



Duck Creek
Technologies



COVID-19 and Insurers: Is it business as usual or business badly disrupted?

Results of an independent survey exploring the before and after impact of the pandemic crisis on insurers' technology systems, and what lessons could be taken forwards for the industry.

Contents

Introduction	3
Methodology.....	5
Executive Summary.....	6
Key Findings	7
Call to Action.....	14

Introduction

2020 has seen the (re)insurance industry together with the rest of the world try to adapt in the face of the unprecedented challenges presented by the COVID-19 pandemic crisis.

This survey sought to hold a mirror up to reflect the impacts insurance businesses had seen internally due to remote working and the wider operational challenges presented by the pandemic, how they had adapted, and what lessons they wanted to take forward into the future.

Switching to remote implementations and digital processes has been easier for some than for others, but what has come through very clearly in the findings of this survey is the resilience and adaptiveness of our industry, despite many businesses running multiple legacy systems that were simply not designed for remote working.

Maintaining business as usual, and achieving growth and launching new products in the current environment, may be daunting to those whose systems are not set up to facilitate online negotiations and transactions.

In many ways the pandemic crisis is proving a catalyst for change in our industry. From a cultural shift towards more flexible, home-based working that many would like to see continue at least in part in the future once lockdown restrictions are eased, to what has been a real wakeup call for many that their internal systems and processes must be resilient, flexible, and future-ready.

This survey highlights that resilience, and that trying to mend or enhance IT systems was not going to solve future problems. Despite the fact that many respondents said that they spent the majority of their IT budget keeping the lights on, there was a clear divergence between C-suite and IT in their confidence that their core systems could support the current status as a long-term arrangement.

This divergence laid bare the fact that the IT respondents simply don't feel their core systems are as future-ready as the C-suite respondents. Throughout the survey, the IT department and C-suite have in the aggregate different opinions of where the industry is. In particular, question four highlighted, to my mind, one of the biggest issues facing our industry - the rhetoric over the C-suite over the realism of the IT department.

And this survey also highlights some of the strategic priorities that respondents felt their businesses should focus on in the coming months as the world continues to adapt with the ongoing changes brought about by the pandemic.

As one C-suite respondent to this survey said, "*Communication is key - if your platform struggles to allow good communication between stakeholders nothing else will function effectively,*" while an IT / Business Support respondent commented, "*Being adaptive and flexible is key for sustainable businesses in this market.*"

Here at Duck Creek, we have also had to adapt our global operations in response to the crisis, engaging fully digitally with our teams and our clients and partners across continents. Communication and flexibility of core platforms have been critical, and we've been laser-focused on how we can continue to contribute to the future resilience of our industry.

While we may not have a crystal ball into what the future holds, we look forward to continuing to collaborate with our customers in today's increasingly virtual world.

I hope you find the results of this survey as interesting as we did – enjoy the read, and stay safe.

Bart Patrick,
Managing Director
Europe Duck Creek Technologies

Methodology

Lysander PR was commissioned to conduct an independent survey on behalf of Duck Creek Technologies to canvass the (re)insurance industry's views and experiences of the COVID-19 pandemic crisis from an internal perspective. The survey was seeking to find out what impacts insurance businesses had seen in their operations due to remote working, how they had adapted, and what lessons they wanted to take forward into the future.

The survey was issued to an extended list of commercial and specialty (re)insurance market practitioners predominantly headquartered in Europe but many with operations worldwide.

We have analysed the results to compare answers from those respondents who identified themselves as C-suite or Manager / Director-level, to those who confirmed as working in the IT department and business support.

The purpose of this comparison was to be able to analyse how the experiences and perceptions of IT departments and traditional 'back office' business

support professionals compared to those on the management level, as well as to those managing business processes such as underwriting or claims - the traditional 'front end' of the business.

Closed questions and rating scales were used to collect quantitative data, while qualitative data was collected in the form of additional comments to some of the questions.

