1. IUA FOREWORD

When the IUA celebrated its 20th anniversary in 2019 we produced a timeline graphic, illustrating major milestones for the London insurance market alongside developments in the world at large. I was astonished to be reminded by that exercise that our association’s creation in 1999 made us older than the Blackberry phone. We were established four years before Facebook was founded and the first ever iPhone was launched when we were already eight years old.

The pace of technological change can be quite dizzying at times and is such that it is having transformative effects even on such a traditional industry as insurance. This report is our attempt to discover those trends that are important to the London company market. Together with Credera we have interviewed senior IT executives across our sector to identify how technology advancements are being combined with business model changes to deliver growth and innovation. We look at how firms are harnessing and processing data and the partnerships they are establishing to perform such tasks.

When this survey was conceived, we could not have envisaged the extent to which the trends we wished to examine would be impacted by the Covid-19 pandemic. Yet the market’s response to this challenge has placed it at the forefront of any conversation about technology developments.

The advent of remote working, of course, saw a remarkable increase in the use of London’s e-placement system PPL. The first week of lockdown in March last year saw a record for the volume of trades with 5,600 risks placed, around 2,000 more than the previously weekly high. The number of unique users on the platform rose by 40%, the number of submissions doubled and registrations for training tripled.

But remote working has also had a much more profound effect on the way we operate as an industry, reflected in the IUA’s own activities. Between March and October 2020 every single one of our major underwriting and claims groups saw a jump in average participation, resulting in an overall attendance increase of 42% compared to the same period 12 months previously. Similarly, IUA market briefing presentations have also seen a sharp rise in registrations since moving online with more than 2,300 people logging in compared to just over 1,300 for a similar number of physical events hosted in 2019.

This report examines in detail the response to Covid-19 restrictions and their impact on the digital transformation of the London Market. It provides an insight into the priorities and concerns of companies as they confront a period of great change. Technology itself is one part of the picture, but there are also many complexities surrounding regulatory requirements, client relationships and business needs. I hope our research deepens your understanding.

Dave Matcham
Chief Executive
International Underwriting Association
In March 2021, after over 30 years of being DMW, we rebranded as Credera. Over the course of our history, we have established a strong brand and delivery reputation with major clients across the UK, including key public institutions and FTSE100 companies. Credera is a consulting firm focused on strategy, transformation, data, cloud, and engineering. We believe the most effective solutions are created through real collaboration with a strong focus on excellence. We care deeply about building trusted relationships with our clients to deliver tangible business results. Our mission is to make an extraordinary impact on our clients, people, and communities.

The key theme emerging from the survey and the interviews was the need to drive greater agility, regulatory compliance, and the increased burden of proof for this emerged top of the list of drivers for IT transformation. However, whilst this is critical for operations, businesses want to focus on the more strategic initiatives that deliver on customer service excellence, improved top line and operating efficiency. Improved agility has enabled some organisations to keep track with the regulations whilst delivering on the real strategic drivers. The survey highlighted several key enablers to this agility, which we have explored, and provided our perspective on.

I would like to thank all of those involved in the survey. From the many people who took time to complete the questionnaire, to those who gave generously of their time to participate in some really engaging follow-up interviews. I'd also like to thank the IUA for partnering with us on this survey.

Nick Vaughan
London Insurance Market Lead
Credera
Responding to regulatory requirements continues to be front of mind for market leaders. Recent environmental factors such as Brexit, climate change and cybersecurity are driving changes to PRA and FCA regulation and are thus placing additional pressure on organisations to respond. However, market leaders want to focus on operational efficiency and strategic opportunities to drive growth. We found that organisations that embrace agility to enable transformation were best positioned to address these strategic concerns.

Summary of the key themes and trends:

- **Digital transformation is imperative to remaining competitive**: Transforming to a digital operating model is seen as the highest priority for organisations in achieving their strategic initiatives. Simplification of processes and enabling data-led straight through processing reduces manual intervention. This will reduce operating costs and improve customer experience during the placement, settlement and claims processes. Furthermore, introduction of new data sources allows information to be collected proactively in advance of claim submission which can improve claim approval times.

- **Innovation is key to future success**: We were encouraged to see respondents recognising the importance of innovation. Commitment and collaboration were understood to be critical for innovation but also a significant challenge given the complex nature of the insurance sector. Today’s approach to trialling new ideas was also seen as still too ad-hoc and we see significant opportunities for organisations that take a more rigorous, structured approach.

