



# Future of insurance: Life and annuities





# Foreword

Disruption accelerates in life and annuities, but flux creates growth opportunities

**Today's customers are ready to buy — but won't respond to dated marketing techniques**

The life insurance and annuities (L&A) industry can create significantly more value for both shareholders and consumers, but only if it can motivate tens of millions of people, especially younger generations, to understand and fully embrace these products and their benefits. To do so, insurers will need to engage these new customers with tailored messages using just the right channels at just the right moments and in the right tech-enabled way.

This is especially important now, given how the COVID-19 pandemic raised consumers' interest in life insurance products. In 2020 and 2021, life carriers proved how resilient they are, paying more than US\$90 billion to beneficiaries, a 15.4 percent increase over 2019. Meanwhile, the impacts of "long COVID" and delayed diagnoses could put a spotlight on L&A products in general.

To accomplish this, the industry will need more flexible product options and value propositions that are easier to understand, along with purchasing processes embedded within other transactions, such as investing for retirement and acquiring healthcare coverage.

We expect the industry's future outperformers to design their organizations, operating models, and cultures around customers. This will require harnessing agile approaches and digital tools to innovate faster. The firms that come out on top

will have a far deeper understanding of customers' evolving concerns, needs, and rising expectations.

The winners will also have a superior understanding of accelerating changes in the overall marketplace. Demographic shifts, technological innovation, talent shortages, regulatory pressures, and other powerful trends are changing the nature of competition in this industry, significantly impacting every node in the insurance ecosystem.

The relatively slow pace of innovation among traditional L&A players — and their huge pools of capital — present enticing opportunities for faster-moving competitors, including non-traditional entrants flush with talent and unburdened by lethargic legacy systems and old-school mindsets.

In this paper, we describe signals of change across the industry, from recruiting and underwriting to distribution and claims handling. We detail how L&A leaders can best serve customers and gain lasting competitive advantages, by knowing where to play and how to win, and describe four business models likely to characterize the industry in the years ahead. Our findings and recommendations are based on our own research, KPMG member firms' experience serving carriers around the world, and Forrester Consulting's survey of more than 425 industry decision-makers in July 2022.<sup>1</sup>



**Laura Hay**  
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KPMG International

<sup>1</sup> In July 2022, on behalf of KPMG, Forrester Consulting conducted online, computer-assisted telephone interviews of 439 decision-makers in L&A companies with more than 250 employees and US\$500 million in annual revenue in North America, Europe and the Middle East, and the Asia Pacific region.

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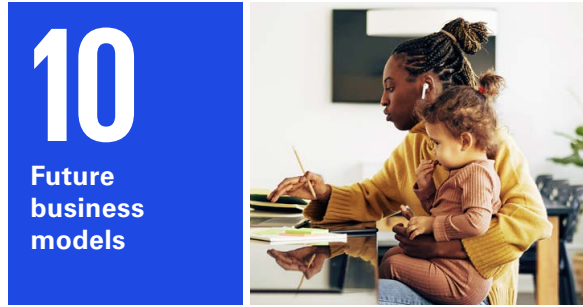
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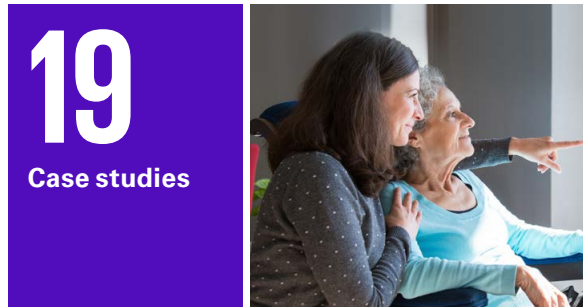
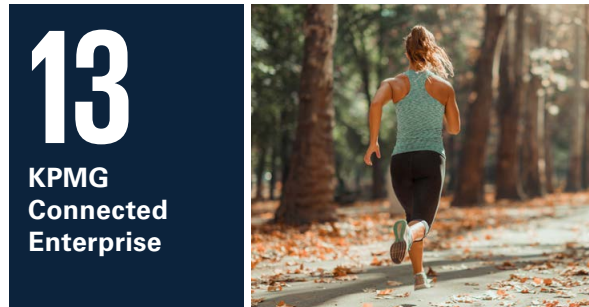


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# Signals of change

Consumers' interest in life and annuities (L&A) products rose during the pandemic, but signals of change show that the industry may need fresh approaches to seize new opportunities.

