


INCREASE INSURER PROFITABILITY with Digital Distribution Transformation



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Dynamic, agile, and intense—these are just some of the terms that best describe today's insurance markets. So, how can insurers prosper in this disruptive digital age?

To start with, modern insurers face shifting goalposts in terms of meeting an increasingly demanding customer base's needs. With their high expectations from each product and service, these informed customers expect businesses to cater to their every need 24/7. When coupled with the diverse customer demographics, these pose daunting challenges.

Today, modern insurance buyers demand real-time sales and comparison tools that help them make informed decisions. These buyers prefer helpful yet non-intrusive advisory services and customized packages that cater to specific requirements.

At the same time, the insurance industry faces new challenges to its distribution and business models. The emergence of single-stop, comprehensive insurance, and financial product purchasing options from platforms like Amazon, Google, WeChat, Jio, or Waterdrop, as well as insurance aggregators like Policy Bazaar and Pasar Polis, are significant disruptions. The threat is further compounded by recent entrants in the form of digital insurers, embedded insurance, peer-to-peer (P2P) insurance, and entirely new channel models.

This eBook addresses modern insurers' urgent need for business and technology capabilities that stand up to the competition. As part of this journey, we will also explore how end-to-end Digital Distribution Transformation fulfils the insurance industry's dynamic business needs in a future-ready manner.



CHAPTER

Four key Insurer capabilities

Four key Insurer capabilities for the disruptive Digital Age

Global risks of all shapes and sizes line the 2024 business roadmap for insurers. Primary among these include recessionary environments, climate change, geopolitical crises, lesser premium growth, and inflation risks, which threaten the insurance industry's growth prospects.

Customer expectations, new age competition, and regulatory requirements that are in a state of constant flux add to the insurance business' complexities. Only innovative business models and technology-based initiatives can drive insurers' revenue growth in 2024.

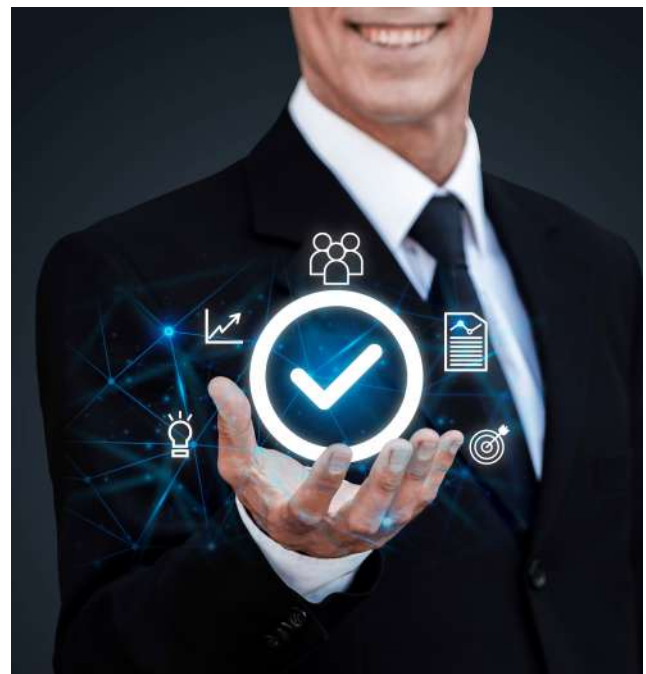
Digital distribution transformation emerges as the key prerequisite to power "Digital First" and omnichannel insurance models this year. Such a transformation requires distribution approaches that are consistent and optimal for each customer facing channel.

Omnichannel insurance distribution requires hybrid matrix structures and key performance indicator (KPI) measurements. This is inevitable since the split value chain creates new customer-owners. In this context, insurers must be able to easily zero in on product channel segment strengths. Recruitment and motivation of key producers also poses major challenges to insurers at this point.

Increasing regulatory scrutiny creates another set of issues for insurers. Recent regulations focus on stricter process compliance and higher transparency. These call for systemic tracking, process refinements, built-in controls, and change management.

Such pressures underscore an urgent need for business and technology capabilities to stand up to the competition. Automated data is critical, especially to power bots and self-service apps. A case in point is the use of smart devices for business empowerment. Or it can be in the form of artificial intelligence (AI) and analytics for process improvements.

