

Building the Next Generation of

InsurTech Solutions





Introduction

InsurTech is constantly evolving to better meet the needs of consumers. As noted by [Business Insurance](#), today's InsurTech services are doing more to help consumers obtain comprehensive insurance coverage, and the security that comes with it, without the need for in-person meetings or lengthy processing delays.

But it's one thing for insurance firms to recognize the relevance of technology-first approvals, underwriting, and policy creation. They also need ways to apply this knowledge for people, processes, and policies across enterprise operations. In our first InsurTech Solutions eGuide, we tackled some of the key challenges facing InsurTech firms as the market evolves and competition heats up. In our second installment, we'll dive into best practices for application developers looking to help insurance companies transform their digital processes.



Challenging the Status Quo

Rapid technological change has upended the status quo for many industries. Finance, retail, insurance, and even healthcare organizations have been forced to explore new ways of delivering service and driving revenue in a market beset by disruption. As noted by [Lexology](#), InsurTech firms have found their footing in this new normal, raising more than \$2.5 billion in new capital in 2020 — up 63 percent from the year before. Those investments are helping to drive ongoing digital transformation efforts that are finally laying outdated legacy systems and processes to rest.

As the demographics of the insurance market [continue to change](#), organizations that have made early and committed investments in innovative InsurTech solutions will have a clear advantage over competitors still clinging to outdated practices. That creates a clear opportunity for InsurTech developers capable of delivering innovative applications that drive efficiency and building better relationships between firms and their customers. To provide those solutions, InsurTech applications must address five key challenges facing the industry.

Cultivating Collaboration

Insurance firms often face challenges when it comes to fostering collaboration. In theory, it seems simple: allow staff to easily **connect and collaborate** on critical tasks anytime, anywhere. In practice, they are often working through legacy applications and ad hoc solutions that result in siloed data, differing processes, and administrative roadblocks.

InsurTech developers can help organizations reach this goal by integrating collaboration functionality into their applications:



Annotation:

Team members need the ability to quickly add notes, ask questions, or flag specific information within secure documents.



Editing:

If making changes requires multiple steps and isn't automatically reflected for all users on key documents, companies lose valuable time and effort.



Access:

The right people need the right access to the right documents at the right time. As a result, access and authentication tools are critical to ensure security.



Sharing:

Email remains the most popular way to share documents, but is inefficient and insecure. Document sharing within applications must be simple, speedy, and secure to deliver value.