As L&A converge with wealth management and health insurance, customers are looking for better end-to-end experiences — and self-service tools — but still seek human interaction at the right moments.

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# 1. Customers demand better end-to-end experiences

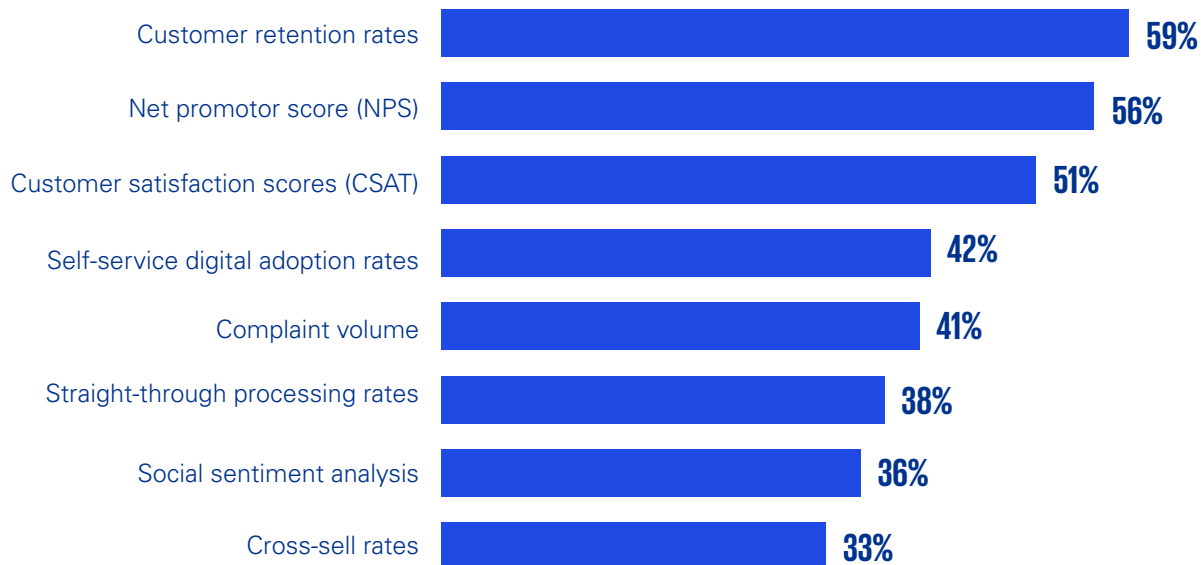
We anticipate that people shopping for life policies and annuities online are likely to increasingly compare their purchase experiences not just across carriers but to online retailers. They may likely expect rich, personalized, multichannel options in addition to online research, from sophisticated chat functions to in-person counsel. The “old-school” advisor-led sales model can feel increasingly alien to people entering the marketplace for the first time, but human interaction and empathy at the right moments will remain essential, meaning the advisor model may need to evolve.

Customer loyalty is vital in insurance, since renewing a policy is easier than selling one.

Carriers can enhance loyalty by simplifying multichannel interactions, increasing the number of touchpoints, and making each one more meaningful. Indeed, more than three-quarters of survey respondents said they were investing or will invest in the near future in fully automated digital tools to drive the customer journey along all its touchpoints, including direct human-to-human interactions at the most appropriate times to improve customer loyalty and increase agent effectiveness. The best salespeople are good listeners, but companies can now tap into mountains of data from internal and public sources to learn more about each customer almost in real time to personalize interactions and offerings.

Top ROI metrics reflect a significant shift in the definition of ‘success’ — from units sold to metrics grounded in the customer experience.