End to end Digital Distribution Transformation fulfils the insurance industry's need for 'Digital First' and omnichannel insurance models. It lays the foundation for optimal implementation of automation, advanced analytics, and AI. In this context, the four key Digital Distribution Transformation capabilities that every insurer needs in the digital age are as follows.



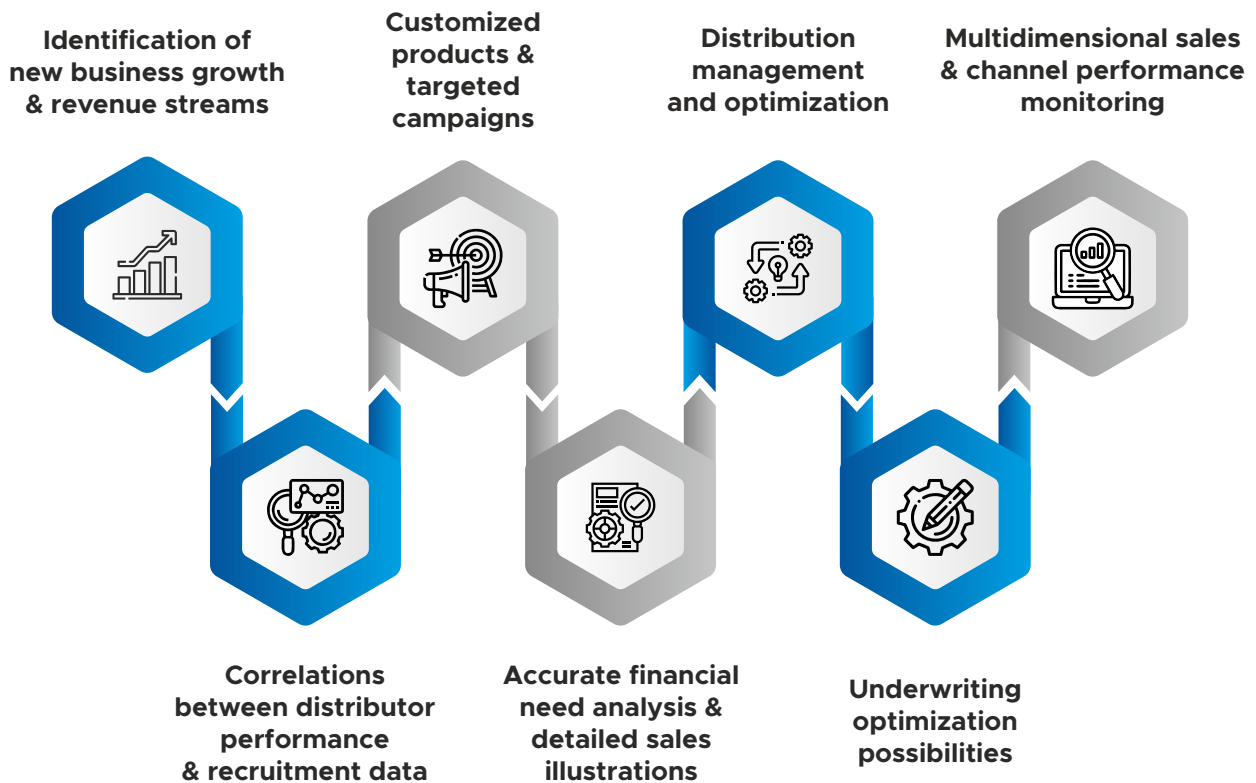
Capability #1

Extensive business insights

Insufficient business insights and the resultant lack of decision-making capabilities are a common challenge faced by most insurance companies. This is especially the case when it comes to critical areas like sales performance, compensation, contest, and distributor management.

Digital Distribution Transformation enables access to extensive data-driven decision-making possibilities. It leverages the power of machine learning, predictive analytics, data integration, third party data sources, and detailed dashboards for real time visibility into key metrics.

For instance, C2L BIZ's clients leverage the power of Digital Distribution Transformation and highly customizable dashboards for insights about:



Capability #2

Rapid partner recruitment & management

Modern insurers leverage Digital Distribution Transformation to simplify partner onboarding processes. For example, a quicker onboarding process for partners and producers accelerates the expansion of their distribution network. A comprehensive digital onboarding platform that enables partners to submit documentation online for faster approvals goes a long way on this front.