The survey was collated and reviewed during Q2 2020 and consisted of 11 questions, to which a total of 49 re/insurance professionals responded. Respondents were given the option to skip questions if they wanted, which naturally affected overall response levels to individual questions.

All respondents completed the survey under guarantee of anonymity, and we would like to thank everyone who gave their time to take part.

Executive Summary

Key Figures

Pre Pandemic

48% of respondents reported operating on-premises systems prior to the pandemic

The Current Situation

50% of IT / business support respondents felt their core systems were preventing the organisation from providing employees with flexible remote working arrangements. However, overall, most respondents felt their core systems did not hinder them in this way.

5.3 Average Weighting (10= strongly agree, 1 = strongly disagree)

The majority of all respondents agreed they spent the majority of their IT budget keeping the lights on, and trying to mend or enhance this IT system was not going to solve future problems.

7 Average Weighting (10= strongly agree, 1 = strongly disagree)

A bigger majority of respondents were nevertheless confident that their core systems could support long-term remote working arrangements.

Top Priorities

52% of all respondents said they were taking immediate steps to address IT weaknesses exposed by the pandemic, or that they'd seen some challenges and were now thinking more strategically.

Customers & Prospects - the groups whose experiences respondents were most concerned about in a virtual environment.

The Future

71% of respondents wanted to see a flexible approach to work supported by technology continue into the future.

50% of both groups of respondents called for IT spend to be directed towards digitising the end-to-end insurance process.

33% of respondents reported that a move to SaaS for all core systems should be a priority.

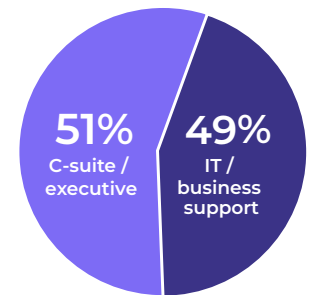
Flexibility & customer experience ranked as the top priorities for insurers' future strategies.

Key Findings

Question 1

Who took the survey?

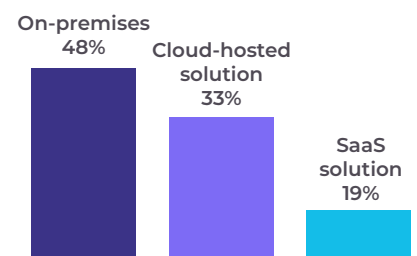
We targeted this survey at insurance professionals in the global commercial and specialty market, and asked respondents to identify whether they were part of the executive team or the IT department. Respondents were evenly split between the two options, with seven respondents answering 'other'. Additional job titles included Claims Department, Underwriting Management, and Product Management.



Question 2

We asked how insurance professionals were running their core insurance platforms prior to the COVID-19 pandemic.

Nearly half of all respondents combined reported operating on-premises systems prior to the pandemic.



Overall results

A number of respondents commented to offer more details about their system architectures, including:

“Combination on cloud and on-premises”

“Mixture of legacy and new web-based technologies”

“Combination of outsourced mainframe systems and on-site modern architecture admin systems”

Question 3

We asked to what extent respondents agreed (10) or disagreed (1) with the below statement:

“Our core systems were preventing the organisation from providing employees with flexible remote working arrangements.”

Overall, most respondents felt their core systems did not hinder their ability to accommodate flexible remote working arrangements, with the average rating for this answer sitting at 3.9, firmly in the disagree territory.

However, drilling into the details to compare C-suite respondents with the IT department, it became clear that the IT department was more hesitant here, with over 50% of IT respondents rating this answer between 5 and 10 (in the agree to strongly agree category).

Three respondents commented that their organisations had already supported work from home and flexible working prior to the pandemic, which they felt minimised the challenge to adapt to having to work from home as a reality across the business.

Question 4

We asked to what extent respondents agreed (10) or disagreed (1) with the below statement:


“We have a technical foundation that means we spend the majority of our IT budget keeping the lights on. Trying to mend or enhance this IT system is not going to solve our future problems.”

