

# Road to Digital Architect

## Session 4-Mission 1

### “Business Architecture”



Presented By Team 8  
Contributor:  
Abdus,Mayank

# Session 4-Mission 1 “Business Architecture”



## Agenda:

Depict the business Architecture of Safesure

a. Depict the Business Value Chain of General Insurance Operations in UK/Europe and reflect/visualize the effect of the following

- Research General Insurance Industry Challenges
- Research and Find Value creation opportunities by Digital initiatives
- Research & identify Market/Competition Dynamics in the Value Chain

b. Frame your point of view for an Effective Digital Strategy of Safesure covering all areas of business outcome

- Create the transformation charter of Safesure
- Explain how this digital charter will transform Safesure business w.r.t. The business outcomes
- List 10 initiatives that you would like to consider in the Digital Charter for Safesure

c. Frame your point of view for Safesure approach to use digital transformation to build synergy in the business of of Safesure with other businesses of the group.

# Background – Safesure

## Background – SafeSure

Safesure is a medium size Insurance player based out of France. They have three lines of business – Pensions, Health Insurance & General Insurance. General Business has been acquired 10 years ago as part of an M&A.

The highly competitive European market presents challenges to insurers requiring Safesure to differentiate their products and services to attract and retain customers.

Like other insurers, Safesure faces greater exposure to climate-related events, such as floods, wildfires, and storms, leading to higher claims costs and increased uncertainty in pricing risks.

They must meet the changing expectations of consumers who seek convenience, transparency, and flexibility in their insurance products, including the shift to online channels and the rise of aggregators. Safesure also needs to handle the impact to traditional distribution networks.

Safesure wants to provide online policy management, claims processing like the insurtech companies which offer innovative digital solutions with high customer experience.

They would like to maintain effective relationships with traditional brokers as well as new-age aggregators who play a key role in distributing general insurance products across Europe.

For General Insurance business, Safesure also wants to cross-leverage existing channels of the group's other insurance businesses to acquire new customers as well as provide service.

# Background – Safesure (contd)

Safesure wants to address operational inefficiencies through several measures – managing legacy systems to reduce costs, automation to improve overall business performance, reducing workload for call centre by enabling self service to customers.

Safesure also wants to provide payment enablement for customer channels when customers want to pay for services utilized through digital channels.

Like the industry, Safesure continues to battle fraudulent claims, which increases operational costs and lead to higher premiums for policyholders and wants to address this.

Following recent trends of using AI/ML and Generative AI for business outcome, Safesure is interested in exploring the potential of these technologies in their transformation of business.

Safesure has Policy Administration & Claims management solution implemented using Guidewire platform. They have minimal customer portal which is accessible on mobile as well but they don't have any app for General Insurance business. They have rolled out an app for their other group businesses (Health, Pensions) and are active seeking out options to onboard General Insurance customers on the SafeSure App. Their HR, Finance operations are on Oracle ebusiness stack.

Safesure has hired “Digital” Leadership talent from other tech companies and they want to embark upon a digital transformation journey aligned to customer, market & operational outcomes.

# Business Value Chain

- Modernize the Legacy Infrastructure by adopting digital transformation initiatives.
- Use of Data Analytics tools, RPA, AI/ML to automate the operational processes.

**Cost Optimization and Operational Efficiency**

- Modernize the Legacy Infrastructure by adopting digital Transformation initiatives.
- Use of Data Analytics tools, RPA, AI/ML to automate the operational processes.

Product Design and Development	Pricing and Underwriting	Sales and Distribution	Post Sales Services	Claims Management
<ul style="list-style-type: none"> <li>• Create insurance policies and coverage options based on customer needs and market demands.</li> <li>• Develop policy terms and conditions, considering regulatory requirements.</li> <li>• Innovate and adapt products to address emerging risks and customer preferences.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine premium rates based on risk assessment analysis.</li> <li>• Evaluate policyholders' risk profiles and eligibility for coverage.</li> <li>• Balance pricing competitiveness with profitability while considering regulatory requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Employ various distribution channels, including agents, brokers, online platforms, and partnerships.</li> <li>• Market insurance products to attract potential policyholders.</li> <li>• Provide information, quotes, and options to customers.</li> <li>• Facilitate the purchase of insurance policies through the chosen distribution channels.</li> </ul>	<ul style="list-style-type: none"> <li>• Offer ongoing support and customer service throughout the policy lifecycle.</li> <li>• Address customer inquiries, policy changes, and service requests.</li> <li>• Handle premium payment processing and policy renewals.</li> <li>• Provide assistance and guidance in the event of policy adjustments or life changes.</li> <li>• Maintain communication to build customer loyalty and satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Promptly respond to claims filed by policyholders.</li> <li>• Verify the validity of claims and assess the extent of covered losses.</li> <li>• Process claims efficiently and fairly, ensuring timely payouts.</li> <li>• Investigate potential fraud and ensure compliance with claim procedures.</li> <li>• Manage the resolution of claims, offering support and guidance to policyholders.</li> </ul>

# Challenges In General Insurance In EU Region

Relying on third-party services and particularly outsourcing. This has been subject to EU regulatory requirements and supervisory expectations for a long time.

Increasing competition from Non-EU players in the EU insurance market after framing of provisional equivalence.

Compliance to new cyber security rules.

AI Act Compliance and its impact on underwriting, claims processing, and data protection practices.

