



How to Seize New Insurance Market Opportunities





In recent years, the influx of capital has been fueling unprecedented economic growth in Asia, allowing the insurance market to prosper and to show strong promise for a continually expanding market over the long term in many spots throughout the continent. In this paper, we will take a look at how organisations in both the relatively new market emerging in India and the more mature market of Singapore can best take advantage of the enormous opportunity before them.

Over the last decade, the huge, largely untapped insurance market in India can be characterised as a wild frontier, experiencing double-digit growth and rising swiftly to the ninth largest market in life insurance in the world by 2009—moving up three places in just three years—according to the Insurance Information Institute. In a report released in April 2011 by the Federation of Indian Chamber of Commerce and Industry (FICCI) and the Boston Consulting Group (BCG), they project the continued rapid growth will place India among the top three life insurance and top 15 nonlife insurance markets by 2020. During the presentation of the report, BCG India Partner and Director Alpesh Shah shared, “While the industry has come a long way over the past decade, the big challenge with the industry is profitability.”

Singapore, having risen in prominence as a regional hub due to its locale and its reputation as a stable economy in the region with relatively predictable oversight, also experienced double-digit growth in life insurance for successive quarters in 2010 according to the Singaporean trade body, Life Insurance Association (LIA) . Viewed as arguably the most advanced market in Asia with an impressive infrastructure and highly educated workforce, it has attracted both regional and international insurers, significantly increasing market capacity.

These incredible growth spurts are exhilarating, particularly in light of the tough economic times faced by most of the world’s markets during this period. However, when the dust settles from the furor of activity, insurance companies operating in these markets need to look closely at their long term sustainability and how they can most easily adopt best practices of industry leaders from around the globe.

As the Indian insurance market normalises, the focus needs to turn inwards towards operational and cost discipline to safeguard its reputation, meeting evolving regulatory compliance, developing customer retention strategies, and ensuring that the organisation is agile enough to create innovative new offerings that can take advantage of dynamic market conditions and keep the younger market interested in the brand.



In Singapore, it is all about besting the competition for market share by being viewed as leading the market with impressive customer service that is fast and efficient, while also safeguarding the organisation and its brand reputation. Increased competition as a result of the influx of new players in the region has also stimulated the need to explore the expansion into new specialty lines of insurance such as marine, cargo and energy.

Insurance companies in both scenarios endeavoring to build a solid business foundation that is agile enough to take advantage of new opportunities must have an easily scalable capacity that mirrors the characteristics of the global leaders in more mature markets.

Organisations must be able to do the following:

- Write new business quickly
- Make sound underwriting decisions
- Respond to regulatory and other oversight changes
- Offer differentiating customer service
- Manage expense ratios
- Identify emerging risks
- Create and launch new offerings

Let's take a look at the critical components of each of these capabilities.

Write New Business Quickly

In order to write new business quickly, underwriters must have fast access to all the information through electronic underwriting worksheets that are automatically populated with the information from various systems within the organisation. The highly skilled knowledge worker's time and attention should be focused on analyzing the prospective new business rather than spending their time manually collecting the information and trying to remember where to find it.

To respond quickly to the new business opportunity, the organisation also needs to have visibility into the underwriting status so that process bottlenecks can be identified and resolved by team leaders and management so business is not delayed.



Make Sound Underwriting Decisions

To make informed decisions, underwriters must have access to previous customer history and the pertinent underwriting notes as well as all activity currently taking place with this customer across the organisation.

This need means they must also have access to all types of supporting documents that are germane to the underwriting decision including PDF files, emails, faxes, and similar content.

Respond to Regulatory and Other Oversight Changes

Insurance underwriting is constantly changing whether it is new regulations, adapting to social background, or addressing new guidelines.

Designing a system for this dynamic environment that can readily adapt to change will not only move the organisation forward more quickly, but it will also reduce the total cost of ownership of your technology systems.

Offer Differentiating Customer Service

As more players are attracted to a growing market, the competition for customers intensifies. Renewal premiums are just as critical as new premiums and securing them requires constant attention to the needs of customers. This in turn requires the ability to respond on a timely basis to customer inquiries on case status with accurate information. Incomplete information, or stalling or guessing simply won't do and will erode your hard-earned customer base over time.

Manage Expense Ratios

A sustainable expense ratio (operating expense and commission expense) should be approximately 10 to 15 percent.

In fiscal year 2009, the private sector life insurance segment in India had an expense ratio of 30.6 percent, while the nonlife insurance sector registered 30.1 percent. While many



factors impact the ratio, including reaching the breakeven point between new business and renewals, the ability to manage costs through a disciplined underwriting process is critical to achieving the healthier expense ratio in the long term.

[Source: Ernst & Young June 2010 Insurance industry: retrospection and opportunities.]

Identify Emerging Risks

Organisations need to find a means to capture the knowledge being acquired over time through experience in the marketplace and make it available for future decision making.

They need to be able to analyse this information to show patterns of customer behavior and underwriting decisions as well as predict trends.

Create and Launch New Offerings

Organisations that operate in fast-changing markets where the population is drawn to what is “new” need to build a dynamic infrastructure that streamlines the time to market process for new products and service introduction.

They need to have the tools that allow them to analyse trends and simulate new products and services to identify viable new offerings that address the changing market.