Digital Distribution Transformation empowers insurers to prioritize and oversee contest launches. Such possibilities significantly enhance distributor engagement and incentive programs. Advanced digital tools also enable distributors to monitor their real-time progress, which empowers them with valuable insights.

Automation as part of distribution transformation improves operational efficiency and reduces expenses. Case in points can be automated underwriting processes or AI-powered chatbots that manage routine customer queries. Such interventions streamline operations and decrease manual workloads.



Capability #3

Differentiated and performance-based distributor management models



Effective insurance distribution management calls for an approach that simplifies and bundles custom made offerings for each partnership. Unique distribution models and channels are essential for such specialized product segments.

For instance, insurers can offer customized DIY product offerings that allow advisors to create protection or combination packages. These initiatives also call for advanced performance and compensation models that incorporate split reward systems to create optimal partner relationships.

Digital Distribution Transformation unlocks unlimited intelligent performance management capabilities. To start with, these include differentiated compensations, KPI tracking, simulations, and partner self-service portals. Performance monitoring and reward systems based on KPIs are critical elements of Digital Distribution Transformation efforts. Insurers achieve these objectives via real-time tracking of KPIs like STP closures, combination products, upselling, cross-selling, and loss ratios.

Capability #4

360° Sales cycle management

Productivity maximization is the natural step post partner onboarding. It calls for a comprehensive sales engagement tool that streamlines the entire sales process. These increase customer engagement and seamlessly address customer objections.

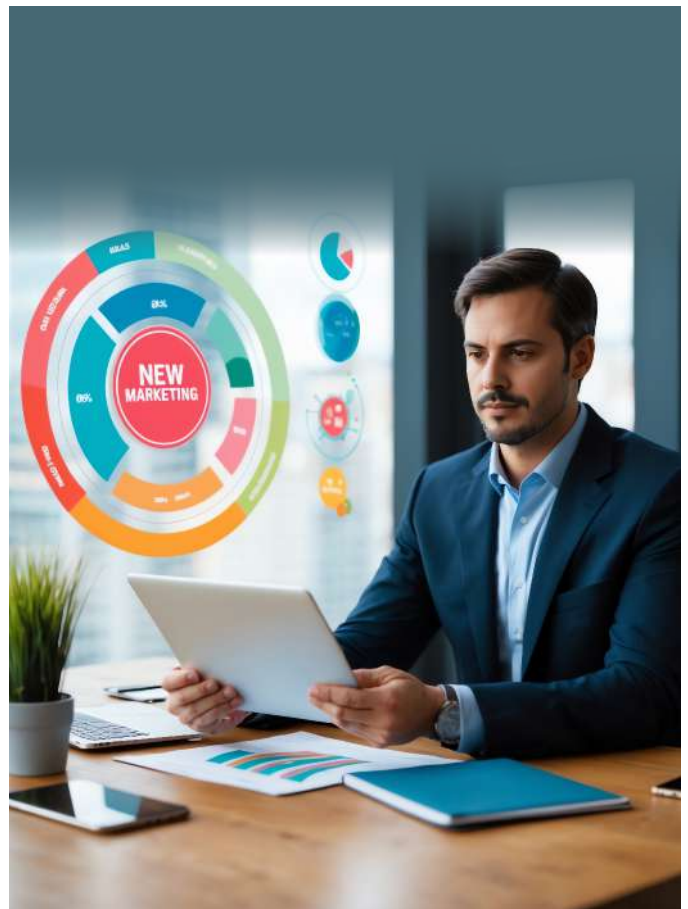
Digital Distribution Transformation ensures end-to-end empowerment for Sales with comprehensive advisory tools, intelligence, field underwriting, and last mile decision-making capabilities. These ensure quick and effective sales closures.

Dedicated support for distributors and efficient case management leads to substantial productivity improvements. At the same time, exception management and the freedom to make quick underwriting decisions in the field speeds up sales efforts. These advantages empower insurers to offer timely and proactive support to partners, regardless of the time or location.

The availability of compensation and performance review dashboards allows leadership to monitor vital metrics like sales quotas, individual performance vis-

a-vis targets, and commissions. These inputs help streamline compensation and incentives. Additionally, gamification tools can be handy for motivating sales leaders and their teams. For instance, a gamification platform that rewards performance-based points or badges significantly enhances team engagement.

