



Insurance news analysis

Video transcript

July 2021

Today is National Insurance Awareness Day

Insurance Journal
June 28, 2021

Abbey Compton

Content Lead—Insurance, Accenture

Welcome to Accenture's Insurance News Analysis. I'm Abbey Compton here with Kenneth Saldanha, Accenture's global lead for insurance. We'll be talking about what's making news around the industry. Kenneth, June 28th was National Insurance Awareness Day here in the US. The industry marks the occasion to remind customers to review their coverages. But Insurance Journal also took the opportunity to cite US Chamber of Commerce data that show that half the current insurance workforce will retire over the next 15 years. Do you see all these positions being filled with younger workers? And what are the skill sets that future work forces will need to bring?

Kenneth Saldanha

Global Lead—Insurance, Accenture

Yeah, Abbey, unfortunately, it hasn't quite become a Hallmark Day to the scale of a Mother or Father's Day, but we're getting there, we're working on it and soon we'll be there. In terms of the question you asked, I don't think the insurance industry has much of an option, but it's also got an enormous challenge facing it, right? I think the two things really, the industry really hasn't ever have a strong draw in for recent college graduates or people who come into the industry, come into the employment base looking to be focused on insurance. It typically has tended to be people who step into an insurance company for one reason or the other.

So somewhat by chance, and then get to know people and actually stay with the industry. And the industry has developed skills and talents. Much more through an apprenticeship or development perspective that it has from a pure certification respect. So I do think it's going to be a huge challenge. There is a certainly a disproportionate level of older, more experienced workforce, especially when you look at places like underwriting, like claims, like agents, even, right? And so I think there will be a, absolutely has to be a need for some infusion of younger talent into the industry in tandem with our human plus machine viewpoint, that says it is a different kind of job now. And so I do think we will see a shifting of the profile of who actually is in the industry.

UK financial services sector cautions about legislating work-from-home options

Insurance Journal
June 21, 2021

Abbey

So we're also seeing mixed feelings on rules surrounding remote work. For example, in the UK, there's a discussion about possible legislation that would make remote work the default. Meanwhile, their calls for rules in other markets that would allow workers to switch off outside of regular work hours. So Kenneth, how do you see insurers responding to potential rules and regulations around remote work? And do you think these kinds of rules will help or hinder flexibility?

Kenneth

I think, Abbey, firstly, I don't think the insurers are any different from any other organization as we figure out what it is that we will do. No different from Accenture as we try to figure out what we do with this as well. I think there are, we recently spoke with our advisory board that has a breadth of senior executives from insurance organizations in different roles, operating roles, financial role, agency distribution roles. And the, the, the complexity of the situation is, is enormous. But even before we get into new regulation or new issues that are being raised, at the very heart of it, there is a split between what managers express as their preference in terms of the balance of on-site and remote work versus what the employees do. And so we've got managers citing 80-plus percent of managers looking for at least 3 days in the office. We've got about 25 percent of the workforce saying they want to be in the office three days or more. So it is that level of split between how the managers and the employees are looking at this.

And the insurance companies and every other organization is going to find, has to find a way to bridge that gap, internally and within the organization. Then you strike all the issues of diversity and inclusion as it relates to saying, "well, what rules are you going to set down?" So in some ways, having enforced governmental regulation would make life a little bit easier because it could be a mandated answer. However, the nature of the work would actually be... It is so different by sector, by, by, part of the function that I think just a broad brush set of regulation, it's hard to imagine that it will strike at the needs of what every different function or organization needs. So, you know, when you're talking about a claims function in which time spent with customers are out doing estimates and looking at cars and visiting body shops for auto claims, right. Nobody's ever been in the office. No one's likely to start coming into the office because those are fundamentally remote roles. And when people, it's been well established that all you do is waste time if you demand that those people come into the office to write their estimates, they should write them where ever they are.

That's a fundamentally different thing when you start striking at what are we going to do with with data and analytics and the teams that are actually working with business partners to get to the, the right answers to those organizations. So I just think the breadth of work is such that there is going to be no simple peanut butter answer that gets spread across everything. I think there's enough complexity in the function and nature of work compounded by equity issues, where you say you wanted to demand one thing or the other, and then the fundamental preference difference between the manager, the managers of teams and their teams. That this is going to be a very tangled issue that I think is going to require fairly tailored solutions to be effective organization by organization.

Guidewire research finds room for improvement in insurer-customer relationship

Claims Media
June 24, 2021

Abbey

So new research from Guidewire reveals some interesting sentiment among general insurance customers in the UK. About a third say they believe that insurers sell overpriced products and are reluctant to pay out claims. But those same respondents, of those same respondents, 62% say they can see the value in usage-based insurance. Is this skepticism consistent with what you're seeing in other markets? And is usage-based insurance a way to improve the perceived value of the product?

Kenneth

I think it's very consistent Abbey, it's consistent with what we're seeing in surveys and it is consistent with surveys we're seeing with a global audience, right? I think really three distinct elements that are highlighted in that very dangerous statement, that it's overpriced product, that they don't see the value of, right? I think first and foremost is this notion that insurance has always struggled to define itself with purpose. Because for a customer, you buy insurance and in the best of all cases, you don't use it for the year. Nobody wants to have a claim, nobody wants to have a bad event occur. So there's just a default, a little bit of a perception battle that the insurance industry has on its hands where if you buy it and don't use it, the best case outcome, it's unsatisfying. If you do buy it and have a claim, then you raise the issue of will the customer be satisfied with how that claim actually played out? And of course, you're beginning with a fairly fraught situation. So I think there's a sort of a purpose and branding issue that the industry at large has struggled with for a long time.