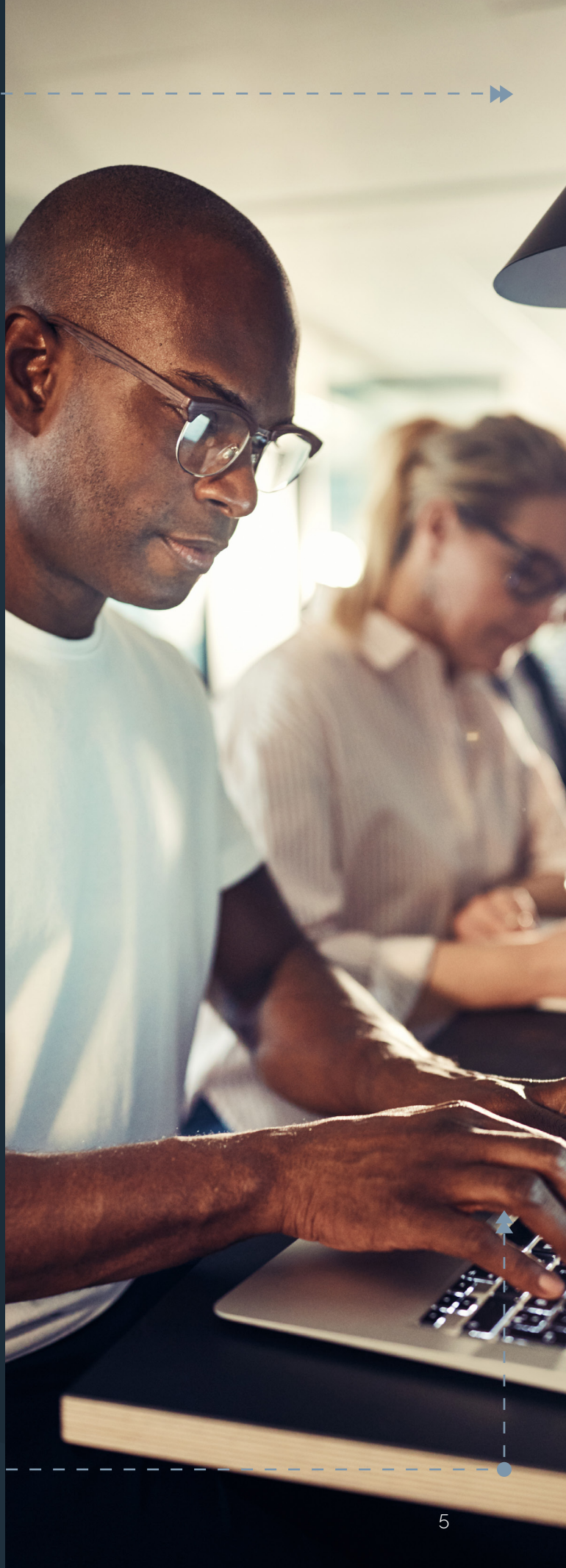
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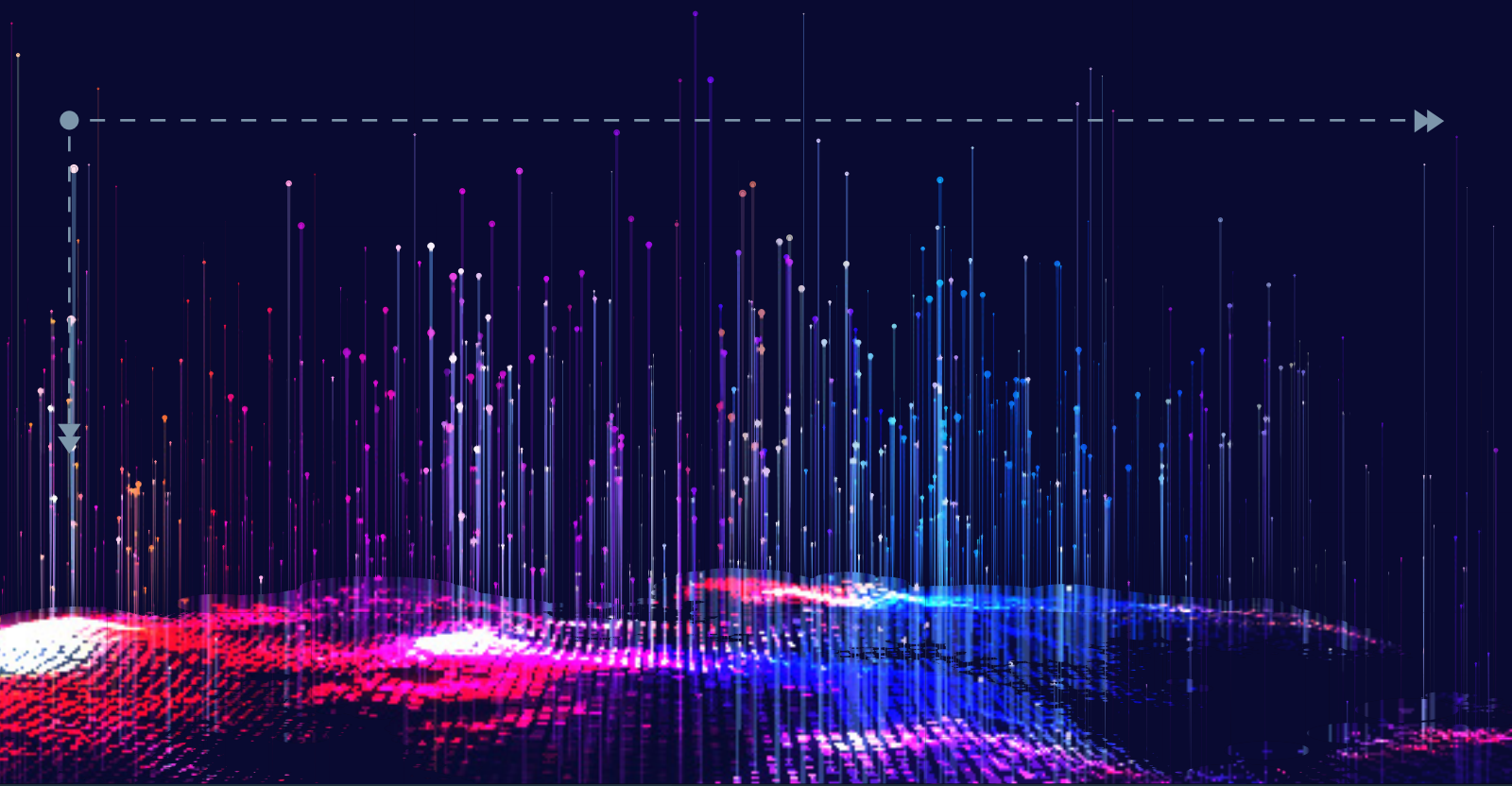
As compliance expectations for InsurTech firms evolve, enterprises need extensive and accessible records of all document changes, from most recent modifications to original formats.

