Digitizing Insurance from the Inside Out

The Back-end Solution to Winning Millennials

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The Millennials:
An Elusive Insurance Market

Millennials outnumber Baby Boomers. Soon, they'll dominate the insurance market.

What makes them tick?

Consider the life of an average millennial. Let's say you're 29 years old. You were in the first grade when the Internet began to revolutionize commerce. You were a teenager when Apple released the first iPhone. Now you're a working professional, connected 24/7.

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A few taps on your smartphone is all you need to do almost anything from anywhere: catch a ride, shop, pay bills, and much more.

If experiences shape expectations, it's no wonder millennials loathe dealing with insurance companies. Is it really necessary to talk to an insurance agent for half an hour before getting a quote? How about filling out a paper application and waiting days for someone to get back to you?

Millennials are the most likely generation to be actively disengaged from their insurers.[1] For the insurance industry, that's bad news. It reveals an underlying disconnect with millennials—the largest, most educated[2] and influential demographic in the United States.

Digitization Supports Millennial Values

Millennials were born between 1981 and 1996. By 2025, this generation will make up 75 percent of the global workforce.

What do insurers need to know about this generation in order to earn their business? Everything that impacts a millennial's decisions.

Millennials value freedom, choice, and flexibility. As consumers, they expect businesses to provide experiences that support those values. Digital tools help them find products that fit their unique situation, compare offers, and find answers instantly from wherever they happen to be.

For insurance CIOs and IT executives, here are several findings about millennials that should impact your digital strategy:

- More than 85 percent own smartphones.[3]

- They interact more with their smartphones than with people.[4]

- They seek greater control over their finances, especially managing their own transactions.[5]

- They prefer self-service: being able to compare products, purchase and manage accounts without having to talk to someone or go somewhere.

- They prefer digital documents over paper documents.[6]

Insurance Needs Digital Leaders

Winning over millennials requires insurance leaders to think differently.

Executives might grumble that their industry has too much to worry about already, like regulations and low interest rates. But from the millennial perspective, a company with shoddy customer experience is one to avoid.

Millennials expect instant results as they tap through their smartphones. If they can deposit a check or book a flight in seconds, they expect insurers to provide the same: instant quote, policy issuance, and claims submission all through a mobile app. Insurers need to evolve to deliver on millennial expectations, just like most industries have already done. That means using digital technology to create simple, easy user interfaces (UIs) and processes.
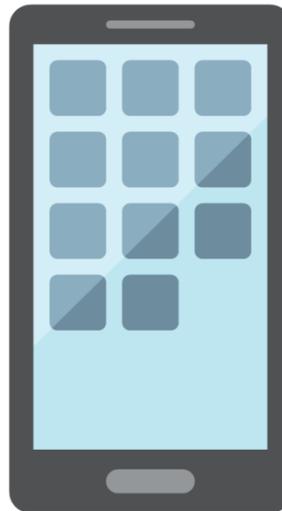
UI Is Only Skin-deep

Customer-facing interfaces tend to attract attention because they exemplify innovation so visibly.

However, outside appearance does not necessarily equate digital insurance. The user interface is only part of the total customer experience. Without a powerful back-end system, snazzy mobile apps fall flat.

Let's say an insurance mobile app allows people to submit a policy application. However, the company is still using a legacy system without straight-through processing or advanced data capture. On the back end, employees must manually input the same information before passing the application to underwriting. In the end, the app leaves the customer hanging: "You will be notified of the status within 24 to 48 hours." In this scenario, a millennial would likely search for another insurer.

Legacy Is the Root of the Problem

Time to end the pain

The fatal flaw of legacy systems is their inability to adapt and thus, inability to support digital insurance. Too many insurance companies continue using antiquated systems created 30, even 40 years ago.

