

VIEWPOINT

Insurance business continuity is the key to survival in uncertain times

New digital workflows and service delivery systems must have the resilience to deal with threats and to accommodate the stresses and strains of transactional activity under lockdown



Travis MacMillian
Xceedance

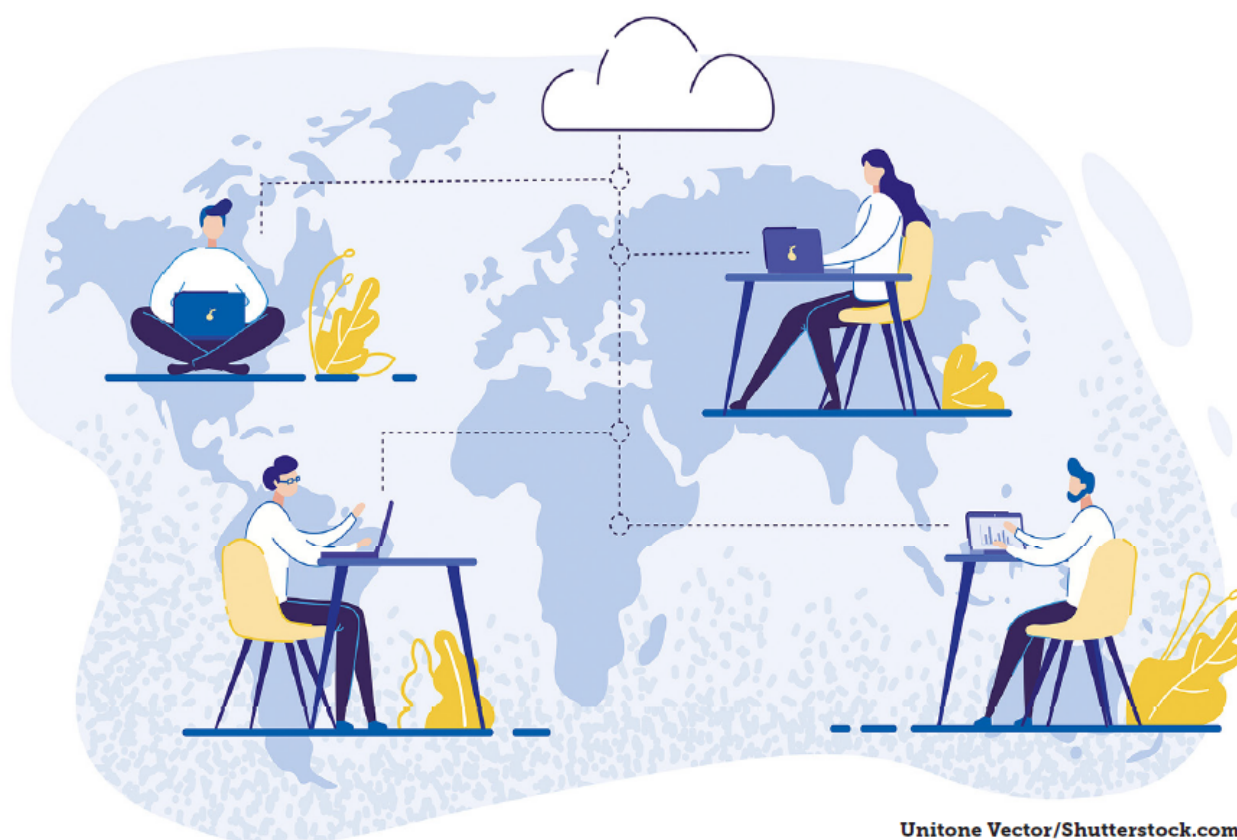
Maintaining business continuity in the middle of the worldwide Covid-19 pandemic has many facets. Some involve internal challenges related to organising and enabling local, regional and international workforces in the face of a variety of societal restrictions in the interest of public safety. Other challenges are external-facing, in the context of avoiding service interruptions or quality when the foundational logistics of client deliverables are dislocated.

However, if companies have been able to anticipate and course-correct to be operational despite the restrictions of social distancing, there are also opportunities to be agile and innovative in meeting the needs of internal and external stakeholders during these challenging times.