## What metrics does your organization use to measure the return on your investments in customer-centricity, customer experience, and customer satisfaction/loyalty?



Base: 439 customer-centric strategy decision-makers at providers of L&A products  
Source: A commissioned study conducted by Forrester Consulting, July 2022

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## 2. More innovative products and services

As wealth management converges with life and health insurance, sophisticated players will create one-stop-shops for end-to-end protection and services that fit the needs of customers at every stage of life, retaining them as customers for decades. More than seven in 10 respondents to the Forrester survey say they plan to make moderate or significant investments in innovative end-to-end protection products and services in the next year.

As they harness new troves of data and advanced analytics, leading carriers will seek to capitalize on a US\$15 trillion longevity opportunity as global life expectancy after increases.<sup>2</sup> For example, many will offer advanced testing and preventive screening, and even reward policyholders for making healthier choices. Vitality Global, a pioneer in this area, has harnessed the power of their data to develop a platform that integrates with medical devices, biometrics, and point solutions, which draws on behavioral economics to support, guide, and incentivize members to improve their health. Vitality Global operates in 40 countries to offer benefits that include discounts on healthy food, gym memberships, smart watches, and even hotel and flight discounts, to improve health outcomes for members, corporate clients, and leading insurers across the world. Together, these types of partnerships can promote a healthier society and help contribute towards a reduction in global disease.

Outperformers will feature new actuarial and pricing assumptions, accounting standards, and channel selling strategies for new market opportunities in areas like the expanding gig economy, remote work and cultural attention, in addition to new ways to engage policyholders throughout their life. Avibra Life, for example, offers its “tech-driven insurance and financial wellness tool” to 18- to 38-year-olds in the US, which acts as a free “micro” life policy that grows in value based on the user’s health habits, with coverage for as little as a dollar per month.

Trust underpins the success of all insurers and helps them take more risks in developing new products and services. Three in 10 survey respondents agree that their ability to develop innovative products, services, and technologies is a top benefit of establishing trust with customers.<sup>3</sup> This is especially true among decision-makers in the Asia Pacific region, where 35 percent agree, but less so in Europe, where just a quarter agree.

**“Trust provides the foundation for us to be flexible with our products and continually innovate”**

Front-office C-level executive, from China, when asked about the role trust plays in their customer-centric strategy.

Thirty percent of respondents say the ability to develop innovative products, services, and technologies is the most important potential benefit of establishing trust with customers.<sup>4</sup>

<sup>2</sup> Longevity Economy Infographic (thegerontechnologist.com)

<sup>3</sup> A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

<sup>4</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

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# 3. Competition will intensify