- **Unlocking value with Data and Automation leads to efficiency and opportunity**: Insurance organisations of all types must deal with vast quantities of data and typically disconnected platforms. Using Data-driven insights with automation is seen as the single best opportunity to reduce time to get new products to market and create operational efficiencies. Data driven insights lead to better decision making, improved operational processes and customer focused experiences. To achieve this, organisations are placing a large emphasis on establishing data management capabilities, enabling the business and data scientist community to access and draw meaningful insights. We also see AI providing compelling insights in areas such as risk modelling, underwriting and claims processing. Of course, use of AI in modelling requires the right governance and framework to prevent invalid correlations, to prevent bias in model training and ensure transparency in AI decision making.

- **Simplifying product offerings and processes improves speed to market**: There is a strong push towards COTS (Commercial Off the Shelf) and SaaS (Software as a Service) as organisations aim to simplify their product offerings, increase product speed to market and reduce overall operating costs associated with legacy systems. They benefit from standard processing of business in underwriting and MGA (Managing General Agents) that simplify their business and integrate with ecosystem platforms such as PPL and claims systems. However, in some instances implementation costs make this option less appealing.

- **Partnering with start-ups brings fresh thinking to drive digital transformation**: Start-ups still offer a fresh perspective to business leaders and illustrate the ‘art of the possible’. Some insurers found that start-ups bring new perspectives on business problems which helped insurers innovate and drive digital transformation. Typically, organisations consider partnerships for limited capability augmentation and there is a growing trend to leverage partnerships with start-ups that break down barriers and encourage collaboration. Start-ups do this by working closely with the business to co-develop solutions and being aligned on outcomes.

- **COVID has strengthened the case for digital transformation**: COVID has had an immediate and will likely have a long-lasting impact on how the market operates. Organisations already setup for remote working saw a smoother transition and more collaboration as shown by the increase in London insurance market meetings. Pre-COVID usage of platforms such as PPL enabled users to continue working with minimal impact to services. This response to the pandemic has strengthened the case for further digital transformation initiatives and prioritised the new ways of working.

In conclusion, the recurring theme which has emerged is the need to drive greater agility. Insurers who have unlocked this agility have successfully transformed customer service, improved revenues and driven down operating costs, without being distracted by the increased burden of regulation.
4. STRATEGIC DRIVERS

WHILST THE SURVEY RESULTS ON KEY BUSINESS CHALLENGES as described by executives (see below) suggest that responding to regulatory requirements is the key priority for insurers of all types, our interviews drew out a much more nuanced picture. Responding to regulatory challenges is critical for organisations, but it’s a hygiene factor and not strategic or a differentiator. Organisations that can respond rapidly to regulation have greater capacity to address more strategic concerns such as improving operational efficiency and maximising opportunities for growth in revenue.

Key business challenges

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<td>Regulation and compliance</td>
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<td>Reducing operating costs</td>
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<td>Remaining competitive through product differentiation</td>
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<td>Developing internal competencies</td>
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The recent changes to PRA and FCA regulations, driven particularly by Brexit, climate change regulations, capital requirements, cybersecurity and recently COVID, impose challenges to organisations’ compliance and reporting. Internal to organisations, unstructured data stored in disparate legacy systems present challenges across the organisation to adhere to reporting obligations. Furthermore, these obligations create a high opportunity cost with significant financial and time demands.

Driving agility in the delivery of transformation, and maturity in Data and Analytics capabilities, has enabled some organisations to respond to the increased burden of proof for regulation in a more rapid way, or even as BAU. These businesses now have the advantage of shifting resources to strategic priorities.

We found larger organisations with >51 resources in the IT team more focused on operational factors (representing 60% of the responses received), with improvement of operational efficiency, reduction of operating costs and transforming to a digital operating model as the most important factors. These factors indicate that low digital maturity organisations are gearing up to be ‘transformation ready’ by building the foundations for Digital Transformation. Assessing their current and future state ambitions, identifying key changes and interventions across their operating model and executing change impact assessments early in the process are crucial before any digital benefits can be realised.

The main driving influence for technology is to remain competitive, and to survive. With a complex supply chain in the London market across insurers, brokers and underwriters, digital remains the highest priority for all organisations. Their ambitions are to provide personalised services and user experiences to customers, develop the ability to leverage ecosystem platforms (such as PPL), lower operating costs and increase speed of delivery. A strong theme emerging is most organisations are embarking on Digital Transformation to address these challenges of efficiency and cost savings. They have full commitment at board level to invest in digital transformation which has subsequently been accelerated as a result of the pandemic.