Seamless integration with distributors' current tools and processes is another key advantage of Digital Distribution Transformation initiatives. This is essential to enable informed decision-making capabilities.



2 CHAPTER



Rise of Advanced Analytics

Rise of Advanced Analytics & Dashboards in Insurance Distribution

Lack of comprehensive business insights is a common bottleneck for the insurance industry. For example, insurers often cite lack of data driven decision-making insights on fronts like sales performance, compensation, contest, and distributor retention management. Advanced analytics and detailed dashboards prove essential to drive revenue growth in this context.

Advanced analytics spearheads the inevitable transformation of insurance distribution from its erstwhile operational aspect to that of a strategic role. This change management journey starts from Digital Distribution Transformation, which facilitates access to such data-driven decision-making possibilities.

Detailed business insights are essential if insurers are to survive in the new digital and distribution ecosystems. These developments rely on machine learning, predictive analytics, extensive data integration, third party data sources, and real-time data visualization to create extensive avenues for growth.



Drivers of revenue growth



Extensive analytical capabilities enable insurers to zero in on new business growth opportunities with the help of data driven decision-making capabilities. In conjunction with comprehensive dashboards, advanced analytics provide insurance leaders with access to real-time visibility of key performance metrics.

Advanced analytics and dashboards help insurers to better understand customer needs and behavior. This can be in the form of data analysis results based on demographics, social media activity, or customer interactions. Such evaluations aid the creation of targeted marketing campaigns and customized products that suit each customer's needs. Identification of new revenue streams is another capability that accompanies such access.

Data-driven insights improve distribution channels' performance, efficiency, and profitability. For instance, top leadership benefits significantly from sales performance dashboards that aid evaluation across different dimensions. At the same time, sales heads gain from channel-wise sales performance insights that drive suitable strategy pivots.

Dashboards can also be useful to reveal process optimization, revenue, and cost reduction possibilities. Or these can be in the form of distribution intelligence into conversion rates, loss ratios, or compensation efficacy.

Recruit and manage right



Insurers can zero in on effective distribution channels and recruitment strategies with the help of advanced analytics. A case in point is the use of correlations between distributor performance and recruitment data for future recruitment strategies.

Dynamic market conditions mandate the need for a "segment of one" distribution partner strategy. It calls for KPI-driven partner management capabilities, which is advanced analytics' forte. Rewards for profitability that account for aspects like success rates or linked targets are a notable example of how to drive such differentiated incentives.

The "segment of one" distributor approach extends to distributor efficiency improvements. Insights into distributor performance can be leveraged to identify weak areas. Insurer support in the form of better information access, training, and support will increase producer performance in most cases.

Dashboards and advanced analytics also go a long way in retention of ideal partners. For instance, many C2L BIZ clients rely on dashboards for proactive partner management. This includes timely alerts and resolutions to address the concerns of dissatisfied partners. Or such proactive measures can be in the form of better incentives based on an analysis of the partner's percentage of competitor business.

Ensure the right advice



A lack of information and product portfolio knowledge often results in agents making unsuitable insurance policy recommendations. As newer entrants like Insurtech revolutionize the field with customized recommendations, this proves costly for entrenched players.

Advanced analytics drives accurate financial need analysis, detailed sales illustrations, and tailored insurance products that meet the customer's protection needs. It improves conversion rates, customer satisfaction, and cross-selling possibilities. The agent's capabilities to comprehensively address customer needs build long term customer loyalty.

At the same time, agents can identify higher risk customers in real-time based on analysis of available data from internal and external data sources. Dashboards also allow insurers to monitor control policy mis-selling instances in a timely manner.

Enhance Underwriting capabilities

Underwriting capabilities derive significant advantages with the power of advanced analytics and dashboards. These technologies enable insurers to make real-time underwriting decisions for immediate corrective actions.

Leading insurers rely on predictive analytics to weigh in on risk factors like demographics and claims history. This ensures suitable coverage and premium adjustments for each client based on their risk profile. Such analytical capabilities deliver significant accuracy, revenue, and efficiency improvements to underwriting functions.

Dashboards deliver end-to-end insights into underwriting optimization possibilities. A case in point is the detection of underwriting workflow inefficiencies that lengthen application processing windows. Another example can be the identification and resolution of underwriter issues that create higher claims rates.




