

## Low-Code/No-Code Technology: A Natural Progression for Legacy Insurance Automation

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To thrive in a challenging, dynamic business landscape while driving consistent business outcomes, insurers need to look beyond stop-gap, makeshift technology solutions. They need proactive, future-ready approaches to digitize the core of enterprise operations. Low-code/no-code development environments can help to move them forward.

Fast-paced technological innovation often separates the leaders from the laggards. However, many insurers must contend with legacy automation environments that come with significant technical liabilities and limited flexibility. Those hard-coded, monolithic systems and applications, while generally accurate in their functionality, can be challenging to integrate with next-generation technologies such as cloud, Internet of Things and telematics, resulting in extensive redevelopment effort and cost. Moreover, building applications from scratch can take several months.

Such protracted development processes do not lend themselves well to meeting immediate business requirements or taking advantage of the latest technological developments. Many insurance CIOs are now turning to low-code/no-code platforms to experience flexibility in application development while increasing agility, curating tailored customer experiences and achieving faster time to production for new applications.

### Unleashing the Drag-and-Drop Future

Low-code platforms provide IT teams with significant development benefits, allowing them to focus on actual business needs rather than on the mechanics of software development. As defined by the technology research company Forrester, low-code platforms provide “declarative development tools and techniques” to build a solution, and they avoid taking the traditional coding approach, sometimes spanning several hundred lines of code. This category of agile technology enables developers of varying experience levels to create enterprise applications for web and mobile circumstances, using drag-and-drop components and model-driven logic via a graphical user interface.

On the other hand, true to the moniker, no-code platforms require zero coding, and the ownership for developing new solutions rests with end-users who may not have any programming expertise. Such platforms allow business users to define and maintain applications and insurance products, including coverages, deductions, rules and validations, rating algorithms, forms and schedules, and reference data. A no-code application approach can reduce dependence on IT resources, minimize tech-related operating costs, prevent delays in insurance product deployments and, most importantly, empower business users.

### **Advancing the Legacy Transformation Agenda**

While insurers of all sizes are participating in the InsurTech revolution at various levels, a startling number of their core applications are based on archaic technologies. Peripheral applications and marketing and sales platforms have undergone a massive overhaul to make them more policyholder- and broker-centric. However, the transformation of underwriting, claims administration and billing platforms at many large insurers is still unfolding. The reasons are twofold: ongoing reliance on heavily customized, hard-coded legacy applications and inherent business continuity risk associated with large-scale transformation projects.

In the past, many insurance organizations concurred that commercial, off-the-shelf products did not meet their requirements and preferred to build and deploy custom applications. The tailored application approach addressed insurer business criteria prior to the full-fledged digital era and ecosystems of today. However, over time, those applications led to the creation of operational and data silos, which often increased the need for manual processes and made them expensive to maintain. Moreover, siloed data prevented insurers from gaining actionable insights to identify opportunities for growth and decision-making visibility to create or manage organizational efficiencies. When significant resources were diverted toward supporting legacy applications, insurers have predictably been slower to adopt new technologies.

Unlike hard-coded software applications—which limit insurers’ agility to compete, grow and drive profits—low-code/no-code platforms empower insurers to design a full range of insurance enterprise applications. They support myriad use cases, ranging from upgrading legacy applications to IoT-enabled smart applications. With low-code/no-code platforms, insurers can accelerate digital transformation while minimizing the cost of innovation, increasing IT productivity, and enabling effective IT risk management and governance.

During a natural disaster or a pandemic, those agile low-code/no-code technologies can play a vital role in helping insurers update their prevailing underwriting, claims and billing processes quickly and cost-effectively—by putting application change-management in the hands of business professionals, with little or no IT intervention. For instance, in response to certain catastrophic weather events, those user-responsive platforms can allow insurers to quickly extend coverages in standard policies, in line with directives from insurance regulatory authorities. In another example, as insurance organizations prepare for a “new normal” post-pandemic world with social distancing norms in place, low-code platforms can enable CIOs to quickly roll out self-service portals for clients, allowing low-touch or no-touch claim adjudication.

However, like all new and pioneering technologies, low-code/no-code initiatives can have limitations. There are concerns about testing, application quality and usability. Much like InsurTech initiatives, as insurers and technology providers develop skills and proficiencies in low-code/no-code platforms, they could set up sandboxes to build proof-of-concept applications while testing and experiencing the benefits of such drag-and-drop application development techniques.

In deploying low-code/no-code advancements, failing fast and emphasizing experiential learning can be a smart and sensible path for insurance organizations to achieve digital maturity at a faster pace.

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