

Automating the Business of Multinational Insurance

COMPLIANT GROWTH THROUGH HOLISTIC VISIBILITY

EXECUTIVE SUMMARY

Research says that by 2025, almost 230 Fortune Global 500 companies will be based in the emerging world's cities, up from 24 in 2000. The rebalancing of the global business landscape will probably be even faster and more dramatic than the shift of economic growth to emerging regions. The business of multinational insurance is positioned for a long horizon of growth.

At the same time, tax and regulatory authorities in these emerging markets are realizing the economic opportunity presented by the business of insurance. This is adding additional complexities into the already complex business of multinational insurance.

This paper explores the opportunities for accelerating growth and supporting compliance requirements by approaching multinational insurance business activities holistically across people, processes, technologies and geographies. It also highlights a new approach that makes it possible to automate complex activities from underwriting of multinational programs to implementation or post-bind activities mandated by local tax and regulatory requirements.

INTRODUCTION

“Projected slower growth in developed economies [created] a mandate for insurers to expand internationally with a focus on emerging markets.”¹

Insurers are responding to statements like the above from PricewaterhouseCoopers. They are increasing multinational activities and expanding their geographic reach through mergers and acquisitions as well as new distribution partnerships. Insurers are not the only ones, however, pursuing the economic opportunities created by the global expansion of businesses. Tax and regulatory authorities in these emerging markets are realizing the economic opportunity presented by the business of insurance and are adding complexities into the already complex business of multinational insurance.



Multinational insurers are working to improve controls while meeting demand yet find it hard to keep pace. Broad execution gaps exist, the result of the number of jurisdictional variations, mix of in-house resources and local in-country partners, silos of systems used by each constituent, etc. Historically, these gaps have been filled with emails, spreadsheets, databases and custom built one-off applications that provide for a particular need in a particular country or a particular program. These gap fillers are generally not auditable, provide no end-to-end transparency, inhibit rather than encourage speed through collaboration, and do not provide a scalable platform to support the global business. The cost associated with administration of these

manual gap fillers can deter insurers from servicing small and mid-size companies looking to grow their business in emerging markets. This is lost opportunity.

In this paper, we explore a new approach that makes it possible to automate the business activities associated with a compliant multinational business from underwriting of multinational programs to implementation or post-bind activities carried out in accordance with local tax and regulatory requirements. By approaching business activities holistically across people, processes, technologies and geographies, multinational insurers will have real time visibility into the activities in process, wherever the activities are carried out, minimizing risks associated with these complex programs. Contrary to what may seem possible, transparency across your multinational insurance business is possible, and can be achieved quickly, while at the same time driving faster compliant growth.

DISCONNECTED MULTINATIONAL BUSINESS WON'T KEEP PACE

By 2025, almost 230 Fortune Global 500 companies will be based in the emerging world's cities, up from 24 in 2000. The rebalancing of the global business landscape will probably be even faster and more dramatic than the shift of economic growth to emerging regions.² The business of multinational insurance is positioned for a long horizon of growth.

While this global market shift and opportunity is not net new, insurance enterprises are still shaping their multinational strategies and working through how to operationalize the business for scale and compliance. At its core, the business is like that of national books of business: product, sales & distribution management, underwriting & policy implementation, claims, reinsurance and administrative services. And, some organizations borrow from the business and technology architectures in place for their national business.

There are, however, a couple of challenges in taking the same approach to operationalizing both multinational and national. First, resources are generally not co-located in multinational programs as they are in national programs. For the most part, lead underwriters are in different countries than their in-country counterparts. Working through email to get work done across multiple time zones adds drag on turn-around times. Anyone working in a multinational situation today can empathize. The same geographic diversity applies to the lead underwriter and the in-country resources implementing the local policy – printing the policy, collecting premiums, etc.

In addition to time drag, working through email simply adds unproductive work for the lead underwriting office. Keeping track of who received what, when and what work remains outstanding becomes 40-50 percent of the effort. Generally, work is managed by excel or an access dB or a whiteboard. A McKinsey study showed that the average interaction worker spends an estimated 28 percent of the workweek managing e-mail and nearly 20 percent looking for internal information or tracking down colleagues who can help with specific tasks.

