XCEEDANCE

Low-Code/No-Code Technology

Using modern, responsive automation to increase insurer productivity

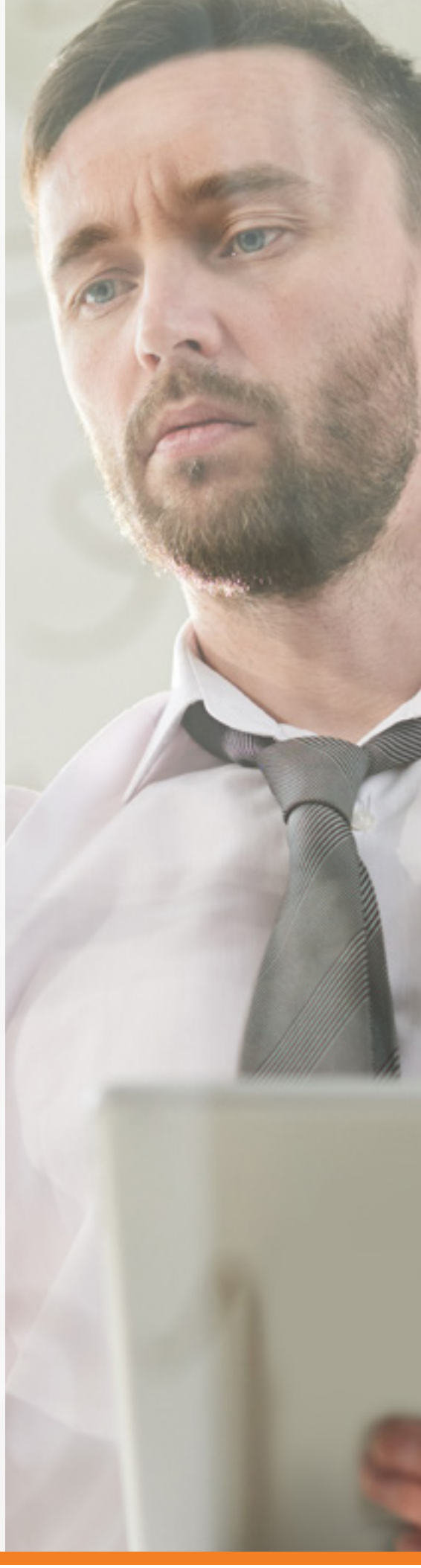
Automation is delivering increased productivity for insurers via low-code/no-code platforms.

Over decades, developing technology systems has been expensive and, in many cases, the cost of technology has outweighed any go-to-market business case; and hence the business case has not seen the light of day.

Today, low-code/no-code technology bridges the gap between business case and reality. So, insurance organisations can go to market with business outcomes more quickly when supported by low-code/no-code technology rather than expensive technology builds.

Low-code/no-code technology is a business enabler for many reasons. It can deliver rapid results for operational excellence; accelerate returns from new business services; enable automation of manual processes; and streamline workflows.

The art of the possible is now at the fingertips of business leaders within insurers, underwriting agencies, brokers, and reinsurers.



What is a Low-Code/ No-Code Platform?

Low-code/no-code technology enables developers and business owners of varying experience levels to create enterprise applications, using a modern technology stack, drag-and-drop components, and model-driven logic – all via a graphical user interface, available within their browser.

Low-code/no-code technology enables insurance organisations to reduce "technical debt" from the outset. It means insurance organisations, in collaboration with their IT teams, can create solutions to meet immediate business challenges without adding undue pressure on IT to fulfill their needs.

According to insurance research, advisory and consultancy firm **Novarica**[1]: "Low-code/no-code development platforms support the development of business software without the need for traditional computer programming. This can allow non-developers to participate in the development process, increasing collaboration between the business and IT and reducing time to market and cost."

Technology research company **Forrester**[2] describes low-code/no-code platforms as providing "declarative development tools and techniques" to build solutions and avoid the traditional coding approach, sometimes spanning several thousand lines of code.

