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THE TIMES OF
PANDEMIC

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The ongoing global pandemic has disrupted the operations in every enterprise irrespective of the domain, and the Insurance industry is no different. While ensuring that business operations are stabilized, the carriers are also starting to look at the end to end impact on their value chain and revisiting their priorities for technology specific initiatives.

We sat down with two industry leaders and experts, **Don Desiderato**, CEO and Founder, Mantissa Group and Former SVP/CIO at New York Life Insurance Co. and **Kannan Amaresh**, SVP, Head of Global Insurance, Infosys to understand the impact of the pandemic on the Life and Annuity Insurance Industry.

Kannan:

Don, obviously these are very challenging times for every individual, family and businesses across the world. From your vantage point as an industry veteran, what are you seeing and hearing about the preparedness of the Insurance industry to the unprecedented situation posed by the COVID 19?

Insurance executives (specifically Life) are concerned where they stand in terms of digital footprint

Don:

I think in terms of what I'm hearing, the feedback falls into two major categories. The first category is adjusting to the new way of working. And I think that technology seems to be working fine now as an enabler of remote working. The switchover from what it used to be to what it is today, has been smooth and I think people are adjusting to the life in this new normal. In the same light, I think people not only are adjusting, they're beginning to realize that this could be going on for a lot longer than anybody ever thought in terms of working remotely. So, technology played a major part in getting over this hurdle. The second category is Insurance industry executives (specifically

Life) are concerned about where they stand in terms of their digital footprint. There just seems to be a general worry among the industry executives that they are not as ready as they thought they were when it comes to digital enablement of their business. I think these are just the general themes, particularly associated with Life Insurance companies.

From the Life Insurance perspective, the front end of the customer journey is going to be completely rebuilt

Kannan:

You are right about the digital enablement or lack of it. One thing that I am hearing from many of our clients is that the customer service requests at call centers have gone up quite significantly during the first 3-4 weeks. It was almost twice or thrice the normal volume. What is your perspective on why it was up so high?

Don:

It is all about getting access to the information. Obviously, it directly ties back to the industry's readiness in terms of digital enablement. With the Life and Annuity Insurance industry, the customers are worried about the stock market and economy in general affecting their assets. They are terrified that their retirement savings might go down to 2016-2017 levels. Remember some of these Insurance assets are also retiree benefits. If you own a variable annuity, you're going to want to know where you stand relative to your annuity contract. You want to see what's going on, you want to understand how the market is impacting your asset. If you have a whole life policy, you're looking at the cash value. Also, people just have more time to worry about all these things. I think it's a culmination of all these kind of factors that is causing people to check in with their carrier just to see where they stand. Of course, not many carriers have the digital capability to provide all this information online or even if they exist, the

access to the data is not intuitive enough.

Kannan:

That makes sense. I assume this is going to put a lot of stress on the business value chain of the Life Insurance. What do you think will be some of the key focus areas in terms of value chain and related customer journey during and post this crisis?

Don:

There is an incredible stress that's being put on the value chain at this point. From the Life Insurance perspective, the front end of the customer journey is going to be completely rebuilt. If you look at what a customer goes through during the early stages of the experience with a Life Insurance company, they are forced to have a live meeting with the agent. They are forced to read documents that show an illustration. Then you have someone coming to the home of the customer and taking medical samples for evaluation. This is one of the most noxious part of the customer journey in the Life Insurance value chain. This whole process is going to undergo significant change. Carriers are going to be forced to do the underwriting with the electronic health records. Also, there will be lot of innovation to revolutionize the remote interaction and collaboration between agent and customer. The entire customer engagement will go through a significant digital transformation in the days to come.

Kannan:

So, the way I see it is, in Life and Annuities, there is probably going to be an impact across the value chain - origination through

maintenance, servicing and everything. How does a Life & Annuity carrier address this because they are also bogged down by a huge amount of legacy technology, ages old infrastructure etc. What are your thoughts?

Don:

That has already been a problem and it's going to be magnified now. If you look at P&C side, you could swap out technologies easily, because your contracts are six months or year old. So, you could stand up newer technologies, you can put the new contracts on there, and just let it unfold. However, when it comes to Life and particularly on the Annuity side, their business model is predicated on much longer contracts. Swapping out technologies will involve very large build cycle as well as complicated conversions of millions of policies. So, getting off the legacy technology could be as much of a decade long experiment. However, you could digitize the front office completely in much shorter timeframe. There are technologies like Salesforce, which is good for an agent interactions and CRM etc. All the other technologies on the front office, for example, e-delivery of documents, the ability to do illustrations, sharing information back and forth, electronic health records are starting to emerge. When it comes to the back end, I think RPA technologies and AI allows you to navigate through the older legacy technology by automating processes that are definable. So, I think the combination of digital transformation of the front end of the value chain as well as the automation of back end processes using RPA and AI are going to be the focus in the near term. The other thing you would do in the

medium term is to look at data assets. The carriers would come up with a data strategy to unify their data assets and build an API layer to access the data as an interaction layer. With this, you are essentially beginning to implement the building blocks of a modernization program that could sustain over a long period of time.

The entire customer engagement will go through a significant digital transformation in the days to come

Kannan:

Do you see more product innovation arising out of the current pandemic situation, specifically in Life and Annuity space? What are your thoughts?

Don:

Not necessarily because of the current situation. Insurance companies are realizing that acquiring net new customers is quite hard to do. So, you must be creative and be able to offer more products to your customers to keep growing the business. For example, long term care products that act as a universal life policy, and serve two purposes, are going to become very popular. Similarly in the case of Annuities which offer additional benefits would become popular. The carriers are going to begin to integrate all these products and create offerings that will encourage people to buy more things.



Kannan:

What is your perspective on impact to the Fintech/InsurTech ecosystem? Are there going to be any potential winners who see opportunity during this crisis?

Don:

I think this is the golden age for the right Fintechs. If you look at Fintechs that are focusing on innovation in electronic health records, straight through underwriting etc. are the companies that are going to flourish.

As we discussed earlier, most carriers are looking to automate these processes as quickly as possible and are looking for help from these Fintechs. While this was always on their radar earlier, the current situation has accelerated the demand. Similarly, the Fintechs that are focused on customer experience and engagement are going to thrive as well. So, I think that the Fintechs that are focusing on the right things are going to be the winners and they will exploit the current situation.

Kannan:

Don, Thank you for your time and insights. Obviously, this is an unprecedented time for every individual, every business irrespective of the industry domain. Your perspective on the Life and Annuity industry during this time, impact to the value chain and how the carriers are expected to prioritize their digital initiatives are all spot on.

About the Authors



Kannan Amaresh

Senior Vice President & Global Head – Insurance

Kannan Amaresh, is a Senior Vice President and Head of Global Insurance at Infosys. He has more than 25 years of experience in the areas of Banking, Finance and Risk Management. As a part of his current role at Infosys as the global industry head for Insurance, he manages global client relationships across Europe and North America.



Don Desiderato

Don Desiderato is a former Fortune 100 Technology Executive in the Insurance industry and the Founder of Mantissa Group LLC, a strategy consulting firm serving the CIO executive and their extended leadership teams. Don is a recognized industry expert, and a deeply experienced senior technology executive helping leaders with their technology strategic plans, as well as simultaneously focusing on leadership development and culture.

For more information, contact askus@infosys.com



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