Digital Modernizations: Insurer CIO Perspectives

A Novarica Research Partners Program™ Report

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Executive Summary

Many insurers face the growing challenge of providing customers with a comprehensive digital experience. Large insurers often lead the way. In response to COVID-19, insurer CIOs have focused more than ever on efforts to modernize core systems; improve the agility of their organizations; and deliver greater digital experiences for employees, agents, and policyholders.

Transforming organizational culture, securing and maintaining talent, and juggling competing priorities are some of the key challenges CIOs face in customer experience modernization efforts. Aspirations for cloud adoption remain high, but many CIOs are searching for solutions that offer compelling business cases and returns on investment.

Insurers remain committed to 2020 goals and objectives while anticipating more disruption ahead. They understand the urgency of improving digital capabilities and accelerating strategies for enhancing customer experiences to maintain market share and compete with alternative distribution channels and large national carriers.

This report presents and discusses the findings of interviews with ten carriers in the property/casualty space.

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Underwriting sponsors have input on question design and general characteristics of target participants only.

Novarica conducts the interviews and analyzes the results independently. Underwriting sponsors do not have draft approval or other ability to influence content of the final report.

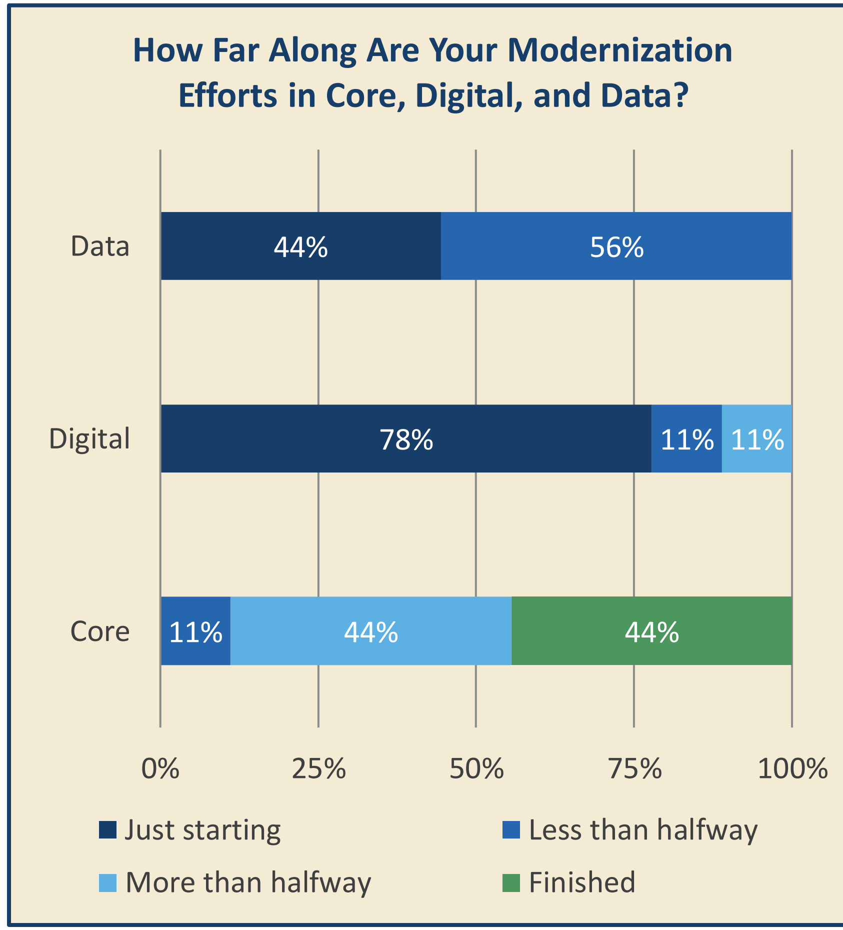
Modernization Efforts of P/C Insurance Companies

Digital transformation efforts are just starting to gain momentum and traction, especially with regional insurers, as core system modernization initiatives are delivered.

Modernization journeys are ongoing. Many insurers have embarked on modernization initiatives over the last two or three years and remain committed to delivering on these objectives before pursuing additional digital and data strategies.

Cloud is desired, not mandatory. Many CIOs would like to move more workload to the cloud, but it is challenging to quantify ROI and justify these transitions.

Regional insurers are lagging. Midsize insurers know their modernization efforts are lagging. However, CIOs are hopeful they can accelerate the delivery of digital capabilities after achieving core modernization objectives.



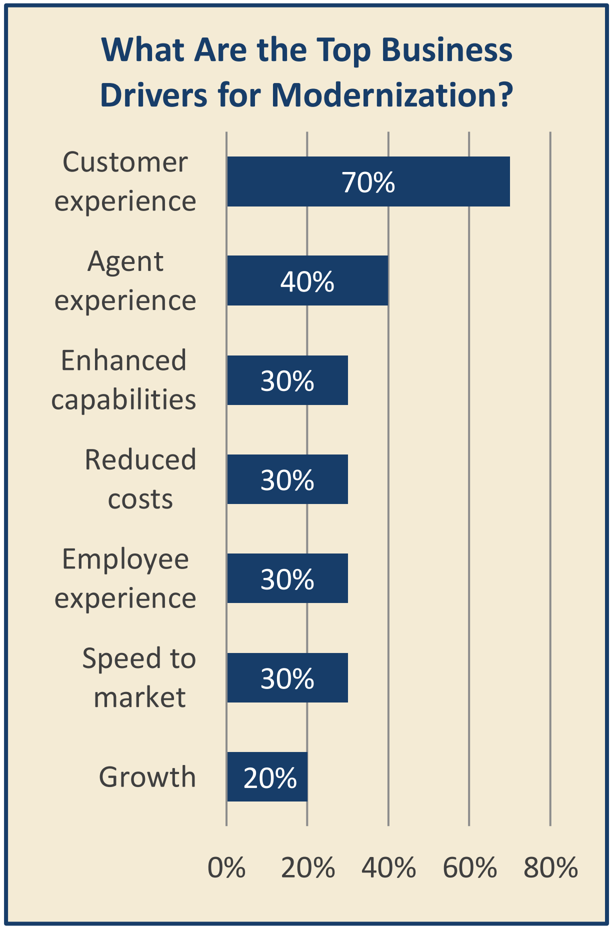
Business Drivers for Digital Modernization

The business drivers for delivering digital capabilities are centered around the customer experience and utilizing data and analytics to offer competitively priced products.

Customer, agent, and employee experience. All insurers report customer experience as a leading driver for investing in mature digital capabilities. The definition of "customer" is primarily focused on policyholders, but insurers also recognize the important role that their employees and agents play in delivering the comprehensive customer experience. An outside-in perspective is required.

Reducing costs and remaining competitive. Insurers are concerned that leading national brands will gain market share with more sophisticated pricing, personalized products, and the use of alternative distribution channels. Improving speed to market capabilities helps improve competitive position.

Access to quality data. Data and analytics are more valuable than ever. Insurers must be able to ingest and operationalize third-party data for rate making, personalizing products, and improving customer experiences. Many have started data initiatives but are competing with core or digital priorities.



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