Beyond the unproductive work load, emails and excel sheets coupled with other tools are hard to audit, monitor and measure. Tracing one thread of work across all of the different management tools in place is a challenge. This lack of transparency puts us at risk from a time perspective, a compliance perspective and frequently, a coverage perspective. Who is tracking whether the reinsurance contingency was placed or how the premium allocation is handled, when?

THE CONNECTED BUSINESS MUST BE CUSTOM BUILT

The second largest and related challenge is that lead underwriters and in-country partners may not be working on the same systems. Unlike national programs where a team of underwriters working together use the same underwriting guidelines, premium calculation engines and currencies, pricing charts as well as policy systems, lead and in-country resources generally work on systems that serve their local/individual functional need in their native currency and are not connected. The lack of system connectivity brings us back to the most common platform used by all to connect people with work and that is email and all its associated challenges with real time visibility and work management.

Unlike most other big businesses within the insurance market, there is no single dominant provider of a pre-built commercial-off-the-shelf (COTS) software solution to support the business of multinational insurance. Insurers have taken to a more modular architecture building custom applications that fill the specific needs of a specific function within a specific country. The business of multinational insurance is built on custom applications. The problem? Custom coding is slow, the skills are highly specialized, resulting applications are brittle, hard to extend and modify (and often outdated by the time they are delivered), and don't generally support full functionality on all desktop and mobile platforms.



The current approach to custom applications misses many functional requirements critical to compliant multinational business, including:

- One platform housing many custom applications
- Accessed by all that need to work together to get work done
- Securely available to company resources and in-country partners around the globe
- Customer, product, program is at the center of all surrounding activities
- Work can be shared, distributed, automated or manually performed in the same platform
- Visibility across people, process, activities and data via real time dashboard & reports
- Alerts pushed out and posted to those with a relevant interest [news]
- Functions and documents within existing systems can be leveraged
- Languages and currencies can be accommodated
- External systems can be leveraged to acquire data, apply rules and make decisions
- Extendable to include additional custom applications as growth / change requires
- Ability to access the platform, work, alerts and collaborate from desktop, laptop mobile – without additional software or coding
- Easy to learn user interface, encouraging adoption around the world



These functional requirements are generally unmet by the current software landscape yet provide the anchor for a transparent business. In the traditional approach, custom applications are not connected to one another nor are they made available to those critical to the success of the business but outside the walls – partners. Partners are called upon to leverage their own internal systems and then report back. The result: high administration cost, low visibility and lots of manual work needed to bridge the gaps between systems and people – both inside and outside of the organization.

We propose an alternative approach to operationalizing the business with a custom application platform that connects the people, processes, data, and machines that need to come together to get work done, wherever they may be.

ONE PLATFORM CONNECTING YOUR MULTINATIONAL BUSINESS

In its simplest form, the business of multinational insurance is merely combinations of data, decisions based on that data, and business processes executed as a result of those decisions. It is people in various countries working collectively to put a program or proposal together or to execute post-bind activities or work on a claim.

The reality is more complex, more challenging to master. This is due in large part to the disconnected nature of how multinational business is done. Disconnected systems, data, people, decisions, and actions hinder optimal business outcomes and increase regulatory risk exposure.

The solution is a common platform to rapidly create and use multiple modern business applications - all sharing the same data, and all consumed through a single intuitive and collaborative user interface. And all

functioning exactly the same on a desktop, a tablet, or a smartphone. Or an Apple Watch, or whatever else may come. Such a platform would accelerate the pace of work, and add actionable intelligence to decision-making. It would also provide radical new levels of transparency across the multinational business, and a single source of audit trail truth as to who did what, when and why.

Appian is that platform. To learn how we can help your multinational insurance business thrive, contact info@appian.com.

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1. PwC: The Sprint for the Global Footprint: How Insurers Can Build A Profitable Growth Strategy Through International Expansion (2011)
 2. McKinsey, October 2013, Urban World: The Shifting Global Business Landscape
 3. McKinsey, July 2012, The Social Economy: Unlocking Value & Productivity Through Social Technologies

Appian

Appian delivers an enterprise platform for digital transformation that enables insurers to become connected enterprises in the digital world. Powered by industry leading Business Process Management (BPM) and Case Management capabilities, Appian's low-code approach can radically accelerate the time it takes to build and deploy powerful, modern

applications, on-premises or in the cloud. The world's most innovative organizations use Appian to revolutionize their customer experiences, transform their business operations, and master global risk and compliance.

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