A split emerged between the C-suite and IT department respondents here.

On average, the majority of all respondents agreed that trying to mend or enhance their existing system would not solve future challenges, and they spent the majority of their IT budget keeping the lights on.

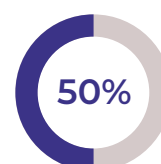
However, this agreement was more pronounced with the IT department, where 62% agreed or strongly agreed with the question statement. In contrast, 61% of our C-suite respondents either disagreed or strongly disagreed.

3.9

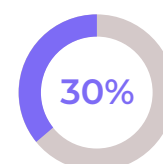


average rating

Overall results



of IT department agreed or strongly agreed




of C-suite agreed or strongly agreed

IT / C-Suite Split

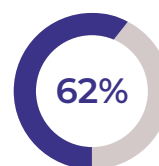
“We had already started to employ remote flexibility, and so we have merely enabled that better; however, we accept that a few problems occurred.” An insurance business manager on their adaption to remote working under lockdown.

5.3

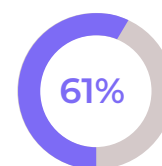


average rating

Overall results



of IT department agreed or strongly agreed



of C-suite disagreed or strongly disagreed

IT / C-Suite Split

“Some of our systems have created legacy issues that are common to the industry and will not support solutions that are needed in the future. However, our advanced innovation initiatives are well-suited to prepare the enterprise for the future.” A C-suite respondent comments on the technical foundation of their business.

Question 5

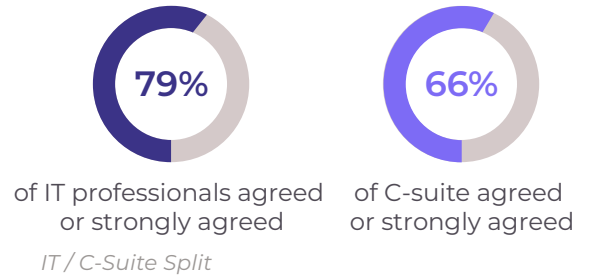
We asked to what extent respondents agreed (10) or disagreed (1) with the below statement:

“I’m confident that our core systems can support long-term remote working arrangements.”

There was strong agreement on average among all respondents with this statement, with the IT professionals slightly more confident than the C-suite in their core systems’ ability to support flexible working arrangements in the long term.



Overall results



Question 6

We wanted to know how insurance professionals saw the recent challenges of adapting to fully remote work impacting their company’s future IT strategy.

While nearly half of all respondents on average said they had been able to adjust to the “new normal” quite quickly, the majority (52%) said they’d either seen some challenges or were taking immediate steps to address IT weaknesses exposed by the pandemic.

There was also a marked split between the IT respondents and the C-suite. Over 70% of IT respondents said they had either seen some challenges and they were thinking more strategically as a result, or they’ve seen substantial challenges and were taking immediate steps to address IT weaknesses.

Substantially – we’ve seen where our IT weakness lie and we’re taking immediate steps	13%
Somewhat – We’ve had some challenges and we’re thinking more strategically	40%
Very little – we were able to adjust to the “new normal” quite quickly	48%

Overall results

IT/ C-suite Split			
	Substantially – We’ve seen where our IT weaknesses lie and we’re taking immediate steps	A flexible approach to work supported by technology	Business as usual, no change
IT respondents	10%	62%	29%
C-suite respondents	18%	23%	59%

IT / C suite Split

Question 7

We asked whose experiences respondents were most concerned about in a virtual environment; respondents ranked business areas from 1-4 (1 = top priority)

There was a fairly even spread of results overall, with the top priorities in a virtual environment overall being customers followed by prospects for both the IT respondents and the C-suite.