CHAPTER



Ensure relevance of Physical Channels

Ensure relevance of Physical Channels in a Digital Insurance era



The insurance industry faces significant disruptive distribution and business model threats from multiple fronts. Today, online platforms like Amazon, Google, WeChat, Jio, or Waterdrop deliver one-stop shopping options for insurance and financial products. On the other hand, insurance aggregators like Policy Bazaar and Pasar Polis make their notable alterations to the competitive landscape.

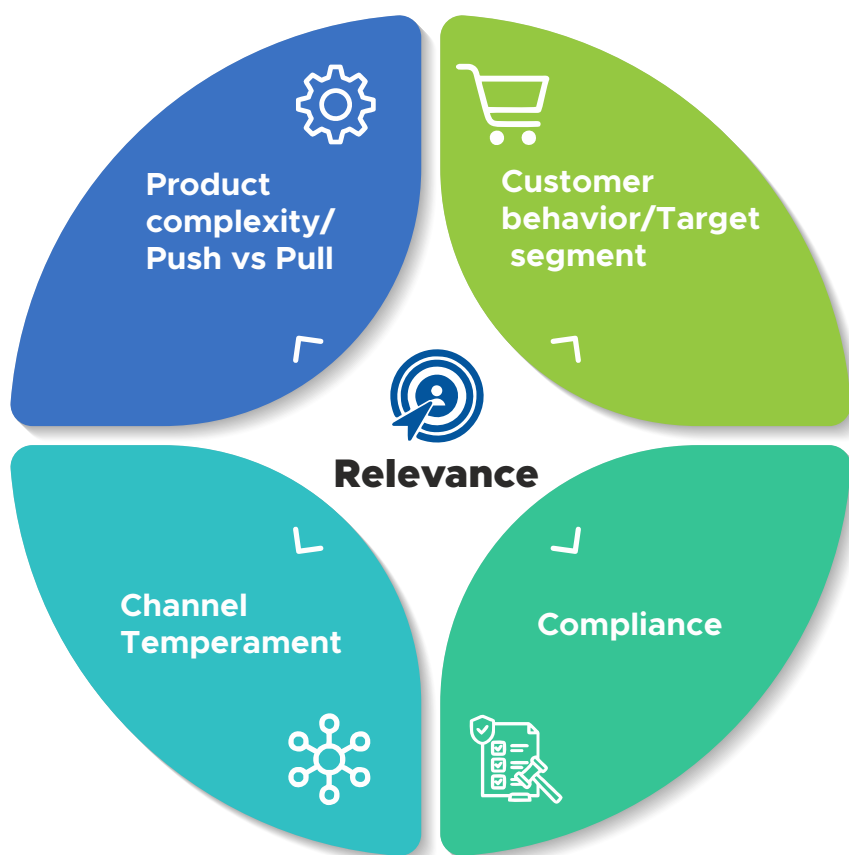
Further threats arise in the form of digital insurers, embedded insurance, peer-to-peer (P2P) insurance, and all new channel models. Such a scenario mandates all new digital readiness strategies from incumbent players. It calls for a reevaluation of the existing distribution models as insurers gear up to adopt “Phygital models” relevant to competitiveness and customer needs.

Physical channels reign supreme

Interestingly, physical channels still dominate despite all the insurance market disruptions by new age competition. This dominance is evident from LIMRA's recent U.S. Individual Annuity Sales Survey.

LIMRA's research indicates a record year for total U.S. annuity sales, at a record US\$ 385.4 billion. This notable 23% year-on-year increase has been driven by independent channels that contributed 41% of the total annuity sales. These channels, which consist of independent agents and broker-dealers, saw a collective growth of 29% from their 2022 figures.

Now the question arises as to the ongoing relevance of physical channels in a competitive insurance market. Based on our experience with C2L BIZ's client success stories, this requires insurers to occupy a sweet spot as displayed in **Figure 1: Sustaining physical channel relevance in the digital age.**



Today's insurers must tread the fine line between relevant product mixes based on an optimal fulfilment of customer needs, channel temperament, and compliance requirements. Irrespective of whether it is an agent, broker, IFA, or Bancassurance, these attributes are essential to sustain the relevance of physical channels.

