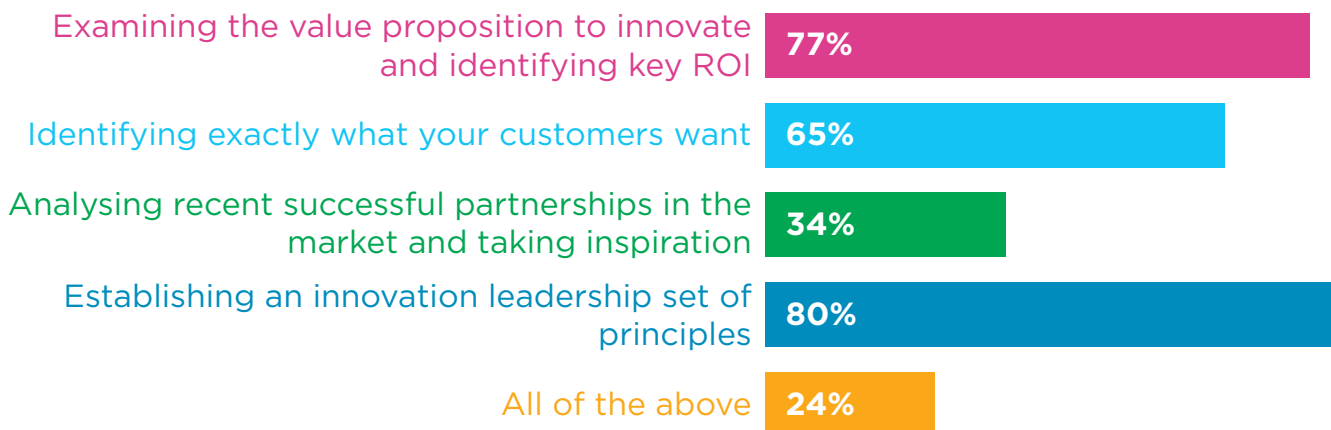# INSURANCE**NEXUS**

THIS IS HOW INSURERS ARE INNOVATING RIGHT NOW: NEXT GENERATION PRODUCTS AND SERVICES

Insurance Nexus recently interviewed over 300 executives to understand where insurance companies are concentrating their efforts to improve connected product and service innovation and delivery. We wanted to ask who's responsible, what needs to be done, and how things will progress in the near future. Here are the results!

What area of product innovation is the key starting point?

Examining the value proposition to innovate and identifying key ROI — **77%**

Identifying exactly what your customers want — **65%**

Analysing recent successful partnerships in the market and taking inspiration — **34%**

Establishing an innovation leadership set of principles — **80%**

All of the above — **24%**

"On the product, I think one of the best ways to innovate and create products that are effective and meet customer needs is by creating modular offerings that the customer can pick and choose. This will enable empowerment back to customers rather than pushing a standard product to all customer segments."

"A key challenge is market forces, and creating connected propositions that are timely, because the market is asking for it, or due to competitive pressure- this conversation is important before innovation teams formulate ideas."

"I believe insurers are struggling to innovate with connected devices because it takes them outside their comfort zone and they are slow to embrace change. Some are starting to think about a future with connected devices and see the opportunity to extend their traditional services... This has to be the future for insurance."

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Contact: **Graham Proud** | Project Director | Insurance Nexus | **graham.proud@insurancenexus.com**

Which job roles should take ownership for the product development process?

CEOs and Heads of Strategy **50%**
Innovation Lead **26%**
Product Directors **13%**
CMO **7%**
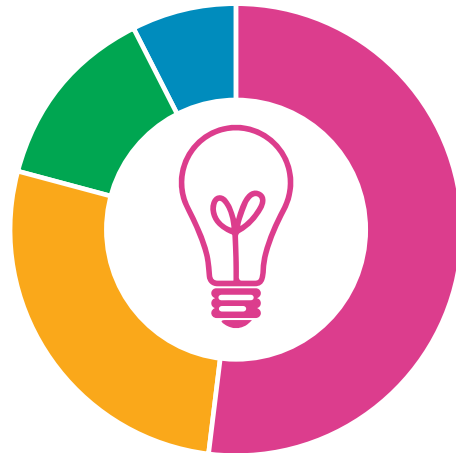
"Are senior management convinced that these changes are necessary? The incentives are not structured sufficiently? Who has 3 years plus of KPIs?"

"The spark comes from research/ looking at the customers (existing) or potential new segments. This is led by innovation teams working with external research parties that validate a product improvement or new proposition entirely. This is then passed through to head of product who works with underwriting (to validate the business case) before exploring operational and IT/Tech adjustments required."

