

A Force for Change:

The State of InsurTech Today





Described as the “threat that inspires” by research firm McKinsey, InsurTech firms are nothing if not disruptive. With a focus on innovative technology deployments over familiar — but often cumbersome — manual processes, this once-niche market subset is poised to take the insurance world by storm.

In fact, recent data suggests the insurance technology industry is on track for a compound annual growth rate (CAGR) of more than 40 percent over the next five years as companies embrace the shift to on-demand service and solution delivery.

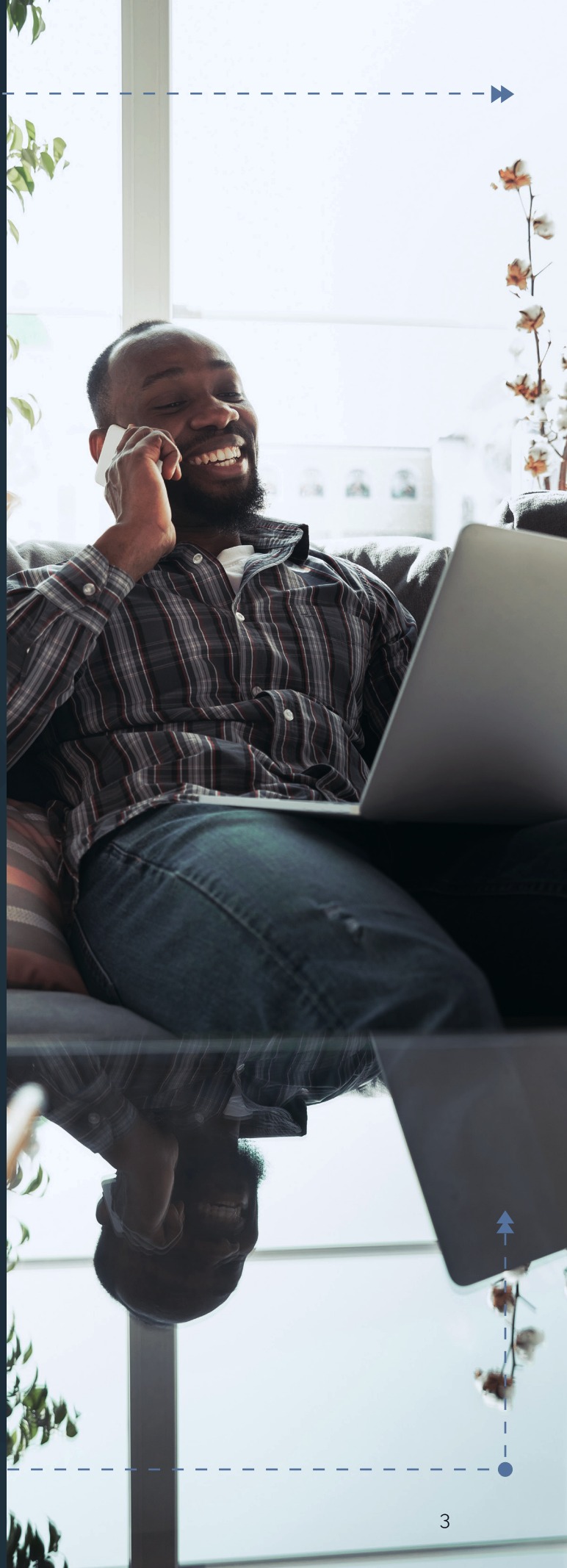
In the first volume of our InsurTech solutions eGuide series, we’ll dive into the current landscape, tackle changing market conditions, examine key challenges and emerging expectations, and offer critical insight into vital evolving trends in the InsurTech sector.

Let's get started.

The Existing InsurTech Landscape

In a 2016 PWC whitepaper, 74 percent of insurance firms believed that some aspects of their business were at risk of disruption. Market movement in recent years has generally aligned to this assessment and shown a slow-but-steady trend away from traditional and toward tech-driven processes.

And then came 2020. Suddenly, insurance firms of all shapes and sizes found themselves facing the reality of remote work — now, many are looking at ways to make remote processes permanent as pandemic pressures continue to evolve. Even more challenging? COVID or not, insurance firms rely on technically correct, consistent, and comprehensive data collection and form completion to create accurate quotes and build ideal policies. As a result, the InsurTech landscape has undergone a rapid reorganization to meet evolving demand. Three key processes are now critical objectives for application developers:





Improved Collaboration

Collaboration is critical for success in the current InsurTech landscape. Staff must be able to work in tandem to capture data from critical sources or draft new policies without increasing security risk. This requires solutions such as in-browser application viewers that allow employees to quickly view, edit, convert, and collaborate on files inside secure environments rather than using familiar — but far riskier — tools such as email. Collaboration is also critical for speed as clients look for companies capable of providing quotes and claim decisions on-demand.