The recurring theme is that organisations need to unlock the agility to deliver on both the mandated priorities, and the strategic ones. There are a number of enablers to this that we will go on to discuss in the following sections.

Credera Insights: RegTech (Regulation Technology) and Legacy – Path to better adoption

Stemming from Innovation in RegTech are a number of solutions that can be deployed rapidly, such as identity verification. However, compliance and reporting tools require deeper integration and careful planning, including testing and roll-out strategies. The adoption of innovative new RegTech solutions is not without challenges and the process of integrating them with existing technology and business processes generates its own issues such Cross-business collaboration

See the full article here: Regtech and legacy the path to better adoption
5. INNOVATION

Innovation adoption methods and culture

Organisations with global presence have established group innovation capabilities, to innovate and share latest ideas to each geographical market. These group functions have representatives from all business units, are structured and focus on investigating longer term concepts in insurance. Innovation ideas are distributed to local offices as big picture thinking and concepts to be considered for local adaptation and adoption. They have the benefit of executive sponsorship, funding and access to global markets highlighting the latest thinking in technology and future of insurance. While there are many benefits at having group-level innovation capabilities, cross-organisation collaboration has proven difficult given a typically distributed business structure. Adoption of group-level innovation strategies is complicated to implement locally but critical for success.

Local (London) offices mostly innovate through ad-hoc responses to a problem or opportunity to improve a specific function efficiency. Other activities to promote innovation have taken the form of campaigns to allow people from all business units to share ideas and discussions on latest technology and industry trends. These sessions are typically week-long dedicated innovation forums comprising of presentations by technology and business areas inspiring healthy debate and collaboration resulting in near-term solutions. At the core of innovation, organisations highlighted a sharing and collaborative culture across the business is a must to stimulating thinking and debate around the business problem and solution. Achieving effective collaboration across the supply chain can be a particular challenge in the London insurance market given the diverse range of stakeholders, each of whom will have their own set of priorities. The key to success is to start small, with a group focused on an area of common priority, before scaling out and building on early success.

Ways in which innovation has been fostered

- Ad hoc response to solving a problem or an opportunity
- Clearly defined and dedicated innovation capability
- Managed as defined initiatives in the form of design thinking, workshops and hackathons

Innovation is crucial to future success and was identified as a key enabler to achieving business goals. Respondents indicated that innovation was predominantly an ad-hoc response to problems encountered, or to take advantage of emerging market opportunities. Encouragingly, the responses also demonstrate that dedicated innovation capabilities are being established to help drive success.
Challenges for innovation adoption
The key challenge to the adoption of innovation is resistance to change. The structure and ways of working in the London insurance market is unique and requires high levels of collaboration across the insurance supply chain particularly with the distribution channels. One of the main reasons why solutions designed by group-level ‘innovation hubs’ fail is that they lack the local context therefore face massive barriers for adoption. This has driven efforts to try including key supply chain stakeholders early in the innovation process to better understand the problem to solve. Innovation also needs to make sense across the value chain else it is difficult to get traction.

We found there is a sense that organisations pursue innovation topics for the sake of innovating with very little value realised. Real world applicability of these topics needs to be front of mind as some of these ideas may be only viable in tougher market conditions therefore timing is key. Some solutions also require a large investment in underpinning technology from the brokers which underwriters work with may not be viable for small to medium brokers given the risk of a low incremental business volume. Organisations have taken to market testing of ideas and investment in proof of concepts, but this doesn’t guarantee success.

Adoption of group-level innovation strategies is complicated to implement locally but critical for success

Credera perspective on innovation
Credera believes a structured approach to innovation can guide companies to identify, curate, and execute winning initiatives to grow their markets. Innovation is critical to sustained business performance, but firms struggle to do it well. Common pitfalls include ignoring the true user’s needs, failing to take an approach that tests ideas before pursuing them, and thinking about innovation in an ad hoc manner. Companies must learn not just to respond to change but to lead with innovation.

To drive the adoption of innovation we find that greater attention is required to establish an appetite for change across the stakeholder community, to understand the different needs and make the necessary change interventions to build commitment and drive adoption. Only by understanding and embracing behavioural and operational changes will innovative new ideas succeed and deliver the expected outcomes and value.