Failing to account for these needs can leave InsurTech applications unequipped to handle the workflow needs of the insurance industry. Providing a **powerful machine learning tool** might be helpful for a variety of tasks, but it probably won't be used to its full potential if it exists as a standalone program without any collaboration features.

Consider the common condition of processing policy forms across multiple applications. Utilizing different software at each step of the documentation process — from initial collection to review to approval — significantly reduces overall efficiency and increases the chance of security gaps. Team members also might be comfortable with existing processes that see them emailing key documents back and forth for review and approval. Even if they do rely on shared document processing tools that offer better functionality, those tools may lack IT oversight.

InsurTech developers can help avoid this by providing a more **comprehensive workflow solution** that not only provides innovative new features, but also eliminates redundant and often outdated applications. Building viewing, editing, and communication tools into the core of applications means that users can do more with fewer programs, all while enhancing efficiency and security. By making these solutions as user friendly as possible and providing ongoing support, they can also increase adoption rates and reduce the chances of anyone returning to legacy processes.





Capturing Information

Information is power in a world driven by big data and machine learning analytics. That's especially true for insurance companies, which rely on accurate data to assess risk, build customized policies, and set prices for their products.

As document volumes increase, firms need applications capable of **extracting valuable information** from a board variety of forms, images, and file formats. Every scrap of data could potentially impact risk evaluations and, by extension, the organization's bottom line. That's why InsurTech applications need integrated data capture capabilities that allow them to gather information from multiple sources and deliver it to a database.

Achieving that level of functionality requires a variety of content management and processing tools that might seem outside the scope of InsurTech software. Without the ability to recognize multiple types of forms, read and extract information with **optical character recognition (OCR)** tools, and convert multiple unique file types into more manageable formats, InsurTech applications will struggle to deliver the performance improvements their customers are looking for.

Robust application programming interfaces (APIs) offer a way for InsurTech developers to extend current functions and ensure that virtually any file can be processed — and its information captured accurately — under existing application frameworks.



Completing Documentation

Since 1972, ACORD has supplied standardized documentation to the insurance industry. With firms all requiring the same basic information to create and customize insurance policies, there's no reason to reinvent the wheel. It's more time- and cost-effective to use standardized formats that are consistent across the industry and contain fundamental form fields required for [effective documentation processing](#).

Unfortunately, with consumers submitting more documents digitally, it's a safe bet that at least some of them won't follow ACORD format. What's more, some necessary documentation exists outside the purview of ACORD forms, meaning firms need a way to compile disparate data sources and complete key forms, all without sacrificing speed.

The ability to capture and [convert multiple file types](#) is critical, but companies also need a way to parse key paperwork outside of standardized solutions. Consider a seemingly straightforward form returned with fields partially filled out or entries found outside their respective data boxes. Returning forms to clients for correction is time and resource-intensive, and there's no guarantee it won't result in more problems down the line.

Instead, InsurTech firms can boost efficiency with the use of advanced OCR and extended intelligent character recognition (ICR) tools capable of flagging incomplete or unusual fields for manual review. Some of these errors may only be due to scanning limitations of the software. Rather than instantly rejecting the document out of hand and forcing the client to resubmit information, an insurance agent can enter the data manually and keep the application process moving.