Faster Data Collection

Speed is no longer a luxury when it comes to data collection. As the variety, volume, and velocity of incoming data sources expand, InsurTech firms can't afford to wait on legacy tools only capable of handling specific file types at fixed functional rates. Advanced solutions must be able to capture data from a variety of sources, including structured forms, images, and various document formats. Extracting and managing this data in an efficient manner translates into faster policy processing and streamlined workflows that keep costs down, employees productive, and customers satisfied.



Enhanced Risk Evaluation

Risk analysis forms the backbone of insurance processes. Firms routinely evaluate risk probabilities and potential payouts when making policy decisions and determining premiums. According to recent data from the [National Association of Insurance Commissioners](#), insurance firms are on track to spend more than \$3.6 billion on data capture and analysis technologies by 2021 to improve underwriting efforts and more accurately assess potential risks.

But this isn't the only risk faced by InsurTech firms. As technologies and tools empower better collection of clients' personal and professional data, there's a need for IT risk assessment and the implementation of tools and services natively designed to secure this personal information across InsurTech enterprises.

Improving Form Recognition and Data Extraction

Traditional insurance firms thrive on consistency. Information once flowed to them from a limited number of sources and processing that data was fairly straightforward, but the days of narrowly-defined data sources and perfectly-structured forms are long gone. For today's firms, information about insurance clients, claims, and collections can come from any source and in any format. Once collected, data must be vetted, analyzed, and then translated into standard templates for processing. This is no small task when the sheer volume and variety of data sources continues to grow each year. To better manage these disparate data sources and process claims effectively, InsurTech solutions need four critical capabilities:





Efficient Data Capture

Insurance data forms are rapidly diversifying. From documents to images to multimedia files, the rapid uptake of technology among clients and consumers means that InsurTech must be able to accommodate a variety of sources in order to gather information about claims. An auto accident claim, for instance, could easily consist of a handwritten police report, a scanned copy of a physical claim form, photos of damage, and customer information from a database. InsurTech solutions must be able to extract the essential information from each source as part of an automated workflow if they're going to help firms improve efficiency.



Accurate Form Identification and Repair

From check boxes to fill-in bubbles, address fields, and specific sections for handwritten data, forms are fundamental for the insurance industry, but capturing their data isn't always easy. Many physical forms suffer from incomplete or unclear data, such as boxes not fully filled in or fields not fully completed. Poorly-designed forms can also frustrate common capture methods and make it difficult to automate workflows and process claims quickly. Solving this issue requires software capable of not only recognizing a host of forms and file types, but also intelligently correcting for field problems as they occur, rather than simply returning errors. That's why the most effective InsurTech applications incorporate powerful image processing tools that offer a variety of cleanup, correction, and transformation functions to repair damaged, incomplete, and poorly scanned documents.



Reliable Confidence Value Assessment

Reliability matters. If an application captures data inaccurately and a firm uses that information as the basis for policy creation or rate setting, the mistake could end up impacting revenue and potentially expose the company to legal action. InsurTech developers can help ensure that data collection is accurate by deploying robust optical character recognition (OCR) tools. Advanced OCR processing assigns each scanned character a confidence value between 1-100 as a measure of accuracy. Thresholds can be set during implementation to trigger a manual review of a document or image, helping to avoid costly errors.

Even a few percentage points can make a huge impact when it comes to confidence value accuracy. For every 10,000 forms scanned, for instance, a 95 percent confidence value will generate 500 data entry errors, while a 99 percent confidence value will produce only 100. Higher accuracy not only means fewer errors, but also fewer manual reviews, which frees up time for more high value tasks.

Turning Data Into Action

While efficient data capture is an essential foundation for any InsurTech solution, application developers also need to consider how they can help insurance firms draw insights from that data and use it to take meaningful action. InsurTech companies can begin making these connections by focusing on the ways data drives governance, customer interactions, and innovation.



Customer-First Experiences

The customer experience is now critical to ensuring corporate success both immediately and over time. Clients are no longer interested in policy quotes and claims assessments that take weeks or months; they want answers to inquiries immediately and decisions within days. But this isn't possible without the right underlying infrastructure. If staff are stuck manually evaluating forms and contacting clients to resend documents because they won't scan or process correctly, the rapid results process breaks down. Targeted process and application additions are therefore critical to build a top-tier client experience.