"Work with the product owner as Number 1. Product owners of each line. They are the driver. They also ensure the business value. Also, for creating the pilots, UX, marketing and copywriter. Work with senior management to make sure they're onboard. And keep everyone informed to reduce obstacles."

Which area(s) of improvement will impact greatest on product successes?

Intelligent customer profiling **72%**
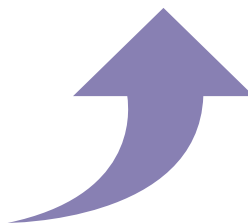
Communication of value to your market **67%**

Dynamic customer UX **36%**

Product overhaul **29%**

Connected Devices **26%**

"People constantly change- their behaviours, their risk profiles, and so this knowledge and profiling is key, and you need a two-way communication between insurer and customer in order to stay on top of this."

"You can have the best product in the world, but if your customer doesn't understand the point of it- why they should make a change in their behaviour, it's absolutely pointless."

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By leveraging what expertise does greatest product and service innovation come?

Partnerships with insurtech 54%

Internal expertise and brainstorming 33%

Innovation labs 13%

"One thing I have seen used very effectively are "Innovation Bootcamps". Intense, hard work but the quickest and smartest way I have seen to get new stuff done."

"Finding time for innovation is hard. When you have process owners running initiatives they're already swamped, so many initiatives that are de-prioritised purely because they are too innovative and require too much time."

"What we will see going forward is large insurance companies don't have the speed and flexibility or frankly digital intelligence to deliver breakthrough product"

"Partnerships are often key in creating a new business model or heightening customer satisfaction so the right decisions have to be made."

Which other departments are product innovation working with in order to enact change and continual development?

Data Analytics **45%**

IT **29%**

Marketing **26%**

"Existing experience and skill sets may not be adequate- reshuffle doesn't work, bring in new blood to push things on as time is short- especially in terms of data experts and those that can look at your data in a new light."

"We saw great improvements by bringing in proven marketers from other industries. A fresh approach is sometimes what you need."

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THIS IS HOW INSURERS ARE INNOVATING RIGHT NOW: NEXT GENERATION PRODUCTS AND SERVICES

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How strongly do you agree that your executive team encourages product innovation by embracing new technologies and innovative processes?
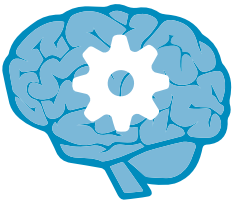
53% either 'Strongly Agreed' or 'Agreed'

"Senior management must be more educated on the innovation requirements of the coming years if they are able to survive."

"As is often the case, investment is filtering through, because there is no longer a choice."

Which technology (chiefly) is helping insurers to develop their products and services?