In the past, some insurance leaders created their own automation and platforms to meet challenges within their areas of operations. However, those solutions were often poorly conceived, not integrated, difficult to modify, and inadequately documented.

Eventually, and often after authors or developers have left the company, the issue gets handed over to IT, because the system is mission-critical and must be supported.

Insurance company IT departments, typically faced with competing project priorities, limited discretionary budgets and constrained spending authority for business initiatives and innovative solutions, have therefore restricted the flow of solution development for the business.

By leveraging low-code/no-code platforms, insurers can accelerate system modernisation to create digital applications as part of the company's overall IT ecosystem. With support from IT risk management and governance, a business can get what it needs quickly, and the corporate IT function can be more productive in the areas of corporate applications and systems.

True to the moniker, low-code/no-code platforms require zero or minimal coding, and ownership for developing new solutions rests with end-users who may have no programming expertise. However, endorsed and overseen by IT, this is the best collaborative relationship for the enterprise. The solution can be created and managed by the business, ratified by IT, and deliver rapid outcomes to meet operational, regulatory and other pressing requirements.

Such platforms offer business users endless possibilities to define and maintain applications and insurance products, including coverage, rules and validations, rating algorithms, forms and schedules, application program interface (API) connectivity and reference data. Some aspects of integration will require IT involvement, which can be managed via API connectivity.

A low-code/no-code application approach can empower users. They are no longer dependent on the IT priority queue to complete minor enhancements.

References:

1. Novarica. (2020, June). Low-Code/No-Code for Insurers: Overview and Prominent Providers: https://novarica.com/low-code-no-code-for-insurers-overview-and-prominent-providers/
2. Torres, R. (2019, October 9). Low code 101 and the rise of drag-and-drop programming . Retrieved from CIO Dive: https://www.ciodive.com/news/low-code-101-and-the-rise-of-drag-and-drop-programming/564587/

Why Now?

The Australian Securities and Investments Commission's (ASIC) Regulatory Guide 271 Internal Dispute Resolution (IDR) is looming for Australian-based insurance organisations. RG 271[3] comes into effect on 5 October 2021, so insurers have limited time to implement solutions to ensure they meet the requirements.

RG 271 is coupled with a raft of other up-coming regulatory requirements, such as product design and distribution obligations, removing the claims handling exemption from the Corporations Act's definition of a financial service, and enforceable code of conduct provisions. All these put intense pressure on insurance organisations to focus on specific data capture and good data analytics.

This specific clause from RG 271 (and there are many more examples) indicates the need for appropriate solutions:

RG 271.17 Many firms have addressed the foundational aspects of their IDR process. However, we consider more progress can be made in key areas, including:

- achieving organisation-wide understanding of the definition of 'complaint' and the types of matters that must be dealt with in a firm's IDR process;
- increasing the capture, tracking, analysis and reporting of complaint data;
- improving timeliness and efficiency;
- enhancing the quality of written communications and IDR responses;
- strengthening complaint management skills;
- fostering organisation-wide accountability for complaint management; and
- leveraging the power of technology and data analytics to improve both the IDR process and the products and services offered by financial firms.

References (continued):

3. Here's the link to access this regulatory guide: https://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-271-internal-dispute-resolution/

Implementing RG 271 can be achieved via a low-code/no-code solution.

Some organisations are leveraging business process mapping (BPM) tools to achieve regulatory compliance. BPM tools have been around for a long time and have matured over the last two decades, however generally they are still technically complex and require some level of coding and infrastructure.

Low-code/no-code platforms add a dimension of self-development, enabling a business to control and deliver what it needs. They focus on actual business needs rather than the mechanics of software development.

With cloud adoption now a standard environment for organisations, availability of low-code/no-code solutions as Software-as-a-Service platforms makes them an even more lucrative proposition.

Existing systems of record are, and will continue to be, the foundation of every business.

Creating systems of record has changed little in the past 40 years. Starting with second and third generation languages and continuing to fourth generation languages, developers thought they had hit the jackpot with business process technology that generated code. This almost worked but was not the final solution to business challenges in getting technology up and running rapidly, based on defined business requirements.