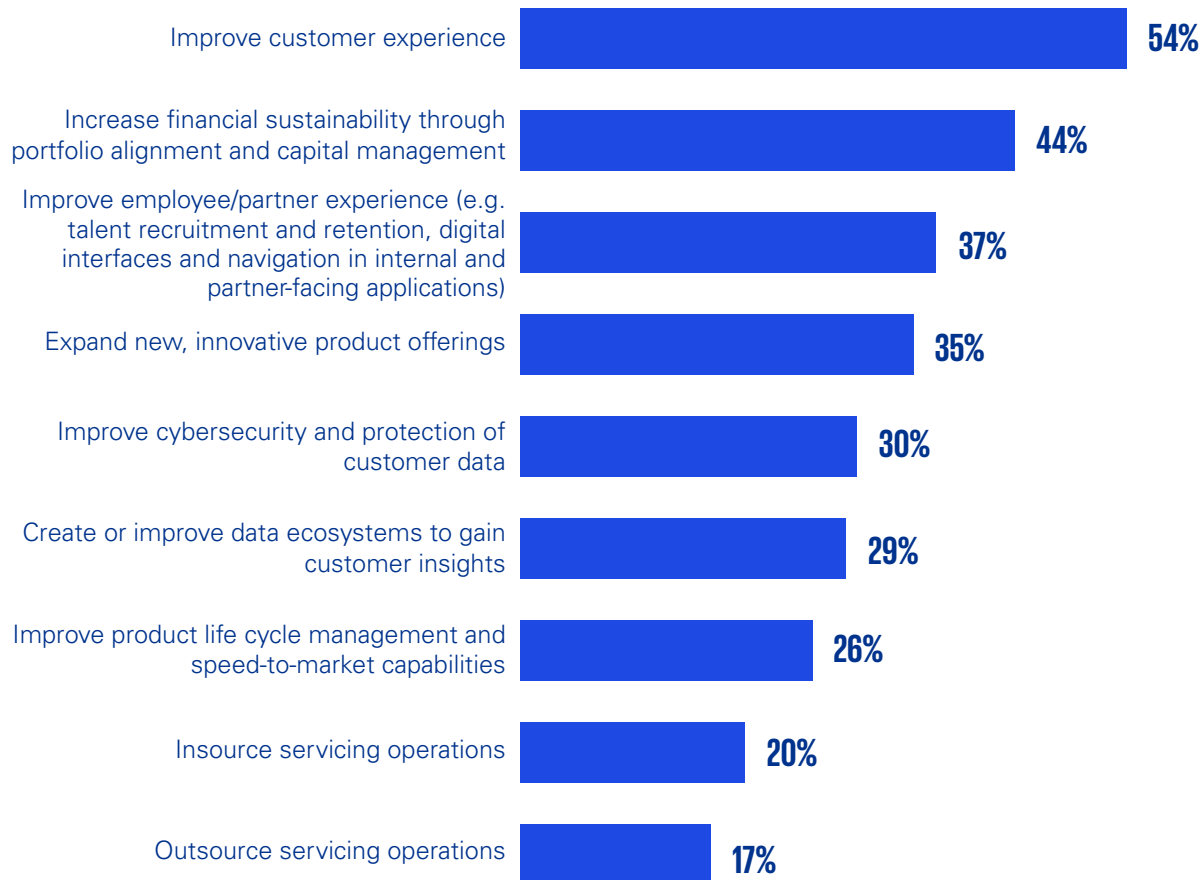
As consumer preferences and shopping behaviors evolve, new partnerships may likely disrupt distribution channels, especially to less affluent consumers who are underinsured but may not warrant the attention of the dwindling ranks of traditional agents. Social media influencers and agents with a compelling digital presence are likely to challenge the traditional broker model. More information about life policies and annuities will be exchanged on social media platforms, and less on the golf course. And people booking honeymoons, buying cribs, or searching for vacation homes online will have an option to add life insurance to their purchases as embedded solutions.

Large non-insurance platform players with strong digital marketplaces will also pose rising competitive threats; about 30 percent of survey respondents say

they have the greatest potential to transform L&A distribution, including 36 percent in the Asia Pacific region.<sup>5</sup>

More than a third of L&A leaders see the growing role of AI and the associated potential increase in bias and discrimination as the top factor with potential to change the work landscape. As automation and new digital tools transform processes including underwriting, actuarial, claims processing and sales, we do not expect these roles to be eliminated, but rather recalibrated to serve as ethical gatekeepers and prevent or reduce biases that can arise in processes that will rely on AI. Around three in 10 say they plan to build "ethical AI" programs to prevent or reduce bias and discrimination in model assumptions in the next five to 10 years.

## What are your organization's top strategic goals?



Base: 439 customer-centric strategy decision-makers at providers of L&A products  
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

<sup>5</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

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# 4. Regulators will continue responding to investors' demands

Regulators are likely to respond to the demands of investors, including some of the largest institutional and mutual funds, that insurers report more fully and uniformly on their ESG standards. Regulators may also see longer life expectancies as new opportunities to impose requirements that meet societal needs. Some are exploring new “green” bonds and other investment vehicles. Nearly four in 10 survey respondents expect these changing social preferences to raise claims, legal, and regulatory costs faster than inflation — what some observers call “social inflation.”<sup>6</sup>