IUA Insight
One of the issues with cross-market collaboration in the past has been the very different starting points of many organisations. Some will be looking at initiatives like Lloyd’s BP2 and be amazed at how forward thinking they are but many will have to look some way into their past to remember when they were embedding the same changes. Some companies have highly evolved innovation centres while others rely on following what others have already done.
6. ENABLERS OF CHANGE

6a. Agility and digital

Business and technology teams are partnering to drive digital transformation

Traditionally the source of transformational change

has been business led with IT teams playing an important but supporting role in delivering the strategic objectives. We found that most organisations surveyed are embarking on a digital transformation in some shape with the trend of IT and business working closer together to define and deliver the transformation. Adaption of more collaborative ways of working can introduce new opportunities to drive innovation and prioritise technology that is enabling their strategic objectives. The most successful partnerships between business and technology enable the business to clearly articulate what will be most useful to them rather than merely ruling out options that don’t work.

Through this new partnership model with the business, IT teams are playing a more strategic role to innovate and drive digital transformation. “20 years ago, IT work was focused on supporting Finance and Operations. Now IT has moved its focus into the front office, supporting business strategy in Underwriting and Claims transformation” – Mark Chapman, Group CIO, Global Aerospace. An example of the convergence of business and IT can be seen in the form of Digital Transformation capability areas comprising of all the IT development, project management and product ownership based in a single, cross-functional team. In one example, a respondent organisation is working with a tech start-up to solve a specific business challenge. Having a fresh perspective has significantly helped to redefine the problem and also trialling solutions with prototypes.

Main challenges to delivering the digital transformation is resistance to the adoption of new ways of working and Operating Models

We found that resistance to adopting new ways of working and the changes necessary to implement new operating models are the main challenges to delivering transformation, although these were mostly seen in larger organisations. Smaller organisations tended to be more successful at adapting to agile ways of working and have been for a long while now (5-8 years). They are benefiting from the accelerated business value through the iterated delivery of proof of concepts in 1-2 days with production releases every 2-3 weeks.

All respondents interviewed agreed transformation in the London insurance market is a big challenge given its complexity of supply chain and unique ways of working. Historic market operating structures mean that changes are required in multiple stakeholders (i.e. brokers, underwriters and coverholders) to enable adoption of these digital technologies. Another challenge is a significant amount of business is still placed using paper with complex processes requiring multiple handoffs that remains inefficient. This is typical of the more specialised lines of insurance business that are low volume but high value and have limited opportunities for process standardisation. The retail business is seeing more benefits through standardisation by simplifying offerings and platforms for processing high volume transactions. Having a well-crafted Target Operating Model focused on moving manual activity away from the underwriters and automating low complexity activity will help underwriters embrace change.

IUA perspective of business and Technology collaboration

Too often in the past business and technology have not worked well together. IT has been seen as an inhibitor to business agility and the business has been seen as not being responsive to new technology. Now the business is more entwined with the technology it uses and where IT works closely with the business and understands its needs, we are seeing the opportunity for substantive technology transformation that supports business imperatives. The large programmes of the past are more and more often acknowledged as far too slow to drive change and businesses are having to respond more rapidly to the ever-evolving environment.

IUA Insight

Data has become more and more important to companies in the London insurance market, but more data doesn’t necessarily mean improved insight, and this is where technology can help. AI can help analyse large quantities of data or interpret unstructured data, allowing humans to develop the insight.
Forms of transformation programmes are different for each organisation

In the near future, business will focus on technologies that will enable them to have customers much closer to the core of their offerings. Cloud and Data Analytics capabilities are at the forefront of the digital transformations. We found that all respondent organisations are embarking on some form of digital transformation activity and see this as a continuous process of improvement from running business readiness activities to changing operating models using agile and lean methods. This is a major change from traditional large scale once-off technology delivery programmes. “We don’t do multi-year transformation programmes anymore. They take too long, are hugely expensive, and rarely deliver what is required as the world’s moved on by the time they’re finished.” – Mark Chapman, Group CIO, Global Aerospace. The main drivers are agile and lean concepts that are transforming these organisations as incremental releases minimise overspending on resources and design time. In practice this is much easier for smaller size and singular business lines and highly complex for larger scale organisations.

Pivot towards agile for rapid market delivery

Agile delivery methods are well adopted at varying levels of maturity across organisations. In the low adoption organisations, they are delivered in ‘pockets’ by the business for limited scope. The complex system landscape makes rapid delivery a challenge as any release typically requires code and configuration change across multiple systems. In environments not setup for incremental delivery, this is leading to high defect levels, failed delivery and increase in cost and time.