Insurance industry systems of record are still built on third generation technology. However, the industry is now moving in a direction that's not about generations and code but about a generation of no-code. Low-code/no-code technology is created by developers and written in a combination of third, fourth and fifth generation languages.

This creates a new environment for the business and relieves IT departments of having to be involved in many of the $50,000 to $300,000 projects that take IT resources and time when they can be performed by the business — if only the business has the tools to do so without creating a minefield for IT in five to 10 years' time. Those conditions are here today.

Why Low-Code/ No-Code Works

Since the regulatory wake-up call in 2000, when a $5 billion Australian insurer was liquidated, and continuing with the 2019 Hayne royal commission into the financial services industry, rules, regulations, and the need for transparency are driving a requirement to provide appropriate data and reporting to remain in business.

In looking to streamline operations, maintain better data, achieve superior customer care, increase premiums, and achieve a level of profitability, insurance organisations have a high bar to hurdle to remain compliant. They require responsive technology solutions that take no longer than two-three months to implement.

Those solutions are also required immediately to meet the demands of the regulator and service a community that still sees insurance as a grudge purchase.

To thrive in this challenging, dynamic business landscape while driving consistent business outcomes, insurance organisations need to look beyond stop-gap, makeshift technology solutions that, in the long term, become legacy and require more business-as-usual funding to keep them alive.

Insurers, underwriting agencies, brokers, and reinsurers need proactive, future-ready approaches to digitise the core of enterprise operations. Such solutions require a platform that is evergreen, easily modifiable, and unencumbered by legacy technology that will soon, if not already, be considered obsolete.

Such protracted development processes do not lend themselves well to meeting immediate business requirements or to leveraging the latest technological developments for operational productivity.

Today, application development via low-code/no-code technologies can be put directly in the hands of the business, which provides responsive tools to address insurance challenges that need rapidly deployable automation solutions.

Insurers may have to collect new or additional data, report to the regulator during pandemics or catastrophes, or develop any number of data and customer-related communications. For all such activities and priorities, low-code/no-code platforms are effective facilitators, especially in conjunction with systems of record.

Many insurance businesses, with the full support of chief information officers, are now turning to low-code/no-code platforms to experience flexibility in application development while increasing agility, creating tailored customer experiences, and achieving faster time to production for new applications.

No Silver Bullet

Like all new and pioneering technologies, low-code/no-code initiatives can have limitations.

There will always be a place for insurance IT departments where business requirements are complex and need to be articulated clearly. Bulletproof business cases must be created; development and project methodologies (agile, waterfall or both) must be observed and operated with solid automated and regression test environments to achieve the strategic and expected outcomes of the insurance enterprise.

Low-code/no-code technology can deliver cheaper, better, faster for specific business needs, but organisations must decide which applications fit best with that delivery mechanism.

Technology has finally caught up with the requirements of corporate Australia with a fraction of the effort and cost to meet business needs. The low-code/no-code development environment, in which technology services itself, is a welcome addition to meet the core operational objectives of insurance organisations.

About the Author

Stephen Browne

VP and Country Manager - Australia

With an international background in business and technology, Stephen Browne has delivered insurance solutions to the Australian and New Zealand markets for more than 30 years. His focus in identifying core solutions for organisations and assessing appropriate delivery models has ensured the most s trategic outcomes for his clients.

Creating successful teams and building businesses by leveraging technology solutions, Stephen has managed large multi-country implementations. He has secured significant new business across regions in customer-facing solutions and systems of record, and established knowledgeable teams to ensure cost-effective solution delivery.

Before joining Xceedance, Stephen was director for insurance at CSC Australia. He previously held senior roles with Lumley Technology, SSP in Australia, and Computer Power Group in both Australia and the United States. He started his career implementing technology solutions. Stephen's consulting engagements to assess business requirements and packages for organisations stem from his experience in delivering technology solutions.

XCEEDANCE