I think we are seeing an elevation with the customers unwillingness to pay or lack of perceived value as it relates to the nature of the service and the products. This is what we've talked about in the past. This notion of re-imagining the product to a place where it isn't just a "it's broken fix it," model or an indemnification model. Moving much more into help me manage risk, help me mitigate risk, help me take care of my family, take care of my new drivers. It's that shift that customers have expressed a desire to see, a change. Not just that insurance isn't worth it, but insurance, as it's offered today, isn't worth it. And usage is a great example of what is the shift they're looking for. Link it to my behavior, link it to my usage. And we do differentiate that usage or pure volume calculation versus the behavior: how you drive, do you tend to brake hard and accelerate above the national speed limits, etc. So I think in short, very, very consistent response from customers very consistent from the UK to other markets.

Insurers do need to define that better purpose behind what they're products and service is. We do need to shift the nature of the products and services to be more about risk mitigation and indemnification. And usage and behavior-based products are absolutely something that the customer base is demanding.

Insurers and EQC launch "world first" disaster recovery model

Insurance Business NZ
June 29, 2021

Abbey

So Kenneth, the other side of the world, New Zealand, there's a country with intense seismic activity which has sadly caused huge losses of lives and property over the years. The country has recently introduced what they call the World First Natural Disaster Response Model with the earthquake, Earthquake Commission and eight insurers that say they'll make it simpler for customers to get the help they need quickly. Is this a unique public-private partnership model in disaster claims? And do you think other countries should consider something like this?

Kenneth

We're really bouncing around the world today between the UK and New Zealand! Now, I don't think it's a unique answer, Abbey, I think it's one that's been around... this, this notion of insurers working either together in a disaster situation where the scale of the issue is such that it's not really about competitive dynamics and insurers working to win market share. Happily the industry has, has always had a response that says, "we have a major situation here that we need to actually respond to." And the whole notion behind catastrophic claims is very much that there's a, there's a different environment here and we're going to respond differently. It's why insurers entirely hive off catastrophic results cat, cat claims, because there's a recognition that it's a different, fundamentally different segment, and a different type of event. I think insurers together have coordinated their efforts when it comes to things like bringing water into the area, bringing food to the area, basic infrastructure to get people back on their feet. I think we've seen insurers, create coalitions to do that together. It's simply much more effective and efficient to pool those resources and bring in the, what is required for everybody's customers versus to use that scenario for a competitive battle about who's going to bring what to the event. We've also seen places like FEMA in North America, the emergency organization, step in alongside insurers to see, to sort of divvy up who does what? I think it's fair to say that that hasn't always been successful in its execution.

I think people will remember strongly all of the noise around the Katrina response as an example. But the intent has been around for a long time, and I'm sure that there are continuing efforts to change how that gets executed. So I don't think it's a unique idea. I think the notion of governments and insurers working together is, is one that's been explored and executed before. I think insurers working together has occurred and been delivered before. I think again, I will come back to this notion that insurance as a sector really, in my mind doesn't do enough to elevate the fact that there is a recognition that this is fundamentally about very difficult times in people's lives and the organizations that, and the people who work in insurance feel that purpose. I don't think we've done enough to elevate that and to communicate that and to get people to see that. But I think in these scenarios, I'm a... having sat alongside a lot of people who have been developing the response. I find it to be something that is extremely human and how insurers react to this. So that's something I think we really should be working to elevate across the consumer base to recognize that this is a time when insurers do, they are people too, and they do want to respond to these effectively.

Supercharging public-private efforts in the race to net-zero and climate resilience

World Economic Forum
June 9, 2021

Abbey

And finally, Kenneth, the Davos agenda includes finding ways to reduce risks to vulnerable populations while promoting sustainability. With hundred-year risks like the pandemic and extreme weather, getting more frequent, insurers and governments alike have paid out huge claims and stimulus payments. As we make our way out of the pandemic, do you see ways public-private partnerships can help mitigate the looming risks?

Kenneth

I absolutely do, Abbey. And I think the, the sustainability agenda, which is a big part of the Davos conversation, is, is an example of where this is absolutely is going, going to be a big part of how they work together. This notion of populations that are underserved or are extremely exposed to risk, I think is, is one in which insurers have actually taken a lot of steps to understand what is it that they can do to change the offers, to make this, to make insurance available more broadly to underserved populations. That's been the case for awhile and in some of the... more broadly in financial services it makes, it remains a massive issue. And so I think looking at how to actually create... you know, the offers have to change, the pricing has to change, the risk profile is very different. And I think the notion of, of governments or regulation-at-large working alongside insurers to find sustainable ways—not just sustainable in terms of economics, but sustainable in terms of the broadest sense of the word, in terms of how do we take care of these populations? How do we reach places that aren't covered before? Is an enormous, is a very good idea. Because if, in fact, addressing these issues is purely left up to the economic forces in the market, the reality is those are not going to be very well, those are not going to be responses that work very well. You can roll back the clock 50 years and we're talking about red lining those districts and all the market-driven behaviors that occurred around that. So to me, this is a very good trend. I think it's a great place for organizations to come together of different flavors to really solve this, solve these issues.

Abbey

Kenneth, thanks so much for joining me this morning, it's always great to talk to you and hear your perspective on the industry.

Kenneth

Thanks for the time, Abbey, have a great weekend.