	1	2	3	4
Claims	9%	30%	35%	26%
	4	13	25	11
Underwriters	20%	9%	32%	39%
	9	4	14	17
Customers	36%	38%	18%	9%
	16	17	8	4
Prospects	33%	22%	17%	28%
	15	10	8	13

Overall results

Top Priorities

Top priority ranking - IT / business support

5% ranked claims	priority 1
23% ranked underwriting	priority 1
29% ranked customers	priority 1
43% ranked prospects	priority 1

Top priority ranking - C-suite

10% ranked claims	priority 1
25% ranked underwriting	priority 1
36% ranked customers	priority 1
29% ranked prospects	priority 1

IT / C-Suite Split

Question 8

We asked how respondents would like to see things change from existing arrangements

Overall, 71% of respondents wanted to see a flexible approach to work supported by technology continue into the future, while over a quarter supported a decentralised working environment not reliant on offices. Starkly, just 2% of all respondents wanted business to continue as usual with no change.

Drilling into the details, none of those respondents who identified themselves as IT department and business support staff said they wanted to see no change from the status quo, while interestingly, nearly 5% of the C-suite said 'no change' would work for them.

A decentralised working environment not reliant on offices	27%
A flexible approach to work supported technology	71%
Business as usual, no change	2%

Overall results

IT/ C-suite Split			
	A decentralized Working environment not reliant on offices	A flexible approach to work supported by technology	Business as usual, no change
Q1 - IT	38%	62%	0.00%
Business Support	8	13	0
	A decentralized Working environment not reliant on offices	A flexible approach to work supported by technology	Business as usual, no change
Q1 - C Suite/ executive	18%	77%	5%
	4	17	1

IT / C-suite Split

Question 9

We asked, "If you had the ultimate say on where additional IT spend should be made, where would this be?"

There was very little difference between the C-suite and IT department on this question, with around 50% of both sets of respondents saying IT spend should be directed towards digitising the end-to-end insurance process. Similarly, around a third of C-suite and IT respondents reported that a move to SaaS for all core systems should be a priority.

Central company administration platform updates	2%
A move to SaaS for all core systems	29%
Investing in data and analytics infrastructure	18%
Disgitalising the end to end insurance process	51%

Overall results

Question 10

Respondents were asked to rank from 1-7 (1 is top priority) which topic was the most important to their IT strategy once the global pandemic challenge had subsided.

Flexibility and customer experience were ranked as the top priorities for insurers' future strategies, while decentralisation was ranked as the lowest priority. Interestingly, nearly 11% of overall respondents ranked being future-ready as their lowest priority.

The top ranked priority for C-suite respondents was flexibility, while the IT department and business support respondents felt flexibility was the most important future strategic focus

Flexibility	27%	13%	11%	16%	18%	9%	7%
	12	6	5	7	8	4	3
Security	17%	11%	27%	18%	13%	11%	4%
	7	5	12	8	6	5	2
Compliance	2%	9%	24%	17%	20%	20%	9%
	1	4	11	8	9	9	4
Budget	7%	18%	11%	14%	16%	25%	9%
	3	8	5	6	7	11	4
Future-ready	17%	22%	2%	22%	15%	11%	11%
	8	10	1	10	7	5	5
Customer experience	26%	15%	20%	4%	9%	17%	9%
	12	7	9	2	4	8	4
Decentralisation	6%	11%	4%	11%	13%	6%	49%
	3	5	2	5	6	3	23

Overall results

Top Priorities

Top priority ranking - IT / business support

16% ranked flexibility	priority 1
16% ranked security	priority 1
0% ranked compliance	priority 1
6% ranked budget	priority 1
26% ranked future-ready	priority 1
32% ranked customer experience	priority 1
10% ranked decentralisation	priority 1

Top priority ranking - C-suite

33% ranked flexibility	priority 1
19% ranked security	priority 1
2% ranked compliance	priority 1
10% ranked budget	priority 1
14% ranked future-ready	priority 1
19% ranked customer experience	priority 1
5% ranked decentralisation	priority 1

IT / C-Suite Split

Question 11

Finally, we asked what key technology lesson respondents would like to see the insurance industry learn and implement as a result of the pandemic crisis.

