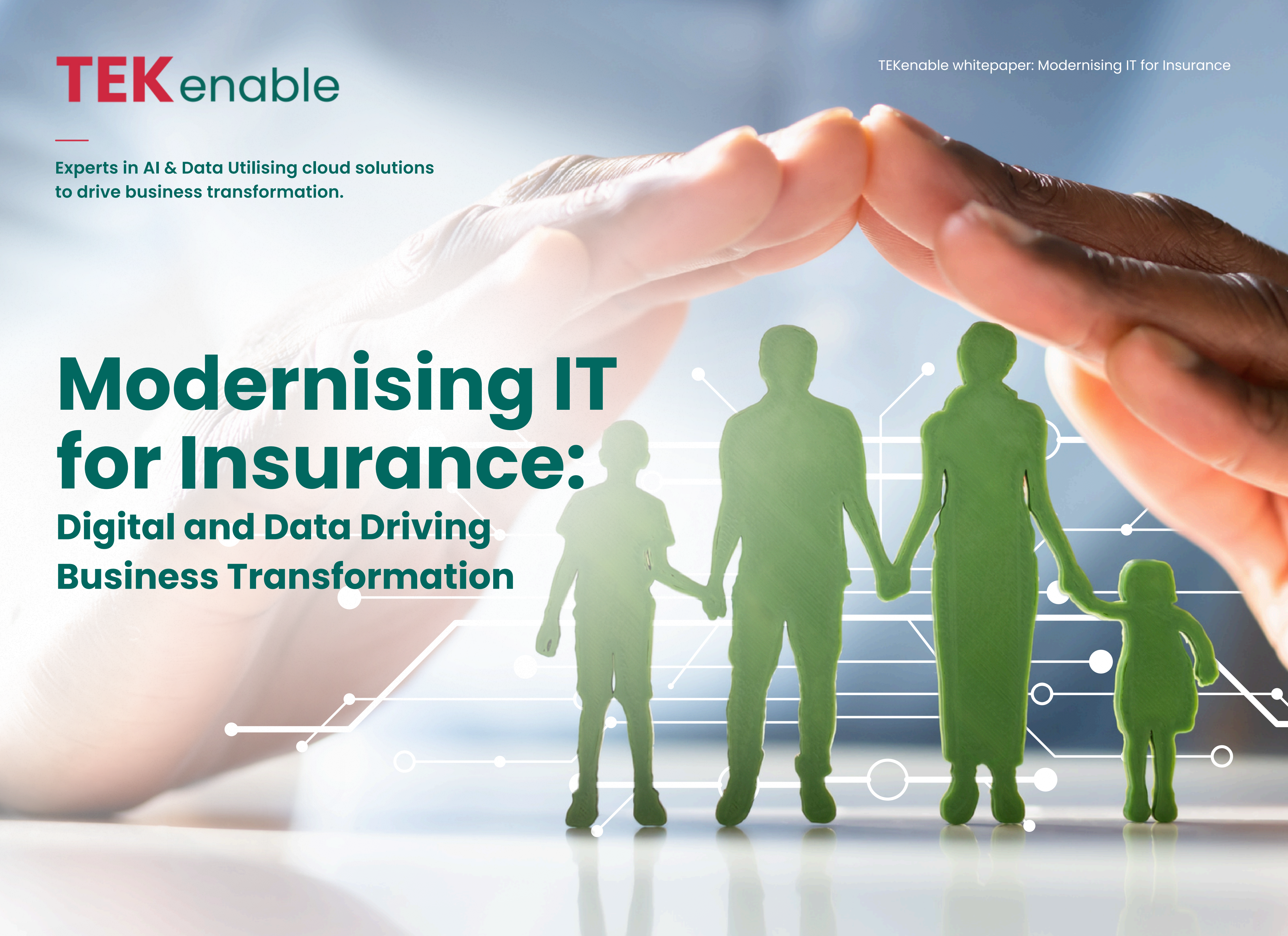
TEKenable

Experts in AI & Data Utilising cloud solutions
to drive business transformation.

Modernising IT for Insurance:

Digital and Data Driving Business Transformation



SUMMARY

The insurance industry is at a crossroads. Evolving customer expectations, increasing regulatory demands, and the need for operational efficiency are pushing insurers to rethink their IT strategies. Legacy systems, with their high costs and limited flexibility, have become barriers to innovation and growth.

This whitepaper explores the challenges facing both the Life & Pension and General Insurance sectors in the UK and Ireland and highlights the transformative potential of modern, cloud-based solutions. By leveraging advanced technologies like big data, video systems, and bespoke development, insurers can enhance customer experiences, streamline operations, and maintain a competitive edge.

Key Takeaways

- The urgent **need for business transformation** in insurance
- **The role of modern, cloud-based solutions** and the integration of new technology in addressing regulatory and operational challenges
- **Tangible benefits**, including reduced costs, increased efficiency, and improved customer satisfaction

83%

of insurers agree that technology is redefining the insurance industry and customer expectations. [1]

THE EVOLVING INSURANCE LANDSCAPE

The insurance industry is faced with the need for rapid transformation, driven by digital innovation and shifting market dynamics.