Insurance organisations around the world are also moving quickly to do things very differently. For example, in mid-March, just as the world was essentially “sheltering in place”, some insurers were in the process of converting their policy systems to new platforms to launch the discovery process.

In normal circumstances, a solution provider’s support team would bring in the resources to kick off the work. However, by using remote workflows, video conferencing and virtual whiteboarding facilities, insurers were able to co-ordinate work with support teams based in several global regions and such projects were successfully implemented.

This is just one example of insurance businesses adapting to enable continuity during this extraordinary crisis. To deal with the new reality, companies are beginning to rethink the fundamental underpinnings of how they do business and provide services, both now in the time of pandemic



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restrictions, and potentially in the future when normality returns. They are re-examining distanced work and engagement methods to determine efficiency and cost-effectiveness.

Flexibility

It is worth asking: do companies appreciate the flexibility of remote connectivity for support, project management or service and technology delivery from their partners? At first glance, some of the different ways of working that have been thrust upon the global re/insurance ecosystems by coronavirus could become proficient and viable alternatives for the industry’s vast network of stakeholders.

In a very palpable sense, the world’s pandemic-driven reality has altered conventional approaches and procedures for daily business operations and workforce activities. Insurance organisations now appreciate remote working arrangements as a viable and perhaps even equally efficient alternative to traditional office settings.

Of course, today many people are missing the social aspects of

working and collaborating in person; and successfully adapting to remote working will very much depend on their mindset and company cultures. However, as the lockdown period is extended, people will become more accustomed to the rhythm and requisites of adeptly working in remote surroundings.

Practically overnight, re/insurers have had to adjust or even outright change the way they operate and many have managed to recalibrate while keeping the business on track. In most cases, today’s fluid conditions will not lead to a full transformation in the way they do business, but every company in the insurance industry will have gained some fresh perspectives – both harsh and positive.

Threats

One positive trend is likely to be an urgency across the industry to accelerate digital transformation and less reticence for swift adoption of enabling and intelligent technologies to boost operational flexibility. Nevertheless, significant and practical challenges persist. As re/insurers embrace

digital work environments, what are some of the riskiest security and privacy implications? Could they face increased cyber threats? Could strategic data become compromised in cloud environments that are accessible from virtual networks and home-based WiFi setups?

Will the market-facing and policyholder-focused elements of the company suffer if digital and remote connectivity compromises service quality and reliability? The business and technology teams of every re/insurer will need to deeply consider cost-benefit analyses on a variety of operational levels to ensure digital workflows can hold up to a range of stresses and threats of online transactions and service delivery.

The pandemic-driven restrictions have illustrated that some aspects of insurance activities are able to adapt more easily than others. For example, third-party administrators and claims adjusters who are used to working in the field with appropriate tools have had fewer difficulties working in today’s environment. It is becoming apparent that at least

three elements can bolster business continuity and transition to a remote work environment for large segments of a company’s workforce in a time of crisis.

First, well-rehearsed contingency plans must be in place to initiate off-premises work procedures quickly and efficiently. Second, suitable levels of connectivity and technology tools need to be stocked, tested, and available, especially to avoid supply chain issues. Finally, re/insurers must strengthen and modernise technical infrastructures, because standard IT services will likely not be instantaneously available company-wide.

Additionally, this global emergency has highlighted the fact that talented and dedicated insurance professionals can be productive and effective, regardless of where they are located. In some ways, the pandemic crisis is a reminder that strong insurance talent – for example, actuaries or underwriters – could be located anywhere in the world and still perform a vital function for their companies.

As long as people have unfettered communications and access to the data and tools they need, they can fulfill their roles. With the heightened awareness and acceptance of remote working conditions, the diversity and flexibility in physical work locations could have profound implications for the industry, and in insurance hubs such as London, New York/Hartford (“tri-state” area), Hamilton (Bermuda) and several other global locations.

The way re/insurers and the business world, in general, worked just months ago now seems like a different experience altogether. Fortunately, much of the industry is functioning effectively, if not holistically. There will be many important lessons to absorb in the months ahead to help insurance organisations become more agile and resilient in the face of unforeseen circumstances. ■

Travis MacMillian is chief business officer at Xceedance