Continual Innovation

Innovation doesn't stop with form recognition and faster processing. As the InsurTech market becomes more crowded and consumer choice increases, firms must think outside the box to deliver new insurance approaches. From policies that adjust based on real-world events and claims processes that are mobile-driven and entirely automated, there's always room for new ideas in InsurTech. Unfortunately, most software developers are working with limited resources on tight deadlines. By using third party SDKs and APIs to integrate core viewing, forms processing, image conversion, and secure collaboration features into their applications, they can spend more time working on the innovative features that will help them stand out in the InsurTech market and shorten their development cycles.

Creating People- Centric Solutions

In the evolving world of InsurTech, cutting-edge digital policies and robust data capture processes are essential to meet emerging challenges. But what about people? No matter how many applications, services, or solutions companies adopt, integrate, and deploy, outcomes will never meet market expectations without the professional expertise of in-house staff. But in the same way new data sources and increasingly complex compliance requirements demand a new approach from insurance agencies to drive reliable ROI, operational objectives must also adjust.



Here, priorities include:



Reduced Human Error

Manual entry efforts typically yield an error rate of around 1 percent — or 1 in every 100 pieces of data entered. While that may not seem like much, an organization that makes thousands of manual data entries each day over the course of a year could quickly find itself losing millions of dollars due to avoidable mistakes. InsurTech applications that automate data entry can significantly reduce the risks associated with human error. Information extracted from one form or database is easily copied to another without the chance of a misguided keystroke (or inattentive mistake). Automation also allows insurance staff to focus on higher value tasks, enhancing both productivity and efficiency in the process.



Improved Service Delivery

InsurTech firms are blurring the line between service and product. While robust policy coverage and cost-effective quotes are important to prospective clients, service is also critical to drive conversion and encourage ongoing customer loyalty. This includes everything from multi-channel support across email, phone, and social media platforms to on-demand decision making when claims are initiated and outcomes are determined. For InsurTech agencies, this improved service delivery is only possible when staff are equipped with the data they need, when they need it.



On-Demand Response

When issues arise, companies must be prepared to take action. While client-facing concerns are one example, there's also a growing need for insurance technology enterprises to overcome the common issue of data "silos" — information handled by one internal department that they're reluctant to share. While service silos are born of the desire to ensure data control and improve security, they frustrate the function of on-demand response. To overcome this issue, companies need consistent application and service frameworks capable of connecting disparate data sources and demolishing departmental silos.

Top 3 Emerging InsurTech Trends

So what's next for InsurTech firms? While current market experience makes it clear that nothing is set in stone — slow-and-steady shifts to remote work and digital-first frameworks became requirements overnight — three trends are expected to help define the tactical, technological approach to insurance offerings:

1 The Move to Remote

The days of insurance staff working from a centralized office location are fast becoming outdated. Today's insurance companies are embracing remote work arrangements both to make it easier to connect their customers to services and to compete for the top insurance talent. The transition to a distributed workforce will require powerful InsurTech solutions that make rapid communication and collaboration possible. Insurance software applications also need to be able to view, convert, redact, annotate, and process multiple file types securely to streamline operations.

2 The Complexity of Compliance

Compliance regulations are evolving to better protect customers and more closely monitor the usage, storage, and eventual destruction of data. The result? A continuing trend toward significantly increased operational complexity as every decision, every action, and every outcome must be viewed through the lens of data compliance and security. Here, insurance companies are best-served by policies and processes that are natively designed to support compliance objectives with visibility, transparency, and agility.

3 Turning Analysis into Action

Data collection and analysis only delivers value if output informs action. Agents armed with accurate and complete customer data are better-equipped to make policy decisions and respond to inquiries for service, while C-suite members with access to big-picture data are in a better position to create superior market strategies. Although the road from collection to action to insight isn't the same for every insurance organization, it all starts in the same place: rapid, reliable, and robust data capture.



The realities of digital disruption and the undeniable advantages of technology-driven insurance processes laid the groundwork for InsurTech uptake at scale. Unexpected and ongoing global pandemic pressures, meanwhile, underscored the need for rapid, reliable, and robust shifts to digital-first processes and services.

As more and more companies embrace the innovative possibilities of InsurTech applications, they need the mission-critical components to deliver on the potential of those services. In part two of our InsurTech solutions eGuide series, we'll [explore potential options](#) — from comprehensive software solutions to SDKs and APIs — to help companies make that leap.



@Accusoft