Adopting Global Best Practices in Asia

In order to bring the latest in insurance underwriting best practices to its Asian customers, AWPL has created the DotSphere Underwriting Accelerator built on the IBM Enterprise Content Management suite of products. This solution is based on the AWPL company’s experience with 30+ leading insurance companies around the globe and is in use by insurance industry leaders such as Aviva Group – Asia and Birla Sun Life in India.



The strength of the solution is that it provides a comprehensive view of the case including the worksheet and all image-based attachments, and the core business application, including filtered agent and client emails, without requiring the underwriter to toggle between systems. The focus turns from collecting information to analysing the information.

Another critical design aspect that incorporates underwriting best practices for handling a large volume of company information is a two-monitor presentation. The primary monitor presents the electronic worksheet and the second monitor presents the supporting documentation providing the collective intelligence to support the underwriting process.

DotSphere Underwriting Accelerator interfaces with existing systems allowing insurance companies to quickly scale operations, increase efficiency, and better manage risk and cost while using their existing IT investment. Because the solution is web-enabled, it also allows companies to rapidly expand their geographic reach into new markets and new distribution channels.

The tracking and monitor feature also allows management the visibility it needs to most efficiently plan for the nuances of different zones, high-volume front offices, and the special care of high-value clients.

DotSphere Underwriting Accelerator Differentiating Value

DotSphere Underwriting Accelerator clearly offers capability and business value that are simply not available elsewhere in the Asian insurance market. To specifically illustrate our point, we've highlighted key capabilities differences based on mission critical business objectives.

Business Objective	With DotSphere Underwriter Accelerator	With Other Market Solutions
Information Access	<p>Users can automatically extract, collate, and view information from all the other pertinent systems involved in the underwriting process on a single electronic underwriting worksheet.</p> <p>All of this functionality is available through a single, unified interface.</p>	<p>Users must individually access various systems and manually collect the information and copy into their work area.</p> <p>Without automatic populating of the information, it is a slow and very labor intensive approach.</p> <p>Adding to the cumbersome process is that only one system can be accessed at a time.</p>
Case View Analysis	<p>Provides dynamic views of the case information simultaneously, which allows for quick analysis of different underwriting scenarios to find the best fit for the client while effectively managing risk to the organisation.</p>	<p>Users must work with static views which, although possible to view different underwriting scenarios, it is a more onerous task to change from one view to another for comparison.</p>
Case Status Visibility	<p>At any point in time, employees and managers with an interest in a particular underwriting case can see the status of that case and assess the remaining timeline.</p>	<p>Visibility into a case status is likely to be spotty because each update in the case status needs to be manually made. As a result, case views might or might not be up-to-date and won't be reliable.</p>
Employee Performance Visibility	<p>The solution enables the organisations to monitor the performance of each team and staff member to make optimal use of human resources. The pertinent data is presented comprehensively.</p>	<p>Some data is available and needs to be accessed manually.</p>
Organisational Knowledge Capture	<p>The knowledge management tools can collect data that can be used to create sample cases for educational purposes and also to show patterns of behavior and predict trends.</p>	<p>Not available with other offerings.</p>
Leveraging Insurance Underwriting Best Practices	<p>Capitalises on a template approach for installation based on years of experience working within the insurance industry with global leaders.</p> <p>Template implementations are faster saving both time and money.</p>	<p>Without the years of industry experience necessary to learn how the insurance business operates, they must create code for each individual task.</p> <p>The custom-built approach for each worker's task increases project implementation complexity adding both time and cost to the project.</p>
Adapting to Changing Market Conditions	<p>Designed to easily adapt to the latest market conditions with configurable templates.</p> <p>Interface revisions necessitated by changes in processes can be easily configured on the fly without requiring coding.</p>	<p>Custom interfaces are hard wired meaning that all subsequent changes in an organisation's processes to adapt to dynamic market conditions requires costly and time consuming coding changes.</p>
Launching New Products and Services	<p>Includes simulation capabilities to assess the viability of launching new services.</p>	<p>Solution lacks the sophistication to offer simulation capabilities.</p>
Scalability	<p>Based on IBM Enterprise Content Management, the solution easily grows with the organization without volume limitations.</p>	<p>Other solutions become sluggish when the volume overburdens the solution and can literally stall operations when growth outpaces capacity.</p>

To learn more how your organisation can adopt the latest in insurance underwriting best practices and be positioned to take advantage of new insurance market opportunities, contact:

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About AWPL

Automated Workflow Pvt. Ltd (AWPL) is a very mature organisation, providing process automation solutions to the Financial Services Sector, with offices in India, Singapore, Malaysia and the UK. We are considered among the market leaders in providing BPM, Enterprise Content Management (ECM), BI, Business Activity Monitoring (BAM), reporting products and solutions with deep implementation experience and extensive domain knowledge in the insurance and banking industries.



About IBM ECM

IBM's Enterprise Content Management software enables the world's top companies to make better decisions, faster. As a market leader in content, process and compliance software, IBM ECM delivers a broad set of mission-critical solutions that help solve today's most difficult business challenges: managing unstructured content, optimising business processes and helping satisfy complex compliance requirements through an integrated information infrastructure. More than 13,000 global companies, organisations and governments rely on IBM ECM to improve performance and remain competitive through innovation.

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