While waterfall delivery methods are still employed for high-risk large system implementation, IT teams are now moving towards trickle feeding smaller changes and finding creative ways to handle legacy problems. Use of cloud-based infrastructure is proving useful to support this approach but uptake and scale is still very limited. However, implementing many small changes can also become a change overload and requires prioritising backlogs ensuring each release limits impact but delivers value adding features.
6b. Analytics and insight

More effective use of data analytics to gain insights into many aspects of performance and business operations remains critical to brokers and carriers. This covers data that relates to everything from underwriting behaviour and customer behaviour to product success. Companies believe that deriving actionable insights from this data can lead to better decision making, improve processes and help create vastly better customer and stakeholder experiences.

What are the top three tech trends most important to delivering your strategy?

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<td>Data analytics: AI, ML</td>
<td>Cloud</td>
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<td>Digital transformation, such as</td>
<td>Cybersecurity</td>
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<td>applications and new channels</td>
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However, the key challenge remains in easily accessing this vast data asset, integrating many sources with different syntactic and semantic meanings and enriching the internal data with external sources. Data is still heavily siloed and trapped in legacy systems in both structured and unstructured forms. The sheer scale of data available means that to accurately analyse and test scenarios, requires a scaled operating model, processes and technology solutions. Of course while, use of data is seen as key to driving digital transformation, it must be underpinned by key supporting themes: use of public and hybrid cloud capabilities that would be impossible to home grow and protecting data with comprehensive and modern cybersecurity.

“Data analytics is the best lever to pull for risk selection and pricing and represents the biggest opportunity” – David Stein, Chief Operating Officer (Insurance). Data analytics improvements and developing capabilities can enable:

- **More predictive analytics**: Improvements to forecasting by improving risk assessment in underwriting
- **Automation and integration to reduce costs**: Increased operational efficiency is high on the prioritisation agenda
- **Ability to measure business performance**: Current data fragmented across data types makes it a challenge to measure business performance.
- **Better reporting**: increased frequency and accuracy of reporting for regulatory compliance
- **Improvement to the top-line**: Pricing products based on policy holder behaviours and improving customer experience will help improve revenue and sales

To achieve this, organisations place a large emphasis on internal data management practices (data governance, strategies and services) through investments in establishing and maturing internal data services to the organisations. These have pivoted from IT only oriented capability to a converged business and technology-led service combined with data scientists, actuaries and management reporting teams. The value is they are closer to the business trying to understand the business problem to solve while having the technical ability to produce dashboards and report insights that deliver the business value. Insights from data scientists are only as good as the quality and variety of data available and therefore advances in technology infrastructure and applications make data more accessible.

For larger organisations, we found cloud featured higher on the board and obtaining a high percentage of the responses. This reflects their commitment to rid themselves of on-premise legacy and move to the cloud to take advantage of new services and capabilities.

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**Understanding data and analytics maturity: How critical to your digital success**

To ensure the successful delivery of data & analytics programmes in our digitally-native society, it is imperative that organisations learn how to close the gap between ambitions and realisation. They can do this by approaching transformation in a structured way.

See the full article [here](#)
Credera response: modernising data architecture

Increasing the use of Data analytics is a major trend across most of the world’s industries, with organisations achieving varied levels of success in deriving meaningful insights & business value.

In this vein, organisations have tried to centralise their data, adopting the ‘Data Lake’ paradigm and centralising data management capabilities and technologies. Not only has this approach failed to yield meaningful value, but changing business demands of the data and the need to innovate at pace is making this approach obsolete - business leaders want to mobilise agile teams with a high degree of autonomy to develop solutions on performant, bespoke infrastructure chosen specifically for it.

To draw meaningful insights out of data in an agile, responsive manner to meet business demands, organisations are shifting towards a ‘Data Mesh’ paradigm, where architecture, delivery & governance is federated to business-led teams and the enterprise’s data architecture is seen as composed of many independent, but interoperable, “data products” rather than monolithic systems.

This approach not only optimises architecture for each specific use case, but also enables far greater innovation and reduced time to value by making data easier to access and use through a combination of “Data As a Product” thinking, Domain-Driven Architecture and Self-Service Platforms.