For example, state and national regulators may look to impose new requirements for channel

and customer communications as insurers move towards digital interactions and L&A customer bases increase in age. Data privacy regulations are almost certain to become more stringent around the world as wearables, sensors, and other Internet of Things (IoT) devices gather and send personal data and health information. As customers gain ownership of how their data is collected and used, leading carriers will need to be at the forefront of transparency and leaders in cyber capabilities to maintain customer trust and prevent the mishandling of data. About 44 percent of L&A decision-makers cite privacy, data security, and storage as their top ESG issues, but only 11 percent say they are investing in data protection.<sup>7</sup>

## What ESG issues are key risks for your organization?

Top five ESG risks by region



North America		Europe		Asia Pacific	
Cost of social inflation	<b>47%</b>	Privacy, data security, and storage	<b>50%</b>	Cost of social inflation	<b>38%</b>
Privacy, data security, and storage	<b>41%</b>	Cost of social inflation	<b>37%</b>	Privacy, data security, and storage	<b>35%</b>
Environmental risk and climate loss exposure (natural disasters, public health emergencies, etc.)	<b>36%</b>	Environmental risk and climate loss exposure (natural disasters, public health emergencies, etc.)	<b>35%</b>	Environmental risk and climate loss exposure (natural disasters, public health emergencies, etc.)	<b>31%</b>
ESG reporting	<b>25%</b>	Carbon emissions/carbon footprint	<b>27%</b>	Carbon emissions/carbon footprint	<b>29%</b>
Carbon emissions/carbon footprint	<b>24%</b>	ESG reporting	<b>24%</b>	Design of products and policies to incentivize responsible behavior	<b>25%</b>

Base: 439 customer-centric strategy decision-makers at providers of L&A products; 97 at organizations in North America, 202 at organizations in Europe, and 140 at organizations in ASPAC

Source: A commissioned study conducted by Forrester Consulting, July 2022

<sup>6</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

<sup>7</sup> Source: Ibid.

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# 5. Technology to advance strategic objectives

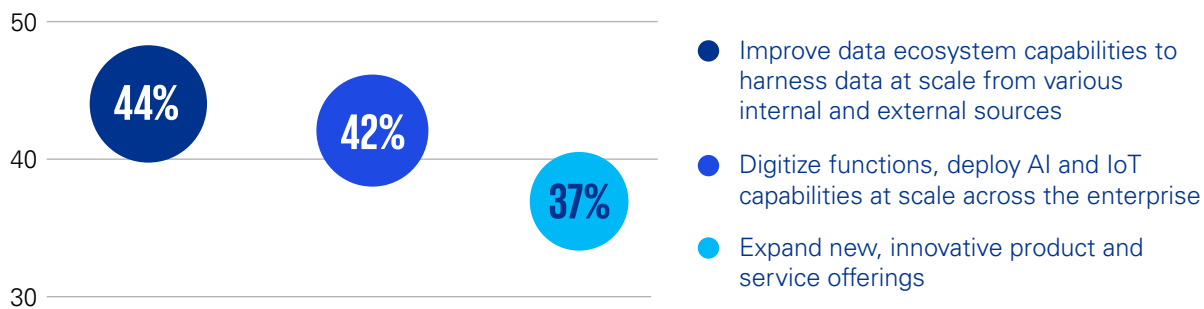
Insurers will begin to generate value as they modernize their data architectures. Three-quarters of the survey respondents said their organizations are investing in or intend to invest over the next year or two in “composable” technology architectures that can seamlessly integrate real-time data from multiple sources to accelerate a shift towards fully automated continuous underwriting and a new wave of personalized offerings.<sup>8</sup>

Leading firms are investing in emerging digital technologies to achieve strategic business objectives — but their opinions on which technologies are most important vary widely. About a quarter of respondents to the survey say that “smart contracts” through blockchain and distributed ledger are the emerging technology with the greatest potential in L&A.<sup>9</sup>

Technology is critical to creating a customer-obsessed mindset and L&A leaders should be seeking to leverage emerging technology to meet customer needs at scale.