This was an open comment question that attracted a lot of responses with a focus on preparedness, the need to be adaptive, and to digitise insurance processes efficiently and effectively. Here is a selection of the stand-out comments from C-suite and IT / business support respondents:

C-suite Comments

“Digital transformation - focus on the customer/prospect experience.”

“Improve the customer’s ability to self-serve and carry on, whilst allowing voice/face contact for those customers who absolutely need it.”

“Communication is key if your platform struggles to allow good communication between stakeholders nothing else will function effectively.”

“Efficiency with remote working.”

“Simplified claims administration, standardised digital platform across the market for trading.”

“Need more tabletop exercises, scenario discussions, and business/working model planning to build more resilience into the process and systems.”

“Implementation of AI”

“Be flexible. Provide software that is cloud-based. We don’t want to maintain hardware. Our expertise should focus on software to help the business achieve its goals.”

“Business continuity and WFH must be supported so that it is seamless.”

“Better training and understanding of the technologies available.”

IT Department / Business Support Comments

“The insurance industry has been less impacted, but modernisation and cloud technology are more important in today’s world for providing the same customer experience prior to Covid.”

“Flexible technology”

“Security and decentralisation.”

“Being future-ready.”

“The target operating model needs to be defined and aligned with the adoption of technology which meets business objectives.”

“Being adaptive and flexible is key for sustainable businesses in this market.”

“Working remotely is also very productive. VPN capabilities should always be ready.”

“Digitalizing the end-to-end customer experience is more urgent.”

“Keeping resources connected is a priority.”

“The insurance industry needs to look at alternate methods of distribution to engage prospects and customers. We also need to develop flexible products that meet the needs of the customer.”

Calls to Action

The nationwide lockdowns and mandatory working from home engendered by the pandemic crisis have presented an unprecedented challenge for the resilience of (re)insurance sector.

This survey holds a mirror up to the wider market - providing a snapshot of how the sector is adapting in the face of the overnight shift to almost universal digital engagement, both internally and externally.

Those respondents operating on-premises mainframe systems prior to the pandemic reported some challenges when it came to providing employees with flexible remote working arrangements. Too many respondents noted that their companies spent the majority of their IT budget keeping the lights on, and acknowledged that trying to mend or enhance their IT system was not going to solve future problems.

The insurance industry has, for the most part, weathered this crisis fairly well from an operational perspective - but with agreement that remote working and focusing on the virtual experience of customers and prospects were key strategic focuses in the future, it's clear that ad-hoc fixes and 'just about managing it' using existing layers of clunky legacy technology isn't going to cut it for the long run.

In this new environment, the right architecture must be in place to support digitalising end-to-end insurance processes, a flexible approach to work, and a streamlined virtual customer experience.

Calls to action for insurers assessing their technological resilience in the face of the pandemic crisis:

- IT teams and C-suite MUST communicate:** IT professionals were far more focused on being future-ready but were not as confident as the C-suite that their current systems could carry them where they needed to be.

Clear lines of communication and idea exchange between the C-suite and IT teams are required in order to prevent a divergence becoming a gulf, and the rhetoric of the C-suite (what everyone would like to believe is the case) overcoming the realism of the IT department (what is really going on under the bonnet).
- Don't add to your technical debt:** Adding to the legacy technology pile with new bolt-ons and workarounds will not solve long-term innovation and flexibility challenges, and will in fact only add costs and inefficiencies. SaaS is key - the architecture already exists to support fully digitised end-to-end processes as well as accommodate remote working and future-ready flexibility.
- Embrace cultural change:** The majority of respondents are keen to see flexible working backed by technology continue in the long term. The productivity, cost efficiency, work-life balance, and safety aspects that this cultural shift offers cannot be ignored.