For many years, IT staffers have jerry-rigged solutions around their legacy systems, which has further complicated IT environments. They've also gone deeper in technology debt by adding maintenance costs of multiple systems. Insurance CIOs have come to accept that they can no longer extend the lives of their legacy systems.
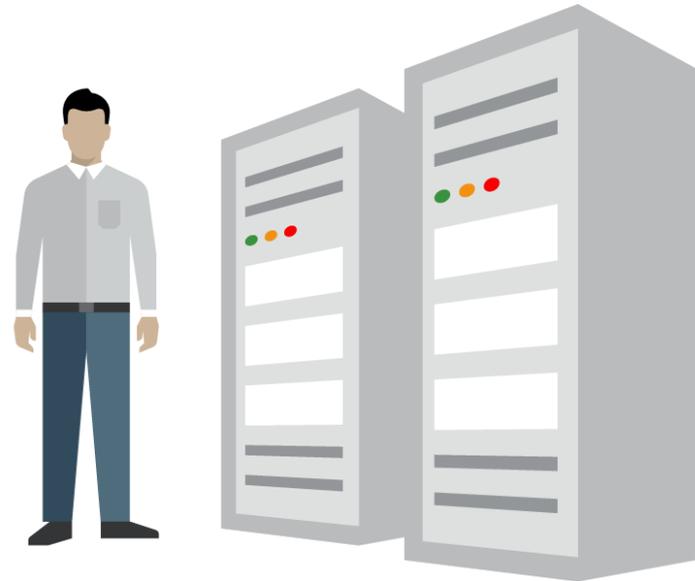
Innovation Beyond the App

How can an insurance company win over millennials and become this generation's choice provider?

The answer starts with flexibility. Digital tools require two key components: (1) a simple, easy-to-use UI and (2) a flexible back end. Both elements can provide instant approvals and exceptional customer experience.

Impressive UI layers and mobile apps don't offer much value unless the processes themselves are digital. Real transformation begins deep within the process layer and data core processing systems.

"Many carriers are focused on the need for executing on a Digital Strategy, which may be important, but is not synonymous with innovation. All business is going digital . . . Innovation is frequently about breaking things and a willingness to walk away from traditional approaches to products, distribution models, and operations." —Novarica[7]

solution

Oracle Insurance Policy Administration

A highly flexible, adaptive system to support the entire insurance lifecycle

Oracle Insurance Policy Administration enables insurers to rapidly configure, manage, and bring insurance products to market through rules-driven policy administration.

Boost Business Agility

- Accelerate product development and time to market
- Leverage a single platform to support multiple lines of business
- Eliminate maintenance costs of multiple legacy systems
- Embed regulatory compliance
- Rapidly scale
- Reduce IT staffing costs
- Produce instant results for consumers through straight-through processing

Oracle's solution manages sales, underwriting, contract changes, claims, policy processing, and every other step of the insurance process.

Authorized users define the rules, create and modify—all without changing the base code.

Configuring business rules no longer needs the technical expertise of a programmer. Browser-based functionality makes the system intuitive and user-friendly.

One Platform for All

Policy administration on a single platform

Why maintain separate IT systems for different lines of business when a single platform can do it all? Oracle Insurance Policy Administration manages every step of life, annuity, and group insurance.

Consolidating systems translates into simplicity, efficiency, and major cost savings. There's no reason insurers should pay maintenance costs on multiple legacy systems. CIOs can also reduce IT staffing costs because Oracle's solution is easy for business users to navigate.

The leading insurance companies worldwide use Oracle Insurance Policy Administration across all lines of business, including those with complex requirements and product variations.

As a single platform, Oracle's solution enables more productive collaboration throughout the organization. Actuaries and business analysts in product development, for example, can work together to configure new, innovative products for millennials. Customer service representatives also benefit by having a complete view into the member's existing insurance coverage. Being able to understand their customers better helps service agents provide more meaningful assistance.

Automate and Digitize

Digitize processes and delight millennials

Paper-intensive, manual processes managed to get the job done in the past, but now, insurers are long overdue for change. Errors and delays are unacceptable risks. Automating existing processes isn't the answer—*reinventing* the entire business process is. Reinventing means not only eliminating the paper and manual steps, but revamping the process itself to complete tasks more quickly and accurately. Digital processes are elegantly minimalist, pared down to the essential steps, approvals, and documents.