At the same time, many are grappling with the challenge of relying heavily on legacy technology platforms, such as inflexible mainframes that run core operations, that lack the agility needed to meet ever-changing customer expectations, not to mention the problem of a dwindling pool of skilled professionals who can maintain these legacy platforms. Modernisation today sees insurance companies aim to integrate artificial intelligence (AI) and machine learning (ML) capabilities, enhance real-time decision-making, and improve data processing efficiency.

More than this, though, there is the opportunity to move beyond mere technological modernisation toward thoroughgoing transformation.

The good news is that, as the original data business, insurers not only need not be held back by their IT, they can use it to generate significant efficiencies and better understand, and therefore prepare for, risk.

Insurers in the UK and Ireland face several pressing challenges:

THE NEED FOR BUSINESS TRANSFORMATION:

Customers now expect seamless, personalised, and omnichannel experiences. Insurers must adapt by adopting digital technologies that provide convenience and transparency. [1]

REGULATORY COMPLEXITY:

Compliance with frameworks like Solvency II, GDPR, and the FCA's operational resilience requirements is non-negotiable. Insurers need robust systems to manage and report data accurately. [2]

THE NEED FOR DATA-DRIVEN INSIGHTS:

Leveraging data analytics is essential for optimising underwriting, pricing, and claims processes. Underscoring this, insurers using advanced analytics have seen underwriting profits increase. [3]

FACING DOWN CYBERSECURITY THREATS:

The growing volume of sensitive customer data makes insurers prime targets for cyberattacks. Investing in secure, scalable systems is a top priority. [4]

TECHNOLOGY MODERNISATION AS A COST LEVER:

Modernising technology is recognised as a critical cost transformation lever. Today, 64% of equity analysts believe technology modernisation is essential for reducing costs in the insurance industry, compared to just 12% five to ten years ago. [5]

DRAG AND TECHNICAL DEBT FROM LEGACY IT SYSTEMS:

Outdated systems with monolithic architectures and high maintenance costs are slowing insurers down. These systems are often incapable of integrating with modern tools or scaling to meet future demands. [6]

THE MODERN DIGITAL APPROACH

Despite these concerns, a business transformation that delivers on the technology side of the equation by using cloud-based solutions can provide a comprehensive suite of tools to address these challenges. Tailored to the specific needs of both the **Life & Pension and General Insurance** sectors, this means empowering insurers to modernise operations and deliver superior customer experiences.

64%

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FOR LIFE & PENSION INSURANCE

Policy Management

Streamline policy administration, reduce manual errors, and enhance customer satisfaction with advanced, automated policy management tools. Automated workflows can reduce policy issuance times, freeing staff for high-value tasks and offering a better experience for customers. For example, the process of providing quotations can be accelerated while ensuring accuracy and compliance.

Video Systems

Integrate video technology for personalised customer interactions, fraud prevention, and compliance. Recorded video not only helps drive a personal connection but it also makes insurance concepts, which can be particularly complex in Life and Pensions, easier to understand. Similarly, live video consultations enable agents to build trust and clarity during complex policy discussions, leading to higher customer retention.

FOR GENERAL INSURANCE

Big Data and Analytics:

Harness the power of data to uncover insights into customer behavior, risk patterns, and market trends. Access to data means that predictive analytics can be used to identify fraudulent claims, significantly reducing fraud losses.

Policy Management:

Optimise the entire policy lifecycle, from issuance to renewal, with centralised management systems. The end result should be enhanced operational efficiency reducing administrative costs.

Legacy System Modernisation:

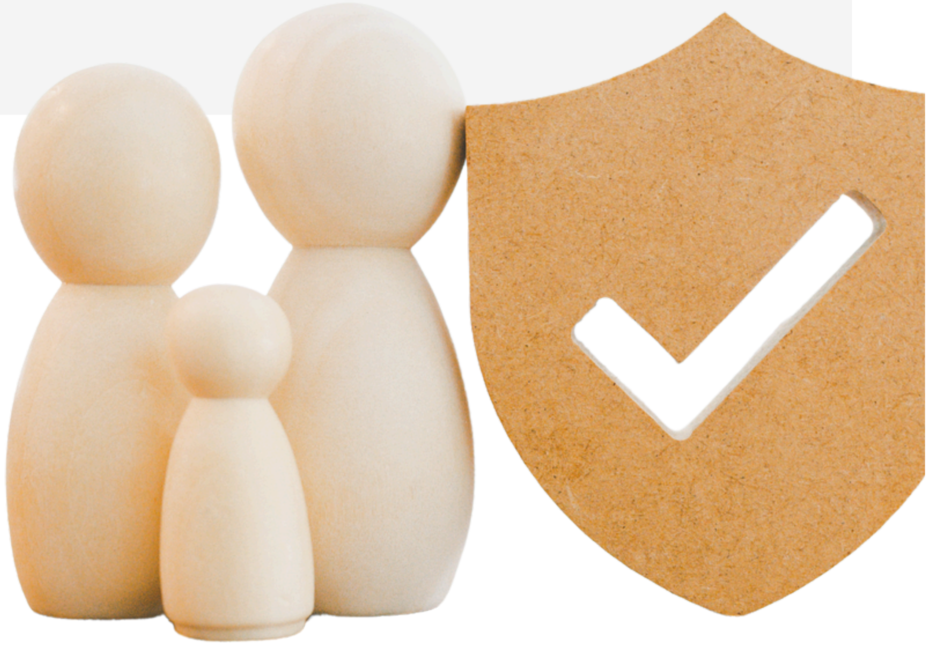
Replace outdated systems with flexible, cloud-native solutions to improve scalability and reliability. Today's modern, cloud-native platforms integrate seamlessly with third-party tools, and therefore have advantages going far beyond reduced downtime.