Impact of Inflation and macroeconomic condition - Example Russian Ukraine War lead to inflation

Extraordinarily low interest rates and negative yield curve

Climate change impact leading to Increased Claim Costs, Changes in Underwriting practices required. Example

Increase the premium of properties located in high risk areas

Keep customers informed so that they can reduce or prevent incidents which requires insurance to be covered

# Value Creation Opportunities



Offering personalized insurance based on wellness and prevention activities followed by the insurer using **Data Analytics and AI**



On demand Insurance and usage based insurance



Partnering and doing collaboration with other companies to create ecosystems that offer wider range of products and services



Achieving cost efficiency through optimized cloud models and implementation.



Digitizing sales and distribution offering customer centric strategies



Improve data and analytics: Insurers need to improve their data and analytics capabilities in order to better understand and manage climate change risks.



Creating or motivating customers like health and well program, informing customers about climate change and how it can impact end clients

# Market/Competition Dynamics in the Value Chain



INSURANCE AGGREGATORS –  
ONCE WHICH WERE STARTED  
AS LEAD GENERATION ARE  
NOW PRIMARY PLATFORM  
BASED ON THEIR ADVICE  
CUSTOMERS BUYING THEIR  
INSURANCE.



PRESSURE TO OFFER  
COMPETITIVE PRICE BECAUSE  
NOW COMPANIES OFFERING  
PRICE DIFFERENTIATION BASED  
ON INDIVIDUAL RISK  
ASSESSMENT USING DATA AND  
ANALYTICS



CLAIMS EFFICIENCY SO THAT  
CLAIMS CAN BE HANDLED IN  
THE STIPULATED AMOUNT OF  
TIME AND PREAPPROVALS  
ALSO IN SOME CASES.



REGULATORY SCRUTINY SO  
THAT INVESTMENTS BY THE  
INSURERS DOES NOT END UP  
IN A SITUATION WHERE  
INSURER DOES NOT LEFT WITH  
ENOUGH CAPITAL TO HANDLE  
THE INSURANCE



# Digital Charter 1/4



## Responsible Digital Leader

- Green IT- digital decarbonization objective
- Digital Divide- Targeted Awareness campaign
- Social and Societal focused
- Trend already accelerated since the COVID-19 pandemic



## CX Insurance Leader

- Direct Link to value creation. By 4% higher in Revenue Growth, EBIT growth, 2% lower expense ratio \*mckinsey
- Unified app for all offerings
- Low frequency of customer touchpoints- Get it right



## Cloud Adoption

- Organizational transformation- acceleration in cycle of innovation
- Reinvestment opportunities- in innovation
- Improved customer experience
- Business agility, Resiliency, Security, Automation



## Cost Optimization

- Cloud Adoption upto 70% in Infra Spend-\*computing community conference in 2022.
- Exploit hyperscaler/SI funding
- Lesser brick and mortar presence
- Harness the power of the human touch, CX score-50 ( agent com quarterly, 30 for annually \* mckinsey



## Partners Led Business

- Insurance intermediaries- Secure Integration to IT platform crucial
- SEO Optimized Online Content Marketing
- Online Web/Contact Forms
- Email Marketing Agencies
- Customer Referrals
- Social Media Advertising




## Data Driven Business

- one-stop-shops for Smarter products with data-driven insights, customer data management, eg. usage-based pricing
- cross/up sell, fraud detection
- Coverage to be adapted based on consumer interests & behaviors to stay relevant.



## Insurance as a Service Model

- Fully digital insurance offering on single platform from onboarding, P&C to customer support, eg- InsurTechs, complaint with EU's IDD ( Insurance Distribution Directive).
- Directly embedded in different digital ecosystems eg, while buying an e-bike, add insurance to cart.



## AI/ML & GenAI

- Solve old problems with niche tech like Multi Model Agent GAI -better employee satisfaction and customer retention
- Conversational chatbots in e-commerce web and app
- Smarter Contact Centers seamless interaction b/w tech & human agent

## Customer Online Hub

- Policy Quotation, Self Customization (based on geo-location risk, age, income, liabilities), Online consultation (based on GPTBot/Human)
- Self KYC, Purchase, Payment, Smart Contract
- Customer website & mobile app access through password, biometrics, PIN, OTP
- On spot self claim initiation with evidences like geo-location, photo, video
- On spot claim approval with auto evidence verification using AI and video call
- Policy self review and renewal

## Sales & Marketing

- Market & generate leads on group company's customer app based on intelligent recommendations
- Market & generate leads based on geo-location risk, forecasted extreme situation
- Omni channel & intelligent CRM for sales pitch, closure and other customer management features

## New-age Aggregators

- API exposure of the required data
- Central portal for managing the aggregators
- Smart contracts and payment system

## Existing Brokers & Agencies

- Central portal for managing the brokers
- Mobile application for new customer on-boarding with single window closure of deal
- On-demand training of products sales guide, claim processing guide
- Customer online interaction feature for sales pitch, claim help

# Safesure Synergy Blueprint

True connected enterprise to provide seamless customer experience

## Personalized Insurance

Based on the age, financial stability, country and climatic conditions

Seamless experience across different platforms mobile, online and telemedicine

Enable customer-centric aggregators for insurance purchase and optimization

## Mitigating Fraud and Enhancing Efficiency

- Implement AI-powered fraud detection to minimize fraudulent claims, reducing operational costs.
- Leverage data analytics for risk assessment, helping set accurate premiums and control costs.

## Build a connected ecosystem

- Integrate Systems and Data to connect the Policy Administration & Claims management
- Integrate General Insurance with Safesure App for cross-selling opportunities.
- Optimize HR and Finance Operations

## AI/ML & GenAI

- AI hospitals
- Connected Health
- Digital consultant
- Analytic consultant