Remote Implementations

Duck Creek Technologies for years has fully embraced online collaboration tools and completed engagements where a lot of the work involved has been achieved remotely.

SaaS implementation can now be delivered fully remotely. This enables carriers to commence implementation projects immediately after a contract is signed and focus right away on configuring our applications to best meet their needs.

Some aspects of delivery assurance reviews can also be automated - we use tools that run code scans to automatically analyse configurations' and extensions' alignment to best practices, which can be done from anywhere, and we've seen productivity gains from not always making our resources travel.

These productivity and practical improvements take on a whole new dimension when considering the lockdown constraints we are all facing, and the need to continue to support our clients with new and existing implementations seamlessly.

In a time when the pace of change in insurance is accelerating, we recognise that carriers need speed and agility to act on opportunities as they arise, and we are proud to be leaders in helping insurers achieve fast and smooth implementations alongside our SI partners.

ABOUT DUCK CREEK

We are Duck Creek.

We give insurers a genuine path to the future with advanced technology grounded in decades of industry expertise, responsive to the unique challenges of each insurer, and shaped by the day-to-day of human behavior.

We believe that technology should empower ingenuity, rather than replace it. Our solutions are inspired by scenarios, not screens, to accommodate variability and make room for creativity. We strive for outcomes that are immediately felt and need little explanation - where highly-customized environments flow seamlessly into how you think and work, and deep technical complexity is experienced as a moment of radical simplicity.

We are sustained by a persistent curiosity that isn't afraid to challenge the norms of this industry - that believes the vision for tomorrow need not be tied to the legacy of today - and it is our job to get you there a little sooner.

We are in the business of technology, but we also know that technology is a means to a bigger, more hopeful purpose - to incubate the ideas that will make insurers faster, smarter, and stronger; to enable people to realize their full potential; and to insure the possible, today and tomorrow.

CONTACT US

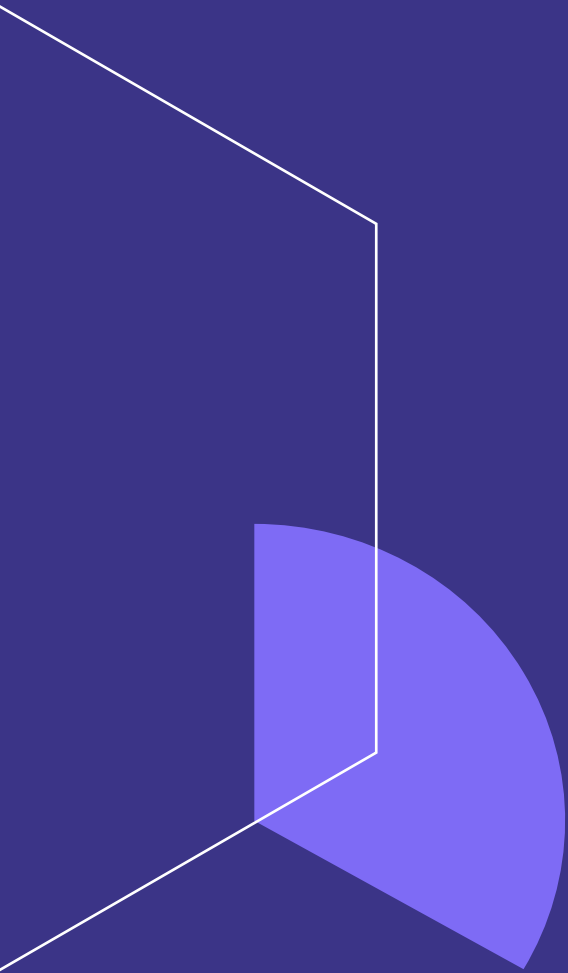
North America +1 833-798-7789

United Kingdom, Ireland, Europe,
Latin America and South Africa
+44 800 029 3523

Asia Pacific +61 1800 430 846

VISIT

www.duckcreek.com



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Technologies

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