To enable this new form of architecture, an organisation’s Data culture needs to shift in some meaningful ways, such as: 1) responsibility for “data products” needs to rest with the business domain that owns that data, 2) self-service platforms need to decentralise the design & delivery of data & analytics solutions and move away from enterprise monoliths (e.g. data warehouses/lakes) and the business needs to learn to self-mobilise using Agile/ DevOps/ DataOps delivery practices, supported by enterprise technical and service enablers to support them to deliver autonomously & consistently.

Finally, traditional approaches to Data Governance need to be modernised to reflect this new mode of working and accountability, operationalising governance with a focus on value enablement.

6c. Automation

Reducing manual processes in underwriting, policy processing and claims

**Many respondents are driving efficiency** in underwriting by automating manual tasks such as case management and data input to increase focus on higher value activities such as greater underwriting quality. Key examples provided are the standardisation and automation of high-volume but low complexity processes and the continued implementation and improvements of OCR (Optical Character Recognition) technology reducing data capture time.

**Robotic process automation (RPA)** appears to be limited in the uptake with London insurance market participants at the moment, with very few prioritising as critical. Reasons for this are the lack of standardised placing and claims processes in the specialised risk business, the volume of unstructured data driven by complex forms and the volume of data requiring integration. However, there has been some success for RPA in organisations building in-house capabilities, but these are limited to ancillary processes with only small incremental benefits. In these instances, some cost savings and efficiencies were achieved but were applied only to targeted processes where data and level of standardisation allowed. Most respondents agreed RPA is ancillary rather than applicable to core capability, as data quality and integration matures and business case supports, we may see applicability for RPA increase. The main focus for IT leaders is on core processes but are inhibited by unstructured nature of the data.

**AI and cognitive technologies provide compelling advances** to increase operational effectiveness, gain more insight and augment specialist knowledge in core processes such as risk modelling. Arguably, AI has leap-frogged RPA and is directly supporting quicker launch of new products and better alignment with underwriting and pricing. Many processes use a wide variety of sources and complex data structures. Use of AI can help reduce data input processes and data churn utilising advanced speech recognition and data ingestion technologies. To support AI initiatives, organisations are focusing on improving their IT infrastructure while developing internal data capabilities to improve data quality, integration and draw more meaningful insights.
6d. Use of SaaS and standardised platforms

**WE FOUND STRONG SUPPORT** (86% of respondents gave 3+ points) for the use of COTS (Commercial off-the-shelf) solutions as part of their vision to realise strategic objectives. Where products have good local market alignment, this can simplify maintaining support for evolving regulatory reporting. With the increased prevalence of cloud based Software as a Service (SaaS) product, with the best in class products, the pace of updates can keep pace even better with regulatory changes.

Respondents also said that they want to leverage more cloud based solutions to simplify product offerings, increase speed to market and reduce operating costs associated with legacy systems. These solutions offer more standard processing options to simplify underwriting. Additionally, a reduction of in-house maintenance and standardised upgrade and enhancement path were quoted as benefits of moving to standard solutions.

Whilst historically focused on the retail insurance sector, these systems are evolving to integrate with ecosystem platforms such as PPL and claims systems leveraging the integration into common platforms’ data and common processes. Many organisations are at an early stage of transformation and struggle with the complexity and far reaching impact of making change. Using standard packaged solutions can be very appealing, with organisations in general insurance adopting them and benefitting from providers investments, learnings and a 3rd party ecosystem forming for additional functionality. There is also high appeal in corporate functions such as finance and HR.

However, there is nuance to the above story. Moving to COTS is less appealing when considering implementation costs of integrating into core legacy systems and limited applicability for specialised underwriting organisations. In addition, some of our interviewees viewed COTS as restrictive in the customisation capabilities and impact on the business ability to innovate.

6e. Partnering

**Startup partnerships offer a fresh perspective to business leaders and illustrate the ‘art of the possible’**

Results from the survey would suggest that partnering was not a good enabler for the agility required in delivering digital technologies, with 70% of respondents showing outcomes not delivered to minimally delivered. However, 60% have ambitions to utilise partnerships with startups in the next 2 years.