AI 67%

UX-Based Tech 67%

Data Utilisation 64%
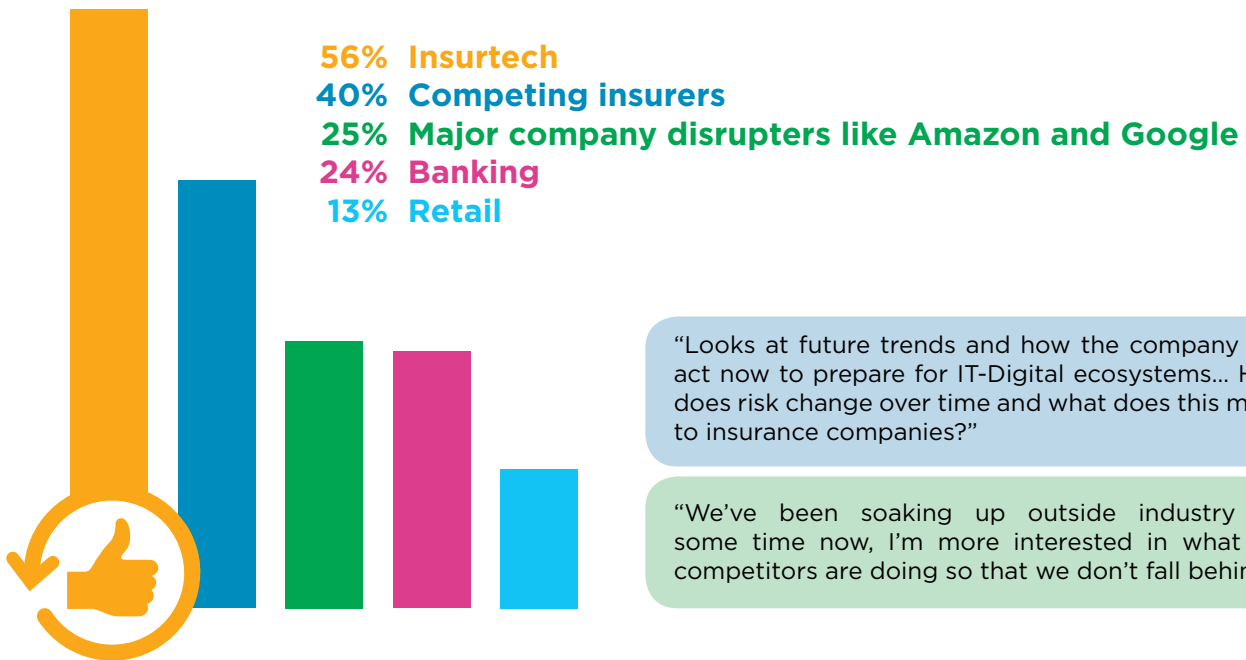
Automation 36%

"Use data to its absolute potential, and then intelligently insert aspects of AI- this is the phase of today's most successful insurers."

"A bad user-experience is a death sentence. So invest time in that now."

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Which outside influences are bringing about insurer innovation?

56% Insurtech
40% Competing insurers
25% Major company disrupters like Amazon and Google
24% Banking
13% Retail

"Looks at future trends and how the company can act now to prepare for IT-Digital ecosystems... How does risk change over time and what does this mean to insurance companies?"

"We've been soaking up outside industry for some time now, I'm more interested in what my competitors are doing so that we don't fall behind."

Through which channels are insurers seeing most success when communicating product development and new services?

REPUTATION/WORD OF MOUTH 54%

SOCIAL MEDIA 34%

EMAIL 23%

ADVERTISING 33%
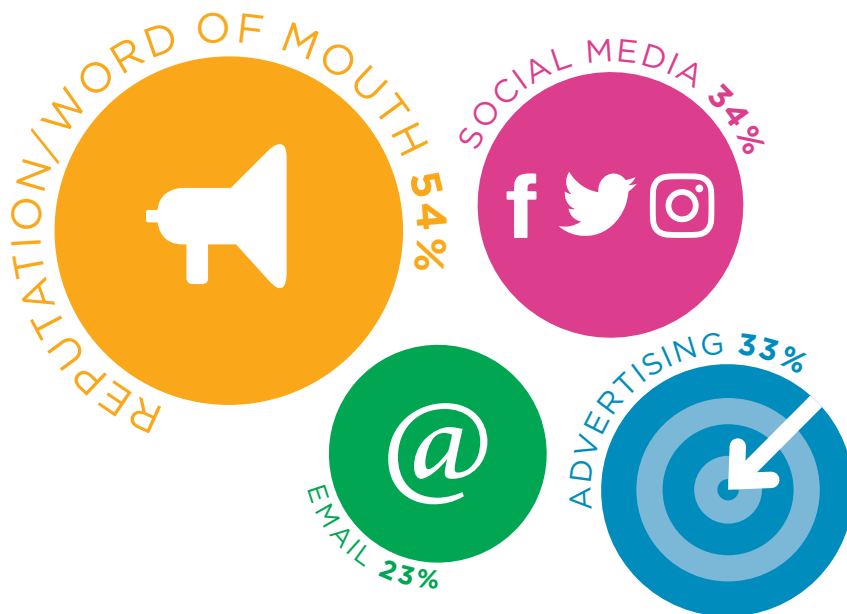
"Never underestimate how young people go to each other and spread the good word for you, assuming your product was impressive enough in the first place!"

"Often, if you're seeing a great insurance advertisement somewhere, it's already been successful. The major hurdle is pushing out that 'great idea' in the first place, to those already within your little black book."

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Unleash the Full Potential of Insurance

Deliver innovative products and services that your customers actually want

KEY CONFERENCE THEMES

1 Identify the latest market opportunities whilst simultaneously building the most detailed view of the customer you've ever seen

2 Deliver innovative product development ideas that your company can and will deliver based on cutting-edge research, customer feedback, and brainstorming

3 Co-ordinate internally with true efficiency to provide a financially viable product that will dazzle your customer

4 Maximise the value of your product with third-party relationships that plug the operational and technical gaps

5 Demonstrate the value of the new product or service to current and new client bases with **excellent communication and marketing**

6 Smash company ROI expectations and get your customers to invest heart and soul in your new insurance products and services

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and many more

Check out the full speaker line-up →

> "To further develop insights, ideas and exchange best practice cases, Insurance Nexus provides an excellent platform for executives to come together and shape the future of the industry."
>
> Monika Schulze 'Insurance's most influential CMO'
> Global Head of Customer Experience & Digital Strategy, **Zurich Insurance Company**

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