Evaluate Digital Readiness

Digital transformation of the split value chain is a constantly shifting goal post for many insurers when it comes to physical channels. This significantly impacts each channel's significance. It is high time that insurers assess their readiness to gauge their true digital readiness to power physical channels.

Digital readiness for creation of successful Phygital insurance business models requires an in-depth assessment of:

Product complexity and type:



Can you quickly and consistently offer "made to measure" products or services with your present digital capabilities? These must be possible at unique price points irrespective of whether it is a bundled or unbundled offering. Also consider the push or pull nature of the specific product as part of this exercise.

Interoperability:



Modern insurers face multiple challenges due to the split value chain. For example, how fast can you grow using your existing digital platforms when it comes to partner onboarding, underwriting, distributor management, or case management? Also evaluate aspects like availability of advanced business insights, partner evaluation metrics, and advanced data analytics for key stakeholders at this stage.

Future-ready adaptability:



Is your insurance business ready to take on new age business models without faltering? Thoroughly gauge how you can innovate and adapt to competition (emerging or otherwise) on this front.

Answers to the above questions will paint a true picture of your insurance business' digital readiness to meet the physical channels' needs. Glaring inconsistencies in your distribution management strategies often emerge at this point. This is where Digital Distribution Transformation emerges as the answer to ensure consistent business and revenue growth. Creation of effective Phygital models is a salient benefit of this approach.

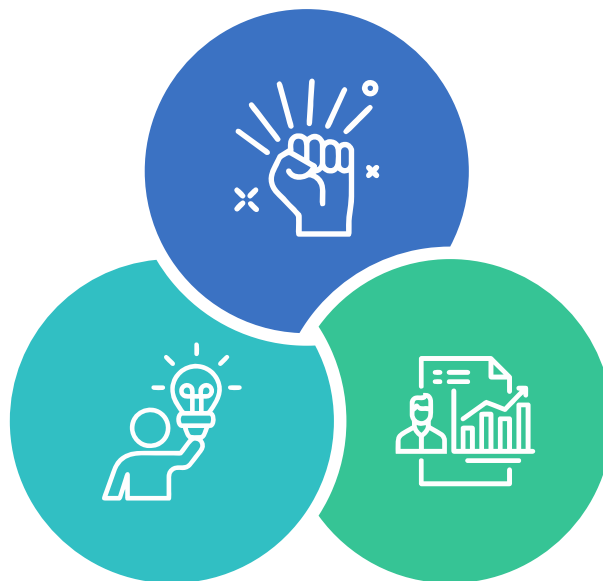
Time for sustainable business change

Seamless Digital Distribution Transformation across the value chain is important for your business to meet new age market and customer needs. Such future-ready transformation ensures optimal partner recruitment, management, and support at each stage of the policy lifecycle.

Digital Distribution Transformation of your insurance business ensures the creation of Phygital models that deliver the following benefits:

Complete Digital Empowerment for Sales with comprehensive advisory tools, intelligence, field underwriting, and last mile decision-making capabilities

Proactive Service for Customer Delight with the help of advanced analytics, customer support, lifecycle engagement, and claims management capabilities



Intelligent Performance Management with differentiated compensations, KPI tracking, e-Onboarding, simulations, and partner self-service portals



At C2L BIZ, we believe that true Digital Distribution Transformation requires the synergies of sustainable architecture, the use of technology as an enabler, and optimal implementation. This is essential to create a truly “Digital” way of doing business.

True Digital Distribution Transformation improves distributor experiences, productivity, and stickiness. It maximizes the relevance of your business’ all-important lifelines—the physical channels. This is essential to create effective Phygital models, especially those that meet the ‘human connect’ needs of product lines like Life insurance.

Digital distribution transformation requires experts with an extensive understanding of the insurance domain. This calls for an advisory role from the partner, which is essential to ensure sustainable business transformation.

Leverage the C2L BIZ team’s experience of working with insurers worldwide to drive outcome-based business transformation. Our future ready models and expert advisory services ensure sustainable distribution transformation in your organization.

Learn more about Digital Distribution Transformation with a detailed consultation session, or write to us on sales@c2lbiz.com for more information.



SymbioSys SaaS portfolio overview



Corporate Highlights



Rewards & Recognition





The future is all about transformation!

Discover more about end-to-end Digital Distribution Transformation of your insurance business. Write to us on sales@c2lbiz.com for a detailed consultation session.