Data Insights:

Use analytics to refine underwriting and claims processes, not only better meeting policyholder needs but also tailoring the underwriting process.

Bespoke Development:

Where standardised and off-the-shelf solutions are not enough, cloud enables the integration of tailored solutions to meet specific business needs and regulatory requirements. In addition, today's agile development methodologies ensure rapid deployment and alignment with strategic goals.



THE PATH FORWARD

Partnering for business transformation enables insurers to achieve their strategic objectives while navigating the real complexities of that transformation. In an increasingly competitive and fast-paced industry, insurers cannot afford to delay this modernisation journey, but by aligning technology strategies with business goals, insurers can create a resilient, future-proof foundation for sustainable growth and innovation.

The correct approach should emphasise collaboration and customisation: while they have much in common, no two insurance companies face precisely the same challenges. Whether it's modernising legacy systems, optimising policy management, or leveraging data analytics for strategic decision-making, your partner should work closely with your organisation to ensure that every solution aligns with your unique needs and priorities.

ROADMAP FOR A STEP-BY-STEP ENGAGEMENT PROCESS

Comprehensive IT Audit

The first step in the process must involve a thorough evaluation of your current IT landscape and how it relates to operations and business objectives. This includes assessing the strengths and weaknesses of your legacy systems, identifying integration gaps, and understanding compliance risks. This diagnostic phase sets the foundation for a targeted and effective transformation strategy.

Custom Roadmap Development

Based on the audit findings, you should receive a develop a detailed roadmap tailored to your specific goals. This roadmap includes prioritised initiatives, timelines, and key performance indicators (KPIs) to measure success. A collaborative approach is necessary in order to ensure alignment with your business objectives, creating a clear path forward.

Implementation of Tailored Solutions

From cloud migration to bespoke software development, the solutions implemented now must address your unique challenges. Leverages proven methodologies, including agile development practices, to ensure timely and effective deployment of new technologies resulting in solutions designed for scalability, enabling your systems to grow with your business.

Ongoing Support and Optimisation

The transformation journey doesn't end at implementation. Insurers should receive continuous support to refine and further optimise solutions over time, ensuring they remain effective as your business evolves. Proactive monitoring and feedback loops will help you stay ahead of emerging trends and challenges.

By following this structured yet flexible engagement process, you can ensure a smooth transition to modern, efficient systems. This means going far beyond technology, however, seeking to empower your organisation to unlock new levels of operational efficiency, customer satisfaction, and market competitiveness, turning challenges into opportunities and allowing you to navigate the path forward with confidence.

CONCLUSION

The insurance industry is poised for transformation. By embracing digital tools and modernising legacy systems, insurers can unlock new efficiencies, make smarter use of data, better engage with policyholders and prospective policyholders, improve compliance, and deliver unparalleled customer experiences.

The right solutions empower insurers to:

- Harness big data for actionable insights
- Modernise operations with flexible, cloud-based platforms
- Offer customisation based on and tailored to your operations
- Integrate new technologies such as AI and ML and leverage proven engagement techniques such as video
- Stay ahead in an increasingly competitive and regulated market

1. Stratoflow, Digitalization in Insurance: Key Trends and Statistics, 2024. See: https://stratoflow.com/digitalization-in-insurance/
2. See, for example: Financial Conduct Authority (FCA), Operational Resilience Requirements, 2023.
3. See McKinsey, 'How data and analytics are redefining excellence in P&C underwriting': "even the leading insurers can see loss ratios improve three to five points, new business premiums increase 10 to 15 percent, and retention in profitable segments jump 5 to 10 percent, thanks to digitized underwriting". https://www.mckinsey.com/industries/financial-services/our-insights/how-data-and-analytics-are-redefining-excellence-in-p-and-c-underwriting
4. See: https://stratoflow.com/digitalization-in-insurance/
5. See IBM, Cost of a Data Breach Report 2024, https://www.ibm.com/reports/data-breach
6. See: Accenture, Fuel the future of insurance through technology: https://www.accenture.com/za-en/insights/insurance/fuel-future-insurance-technology

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Experts in AI & Data Utilising cloud solutions to drive business transformation.

Take the next step today. Contact us to learn how our solutions can help your organisation lead the future of insurance.

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