The results? Insurers are happy saving time and money, and millennials are happy getting instant results. That's the magic of automated, straight-through processing from the back end.

A well-designed digitization program can deliver up to 65 percent in cost reduction, reduce turnaround time on key insurance processes by 90 percent, and improve conversion rates by more than 20 percent.[8]

Configure, Don't Code

1/3

On average, insurers that use Oracle Insurance Policy Administration cut their product development timeframe by one-third. Product development is now possible in weeks—not months.

Set up and modify complex rules without tech expertise

Every insurance company has its own way of doing things and reasons behind them. CIOs should be able to make a decision and have their policy administration system execute—no workarounds, no extra hoops to jump through.

Oracle Insurance Policy Administration empowers insurance CIOs by letting them set up business rules precisely the way they want them. With Oracle's solution, customization doesn't require time-consuming, expensive coding changes. IT and business users can use intuitively designed configuration tools to set up workflows and rules. All this happens within a predefined environment separate from the source code. Insurers get all the advantages of a flexible system that's also easy to upgrade and scale.
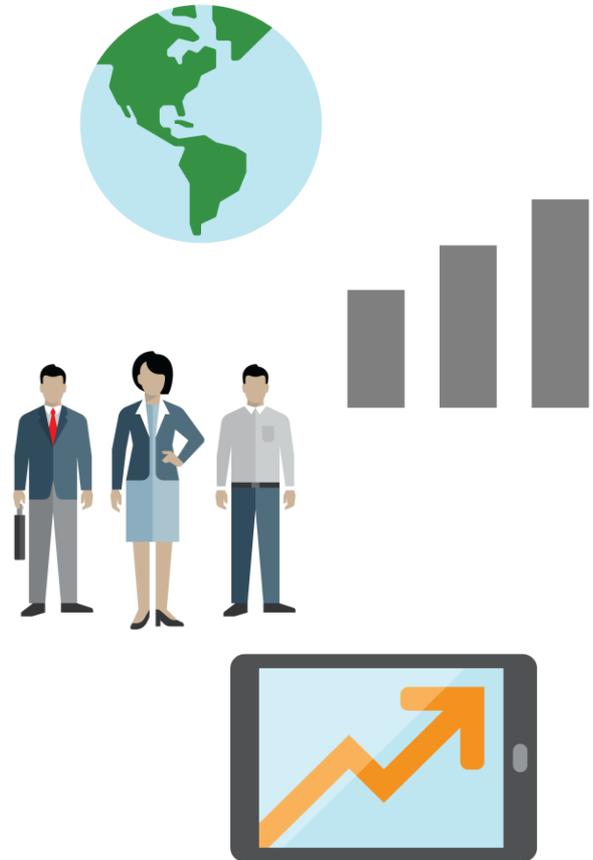
Designed to Scale

Benchmark tests prove high performance in extreme situations

100 million
policies

Oracle Insurance Policy Administration is designed to exceed the demands of even the largest insurance companies. In Oracle's performance and scalability benchmarking test, Oracle Insurance Policy Administration proved it could handle 100 million policies.

Data Analytics for Smarter Strategies

Spot trends, ask questions, and craft strategies

Making sense of an insurance company's data shouldn't be tough. Powerful, yet simple-to-use analytics give CIOs smart new ways to uncover previously hidden patterns and unknown trends. For example, at what point in the sales process are millennials more likely to drop off? What percentage of instant quotes lead to policy issuance? What's the typical amount of time between a claims submission and a claims payment?

Oracle Insurance Policy Administration enables insurers to mine data to pinpoint what areas need improvement. Supporting data helps IT executives share stories with the rest of the organization about what they found and how they got there. Armed with analytical insights into a company's operations, insurance leaders can make faster, more informed business decisions.

Are you ready to
digitize your critical processes?

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thank you

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Endnotes

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