Leading insurers know that customer data is the most important aspect to customer trust, leveraging data at scale while meeting security and regulatory requirements drives success.

## What are the primary actions your organization will need to take over the next five to 10 years to address the changing landscape of L&A insurance?



Base: 439 customer-centric strategy decision-makers at providers of L&A products  
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022



<sup>8</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

<sup>9</sup> Source: Ibid.

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# Future business models

Keeping pace with consumers' needs or the advances of leading competitors will be fundamental. Outperformers in the years ahead are likely to transform business models and organizational cultures. They will conduct the most fundamental processes, from product development and sales to underwriting and portfolio management, in new ways.

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# L&A business model evolution will accelerate

For generations, the L&A industry has been slower to innovate than many other industries, in part because regulations vary so widely across national and international borders. Customer preferences in L&A products also vary widely across geographies, much more than for other products, from soft drinks to smartphones, where new offerings reach the market in months rather than years.

Current business models can be grouped into three main categories:

- **“Active” risk management**, where companies manage exposure to economic pressures and other risks with capital-light products and reinsurance. Many are becoming more specialized, for example, by excelling at product design while making “back-book” deals to release capital through reinsurance.
- **Geographic specialization**, where companies design products to reflect local and regional regulatory and tax guidance and risk profiles. While many of the largest global carriers have federal models, they must still rely on decentralized business and technology blueprints. Most of those that succeed with geographic expansion are better at gathering and managing assets such as MetLife, which serves about 100 million customers in nearly 50 countries.

- **Retail agent-broker distribution and channel selling**, where 99 percent of life policies are sold through face-to-face distribution or intermediaries, and the rest through web aggregators and other channels. In this category, distribution and relationships with brokers and industry partners remain essential to success. While markets in Europe and Asia are beginning to see movement towards digital life insurance sales, there is still a way to go over the coming years to fine tune and drive a widespread shift that would disrupt traditional distribution models.

In the years ahead, we expect business models to fall into four main categories:

- **Embedded solutions**, as companies build partnerships across the wealth, health, and some non-traditional sectors to meet an integrated set of end-to-end customer needs. These use a wider array of channels and marketplaces for flexible, fast, convenient service, especially to new entrants and less affluent consumers. They are in the minority today — only 17 percent of L&A decision-makers are investing to tap into new partners’ distribution networks, according to survey results.<sup>10</sup> Embedded solutions are likely to gain traction, however, with nearly half of respondents identifying plans to invest in



<sup>10</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

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these capabilities in their capital plans over the next year or two,<sup>11</sup> as carriers connect with customers at important life events through pharmacies, wedding and baby registries, and even home sellers. We expect embedded solutions to account for rising shares of L&A sales as the most forward-thinking insurers expand their presence and forge new partnerships in huge digital marketplaces.

- **Continuous product development or “product factories” will become persistent components of some operating models** to speed product innovation and improve pricing flexibility, thanks to better data quality, increased use of external data and powerful data architectures. According to survey respondents, the two most promising architecture and data use cases are automated, continuous underwriting (cited by 31 percent of respondents) and composable technology architectures (25 percent). About one in five plan to build composable technology architectures to best support the vision of outward-looking product teams over the coming decade, using specific tools and methodologies with repeatable processes to bring products to market faster and cheaper.<sup>12</sup> Many will learn how to create value by condensing product cycles utilizing the growing troves of data to gain first mover advantages.
- **More effective education and clearer value propositions** will help some leading companies join families’ conversations about financial planning. These companies will reach more new customers through social media, helping them see L&A as natural elements of balanced portfolios in a risky world, for example, by putting L&A products in the proper context, side by side with target-date mutual funds. With inherently complex products and features, the key to connecting with today’s buyers is simplicity. Those who successfully embed simplicity in product design, educational materials and marketing DNA will consequently drive those same principles across the front-

and back-office processes, creating nimble and dynamic organizations that can respond rapidly to change.