**Is it likely that your organisation will use IT partnerships in the future to drive transformation?**

Responses showed that nearly 50% of respondents would consider IT partnerships to augment existing organisation teams enhancing their own systems while 30% would consider IT partnerships to drive the transformation towards new platforms.
The survey responses don’t make up the whole picture. One of our interviewees provided a different view on partnering with start-ups. Their experience was that new start-ups provide fresh perspectives to driving transformation in the London insurance market. The start-up brought a blended team with seasoned market professionals, and digital expertise. They worked closely with the business to understand what was desired and rapidly built out prototypes to explore the art of the possible. Where traditionally this insurer had used the commonly used insurance COTS packages, they found the use of the start-up removed some of the constraints that come with these, to enable better alignment with the London insurance market, and the company’s requirements.

Credera perspective on factors for successful partnerships with start-ups

Technology partnerships can provide access to cutting-edge technology, but one of their most understated benefits is the introduction of “start-up” ways of working into more traditional organisations. Unrestrained by legacy technologies, complex functional structures and siloed data architectures, start-up companies bring the fresh perspectives and entrepreneurial energy required to drive disruption. But how do large organisations with complex processes and governance contract and partner with dynamic start-ups to drive change?

Large insurers need to adopt a more open, risk-tolerant attitude to testing their existing strategies and processes, fleshing out any commercial, technical, regulatory, & operational factors that block effective collaboration and dynamic change, including some practical success factors to consider:

- **Shared collaboration environments** – This extends to not only collocations of teams and resources but technically the shared development of code (e.g GitHub) to enable effective collaboration and rapid ideation & prototyping with start-ups and partners

- **Joint development on Cloud** – Shared infrastructure to enable collaboration and address data security, regulatory and privacy requirements jointly, as well as enable a route to productionisation at scale to drive digital transformation at scale and pace

- **Open data sharing standards between parties** – Shifting the data security paradigm from “why?” to “why not?” and assuming that all data needs to be more accessible, both within the company and by teams collaborating with start-ups and partners.

- **Commercial contracts related to IP and monetary rights** – Enabling all partners to benefit from this collaboration with specific consideration around ownership of intellectual property (IP) and the monetary rights associated with this.

Above all there needs to be executive sponsorship amongst the leadership in the organisation that enables an environment of experimentation, to fail fast and learning that can foster this innovation. Separation from the rest of the organisation so that they are not influenced by current thinking and allow new ideas to be incubated.

IUA Perspective on Data, AI, and automation

Data has become more and more important to companies in the London market, but more data doesn’t necessarily mean improved insight, and this is where technology can help. AI can help analyse large quantities of data or interpret unstructured data, allowing humans to develop the insight. While commercial off the shelf packages may not be the answer for complex insurance solutions there is no doubt that partnerships with start-ups can provide the impetus for transformational change.

When changing at a market level agile approaches become more difficult to implement in complex and regulatory areas, where individual companies want to feel in control and a waterfall approach becomes more manageable.
7. RESPONSE TO COVID

COVID has had an immediate and likely long-lasting impact on how the market operates. It was clear that the initial focus was on successfully enabling remote working, in a secure and scalable way.

Given the recent global impact of the Covid-19 outbreak, what do you consider to be the top three most important operational resilience factors in responding to this pandemic?

Organisations already setup for remote working saw a smooth transition to working remotely, with collaboration tools like Teams already established and the move to laptops and remote connections as standard across organisations. In some instances where the rollout of collaboration tools was in the pipeline of projects, these were accelerated with high adoption rates given the lack of alternate options. Respondents indicated that COVID had very little impact to the operations and felt there was a relatively seamless transition to remote working. The most notable impact was the redirection of resources and budgets from transformation projects to short term COVID related activities, such as:

- Adhering to changes in FCA requirements while relaxing some rules for COVID-19, i.e. electronic signatures accepted for placing business within certain risk thresholds
- Increased IT Service Management to support users transitioning to working remotely
- Scaling IT infrastructure to cope with increasing volumes,
- Redeploying resources back on to transformation programmes.

Usage of platforms such as PPL prior to COVID was key to enabling users to continue working with minimal impacts to services. Already having strong usage meant that organisations didn’t need any online training and were able to adapt quickly and continue trading electronically. Where delivery of transformation components was delayed in the past these were accelerated and boundaries removed to implement web-based trading platforms, remote working collaboration and Office 365 solutions were implemented.

The biggest impact has mainly been on SME/specialist insurance where business conducted in mostly traditional face to face methods found this to be a challenge in redefining processes to adopt remotely engaging with their broking partners. Changes to contract value thresholds helped approve digital signatures (e-stamp slips without face-to-face interactions) to cope with impacts of COVID-19, however, there remains a concern on the long-term future of doing business in a non-face to face way.