In this case, effective integration is essential; OCR and ICR tools built into InsurTech applications allow organizations to seamlessly process data and complete documentation for improved application turnaround times.



Continuing Operations

Human error remains one of the greatest risks facing the insurance industry, which is rather ironic considering that many firms sell [errors and omissions \(E&O\)](#) insurance policies to their customers. Most companies have some form of manual process, whether due to the shortcomings of legacy technology or the perception that automated tasks remove valuable human oversight, that exposes them to the potential for human error.

Even under ideal conditions, humans make mistakes. [Research from Argosy University](#) puts it simply: "Human data entry can result in errors that ruin statistical results and conclusions." Work with nearly 200 participants found that while humans trained to double-enter data fields fared better than those using simple visual checks, "researchers should design and use human computer interactions that minimize data entry errors."

InsurTech can reduce the risks associated with human error by [automating key data collection processes](#). Automation has the added benefit of increasing speed and efficiency. By automating low-value, high-volume tasks like document processing and data entry, InsurTech solutions can free up time for insurance professionals to focus on more high-value tasks that will contribute to business growth.

Developers can also give customers the ability to adjust the confidence thresholds of automation tools, raising or lowering the standard for what situations should trigger a manual review. This can help ease more traditional organizations that are less comfortable with automation into implementing InsurTech tools gradually, which makes them more likely to be accepted over time.



Creating Satisfaction

Consumer expectations have been steadily evolving to prioritize multi-channel connections, on-demand interactions, and faster outcomes. Driven by increasingly ubiquitous access to cloud and mobile technologies, consumers expect insurance companies to offer the same flexibility and control they find in other industries. InsurTech applications, therefore, need to help firms create an efficient, digital ecosystem that can respond rapidly and effectively to customer needs.

While consumers might have been willing to wait days or even a week for application approvals or answers to policy questions, they now expect near-instant turnarounds. At the same time, they also expect **robust data security**. InsurTech solutions must be able to provide both through a combination of automation and consolidated, all-in-one operational abilities.

Automation **streamlines time-intensive tasks**, allowing insurance agents to spend more time supporting customers rather than processing paperwork. By implementing effective data capture technology, InsurTech applications can also make it possible for customers to complete key portions of the application and claims process on their own terms for even faster service.

When it comes to keeping customer data secure, InsurTech solutions can eliminate vulnerable gaps in the security chain by handling viewing, editing, and collaboration tasks within their protected applications rather than relying on third-party software. Cutting out these dependencies means restricting who has access authority, effectively giving insurance firms more control over their data so they can protect their customers' confidential information. This approach has the added benefit of making it easier to meet complex compliance obligations.

Streamlining processes and eliminating dependencies allows InsurTech developers to position their solutions as customer friendly, helping organizations create an improved user experience that generates good will and returning business among consumers.

What's Next for InsurTech?

Long term industry changes are picking up speed and broadening scope as the disruptive potential of InsurTech makes mainstream waves. As insurance companies embrace digital transformation in their efforts to deliver increased customer satisfaction and operational efficiency, there will be substantial opportunities for InsurTech innovations to replace legacy infrastructure and outdated practices.

The most successful InsurTech developers are already building solutions capable of addressing multiple industry challenges. By identifying key needs — such as improved collaboration, enhanced data capture, or increased operational speed — developers can create applications that allow customers to streamline their operations and consolidate their technology footprint.





Conclusion

InsurTech solutions are on the rise as consumers embrace the benefits of technology-driven policy applications, approvals, and additions. By solving multiple business challenges and allowing organizations to rapidly accelerate their digital transformation efforts, InsurTech has established itself as a disruptive industry force that's both secure and sustainable.

But InsurTech success doesn't happen overnight. As insurance providers diversify and confront changing customer needs, developers must continue to build the technology solutions that are flexible enough to achieve a variety of operational objectives with minimal dependencies. Thanks to *SDK and API integrations*, InsurTech companies can create a new generation of applications that deliver on the promise of digital transformation by providing completely new platforms and expanding the functionality of existing software tools.



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