- **M&A and capital management leaders** are likely to divest capital-intensive and non-core, sub-optimal lines of business, redeploying capital in more sustainable, higher-growth core business segments. Some players intend to acquire asset managers and asset management capabilities in varied asset classes to supplement in-house capabilities in driving scale and asset class diversification. In 2021, for example, Global Atlantic, one of the largest fixed rate and fixed annuity providers in the US, sold a controlling share to KKR, the global investment firm.<sup>13</sup> One strategic rationale for the deal was that Global Atlantic policyholders would benefit from KKR’s asset management and origination capabilities.<sup>14</sup>

Private equity firms continue to acquire more L&A assets. As they gain access to carriers’ permanent capital, the most capable PE firms will find expense efficiencies, consolidate operational capabilities, and enhance operating margins. Some observers fear that policyholders will suffer as these new managers work to increase profits, but some acquisitions are structured to discourage price increases. Customers may also benefit from better returns on their investments. Regulators will need to adapt to new ownership models, potential conflicts of interest (or “best interest” roles), and accounting standards.

Nearly half of survey respondents said they planned in the next year or two to consolidate operational capabilities and create partnerships with asset managers and private equity to diversify their sources of products, revenue, and capital. Nearly 45 percent said that financial sustainability through portfolio alignment and capital management is a top strategic goal for their organizations.<sup>15</sup> The winners in the years ahead will have far more strategic clarity in capital management.

<sup>11</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022

<sup>12</sup> Source: Ibid.

<sup>13</sup> Source: “KKR Closes Acquisition of Global Atlantic Financial Group Limited,” KKR press release, 1 February 2021

<sup>14</sup> Source: “KKR To Acquire Global Atlantic Financial Group Limited in a Strategic Transaction,” Business Wire, 8 July 2020 (<https://www.businesswire.com/news/home/20200708005319/en/KKR-Acquire-Global-Atlantic-Financial-Group-Limited>)

<sup>15</sup> Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022



# KPMG Connected Enterprise

Digital transformation in L&A requires adapting to a connected operating model.

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## The eight capabilities of KPMG Connected Enterprise:



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Commissioned studies conducted by Forrester Consulting on behalf of KPMG International reveal that the eight capabilities of the connected enterprise are significant differentiators in organizational transformation. The research shows that firms that make a moderate or significant investment in all eight capabilities of the connected enterprise are two times more likely to deliver a customer experience that exceeds expectations, successfully execute on one or more customer-centric objectives, and increase ROI across one or more metrics.\*

\*Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, 2018. The research was conducted on a sector-specific basis.

Base: 1,299 professionals involved with customer strategy decisions

Case studies



### **Insight-driven strategies and actions:**

Every business is a data business. That's why every company should harness data and advanced analytics to gain a real-time understanding of its customers and business to uncover actionable insights and shape integrated business decisions.

### **Innovative products and services:**

In today's digital marketplace, customers have the power. Organizations need compelling value propositions on price, products and services to engage the most valuable customers and drive profitable growth.

### **Experience-centricity by design:**

Customers across industries expect consistent, effortless experiences. Successful companies design those experiences, supporting customer value propositions to deliver on key business objectives.

### **Seamless interactions and commerce:**

The Connected Enterprise is a relationship business by definition, which interacts and transacts with prospects and customers at multiple touchpoints across marketing, sales and service.

### **Responsive operations and supply chain:**

Companies that operate with efficiency and agility meet customers' rising expectations consistently and profitably, delivering on the brand promise underpinned by advanced analytics.

### **Aligned and empowered workforce:**

The Connected Enterprise's agile organizational structure is ready for anything. Teams embrace change and help the company recruit and attract the right people at the right time.

### **Digitally enabled technology architecture:**

Disruption is everywhere and inevitable. Intelligent and agile services, technologies and platforms help companies meet customer needs with solutions that are secure, scalable and cost-effective.

### **Integrated partner and alliance ecosystem:**

The Connected Enterprise engages, integrates and manages third parties to increase speed to market, reduce costs, mitigate risk and close capability gaps.