This view is also supported by the IUA with continual feedback from members that video conferencing technology is enabling them to operate closer to business and is more efficient with internal communications. Client / broker interactions have continued uninterrupted and the market has seen electronic placement becoming more prevalent and without it the impact of the pandemic would be felt more severely. See article: Technology re-wired to combat COVID-19 – Chris Jones

IUA Insight

Evidence of increased collaboration can be seen in the engagement of members in the IUA. Since remote working became normal the IUA have seen an increase of 40% in attendance at formal London insurance market
**Strengthening and justification of transformation business cases**

COVID has strengthened the case for digital transformation programmes. Organisations with higher digital model maturity benefitted most and may have received boosted investment to scale ancillary services such as IT service support and infrastructure provisioning.

Looking forward to a post-pandemic world, what do you see as the top three key considerations when changing ways of working in your organisation?

![Chart showing the top three key considerations](chart.png)

- Adapting to new ways of working
- Re-thinking operating models
- Cyber security
- Re-defining communication channels to assist remote working
- Re-establishing operations
- Enhancing remote working
- Re-prioritisation of existing digital transformation programme
- Adapting infrastructure capabilities

Going forward, priorities are now on adapting to new ways of working and shifts in operating models, representing 26% of responses.

Companies are focused on addressing the most immediate factors introduced by the pandemic. When asked about how the pandemic has impacted their focus on transformation programmes respondents said:

- **Strengthen business case and accelerating the programme:**
  Scope of transformations haven’t changed but the urgency and pressure to deliver has increased with the biggest challenge being resourcing. “The challenge was to find available resources to continue the activities as they had to deal with COVID related and short-term initiatives” – Sarah Kelleher Director of Operations, Commercial Lines - Aviva

- **Concerns around collaboration in a remote working world:**
  Concerns around culture change and opportunities to collaborate are top of mind of leadership. Remote collaboration tools have made huge strides in useability and adoption however these may fall short of achieving in person collaboration. It is likely the model will move to a combination of a few days in the office for collaboration, but this is yet to be proven.

- **COVID Impact to the insurance industry clients could impact business models:** It is expected that some changes observed during covid may persist in the medium to long term. For example there has been significant impact to the insured risk for certain classes of business e.g. Aviation and Maritime.

- **Credera perspective on the pandemic**
  Over recent years Credera has increasingly helped clients transform for the digital age. However, this journey has often been tempered by traditional thinking and ways of working. With the pandemic we have seen an acceleration in these trends and a greater acceptance of digital ways of working.

  We see an increase in clients with fresh new thinking and creative ideas, increasingly looking to break out from traditional constraints. Greater flexibility with the workforce and delivery approaches to maintain operations during lockdown has shone a light on the art of the possible. For many there will be no return, with increased flexibility and simplified governance as the new norm.

- **IUA perspective of future ways of working, and doing business remotely**
  The pandemic has accelerated the adoption of electronic trading in the London insurance market. Business that was previously seen as being only possible to trade in person is now being traded remotely, because modern collaboration tools and internet speeds mean it can still be traded face to face. While business development for some has been more problematic, those that have embraced remote working are continuing to grow. There is no question that the pandemic was hugely disruptive to the IT and change plans of many organisations, but that disruption has accelerated the adoption of technology in a way that has not been seen before. It looks likely that these changes will persevere as many organisations look at encouraging a more distributed operating model. The nature of the London insurance market looks set to change considerably and we must ensure that it is not to the detriment of clients that have come to London in the past seeking solutions to complex risks.
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Our teams have the knowledge, hands-on experience, and people skills to ensure we can help you succeed in the initiatives that really matter to you.

**OUR SERVICE OFFERINGS**

**STRATEGY**
We help organisations to build a strategy that gets them the results they need to sustain their competitive advantage

**TRANSFORMATION**
We help organisations change the way they succeed in operations, technology, strategy, and innovation to ignite business results

**CLOUD**
We help organisations to harness the benefits of the cloud, to enable tangible business outcomes, through strategy, delivery, and optimisation

**DATA**
We help organisations transform the way they work by exploiting the power of their data and applying practical, experienced data approaches

**ENGINEERING**
We help organisations to deliver technology platforms, taking a holistic approach that addresses tech, process, and structure to make a lasting impact

**IN NUMBERS**

- **600+** Employees globally
- **1989** Established in the UK
- **94%** Client retention rate

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