Supporting adaptation in turbulent times

Xceedance is helping re/insurers respond to the turbulence impacting the industry with its Adaptive Target Operating Models. Digital disruption, significant catastrophic losses, increasingly stringent regulatory guidelines and margin pressures are pushing re/insurers to re-examine their operational processes and accelerate the adoption of intelligent technologies.

That is the opinion of global consultancy and insurance managed services firm, Xceedance, which recently introduced its new Adaptive Target Operating Models to the industry.

As Sachin Kulkarni, Xceedance senior vice president of consulting services, explained to Reactions, Adaptive Target Operating Models support operational transformation and process optimisation, in large part through the application of rigorous, dynamic benchmarking and individualised operational analytics. This novel approach to target operating models, Kulkarni explained, will help re/insurers better address the onslaught of industry changes.

Strategy blueprint

"Anticipating rapid change and utilising our adaptive models and domain expertise allow re/insurance companies to take the initiative in managing both evolving market conditions and regulatory requirements," said Kulkarni.

Adaptive Target Operating Models provide highly customisable blueprints for clearly defining "desired states", and help re/insurers positively react and respond to industry fluctuations.

"We assist companies to smoothly and effectively expand day-to-day operations and enrich business performance," stated Kulkarni.

Personalised approach

Other challenges facing the global insurance industry include new market entrants, mergers and acquisitions, as well as technological shifts that can impact competitive differentiation. Those factors and more are also considered by Xceedance, the company explained.

In fact, a core strategy of the personalised models is to identify unique obstacles or distinctive opportunities,

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>
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then tackle them appropriately and meticulously.

Even though they operate in the same industry segment, many companies will not be suffering from similar issues. The Xceedance method of operational measurement and review provides visibility for re/insurers to determine the scope and scale of necessary business and process modifications. And Adaptive Target Operating Models can offer strategic guidance to better focus on the right levels and types of alterations.

Execution

An adaptive, nuanced operational benchmarking and evaluation framework allows re/insurers and Xceedance to proficiently assess and identify key areas of improvement and realignment.

"Analytically structured, peer-driven benchmarks are essential for re/insurers looking to enhance operations," noted Kulkarni, before adding: "Xceedance can help by holistically looking at the value chain of individual re/insurers and drilling down on areas such as

underwriting, distribution, policy service, and claims – to establish processes for operational advancement."

At the same time, adaptive models allow for deep examination of specific re/insurer operational areas to uncover hidden issues. For example, if loss ratios are low, there could be a multitude of considerations – such as disjointed risk assessment, process inefficiencies, or pricing fundamentals – masked below the surface.

Xceedance also leverages the models and an industry-expert consulting practice to deliver tailored, strategic operations support across the insurance business lifecycle. Such an approach can help re/insurers boost intelligent technology adoption, control operating expenditures, and drive profitability.

Change management

In providing Adaptive Target Operating Models, Kulkarni believes strong communication is a pre-requisite for constructively adapting to change.

"When a new operational model is being implemented, all facets and benefits of the impending change must be communicated in a streamlined and disciplined manner. Xceedance is experienced in, and sensitive to, the impacts of insurance change management, which need to be acknowledged at every level of re/insurer organisations. Managing the expectations of operational transformation greatly helps to ensure seamless and productive execution," according to Kulkarni.

Defined outcomes

Embracing a scientific methodology is essential to making a successful transition from the current as-is state to a desired future state of insurance operations.

"When the to-be state is well defined and substantiated by analogous industry standards and performance metrics, re/insurers can expect faster, measurable results and more concentrated ROI. The Xceedance adaptive models create significant business value exactly because the methodology is actively validated by peer-level benchmarks, then carefully calibrated for each re/insurer's desired state of insurance operations," said Kulkarni. ●