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# Connected capabilities can help underpin all future business models

Nearly nine out of 10 survey respondents said they planned to make at least moderate investments in four or more connected capabilities in the next 12 months.<sup>16</sup> In all, we believe that advances in eight areas can help players across the L&A industry keep pace in an increasingly evolving marketplace.

Eight capabilities	Embedded technology solutions	Product and pricing flexibility	M&A and capital management	Education and value proposition
<b>Insight-driven strategies and actions</b>	Connect data on target customers and segments through partnerships in the marketing and sales processes.	Dedicate a product design team equipped with real-time data on market trends and competitor activity to continuously inform product and service design.	Use internal and external data to identify where to divest non-core business and exploit acquisition opportunities to strengthen core lines of business.	Use external data to continuously understand perception of products and services offered today and consumers' knowledge of coverage benefits.
<b>Innovative products and services</b>	Respond to emerging customer trends by rapidly developing new products and services and testing on subset channels and populations.	Grow market share by using specific tools and agile methodologies to accelerate continuous R&D and bring products or enhancements to market faster and cheaper.	Formulate a clear strategy for identifying product strategy and value propositions by line of business to drive profitable growth and make strategic decisions.	Use social media and unique digital channels to market the most relevant products and services to potential new clients where they spend the most time and attention.
<b>Experience-centricity by design</b>	Develop a more consistent brand promise and customer expectations with partners.	Incorporate design features from across the organization with closed-loop, cross-functional communication.	Identify partners and deal opportunities with companies that fit well within ecosystem and seamlessly integrate to improve customer experiences. Link experience and digital strategic themes to execution through agile delivery to maintain the design integrity of key customer journeys.	Personalize intentional value propositions in each interaction to "make it real."

<sup>16</sup> A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2022





Eight capabilities	Embedded technology solutions	Product and pricing flexibility	M&A and capital management	Education and value proposition
<b>Seamless interactions and commerce</b>	Enable consistent, seamless touchpoints embedded with partners' experiences in digital marketplaces.	Identify common product elements (technology components, experience features, compliance, etc.) to improve speed to market and drive a consistent experience.	Clarify customer segments and acquire diversified sources of products and capital to fulfill the customer promise.	Simplify customer engagement pivots from education to purchase, and improve the transparency of pricing and payments.
<b>Responsive operations and supply chain</b>	Collect and process data from partners and integrate operations across the front, middle, and back offices.	Regularly and systematically view all operational processes and KPIs with a focus on continuous improvement and forecasting to proactively position for new products and services.	Use an M&A playbook to quickly and seamlessly integrate new lines of business.	"Know your customer" to dynamically adjust value propositions at key life moments (parenthood, promotions, etc.).
<b>Aligned and empowered workforce</b>	Enhance core insurance workforce with experience from other industries to draw unique customer value propositions and perspectives.	Foster a cross-functional culture of innovation with a clear understanding of roles and responsibilities in delivery of products and services, starting with ensuring the right resources are in the right roles.	Clarify strategy for identifying core vs. non-core businesses with workforce investments and resources aligned appropriately to execute.	Drive simplicity across the organization — from product design to education, and in front-, middle-, and back-office processes — to create more room for innovation, unify the culture, and drive towards common goals.
<b>Digitally enabled technology architecture</b>	Make it easier to integrate with partners through open insurance models and APIs throughout the technology ecosystem.	Rely more on reusable components to drive efficiencies across the product development and adapt to market conditions quickly in continuous and agile ways.	Build an acquisition-ready architecture that can quickly unlock value from data and system integrations.	Offer simplified digital education that is interactive and easy to understand.
<b>Integrated partner and alliance ecosystem</b>	Partner with like-minded organizations with growing customer bases who can build long-term shared outcomes and co-innovate.	Engage partners across the broader financial services industry to use plug-and-play digital capabilities throughout the product development cycle and agree on collective success factors.	Where M&A does not make sense, partner with innovative organizations to help plug capability gaps.	Forge industry and cross-industry partnerships to drive the value story throughout the customer journey and enhance interactions with your products.

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Strategic imperatives

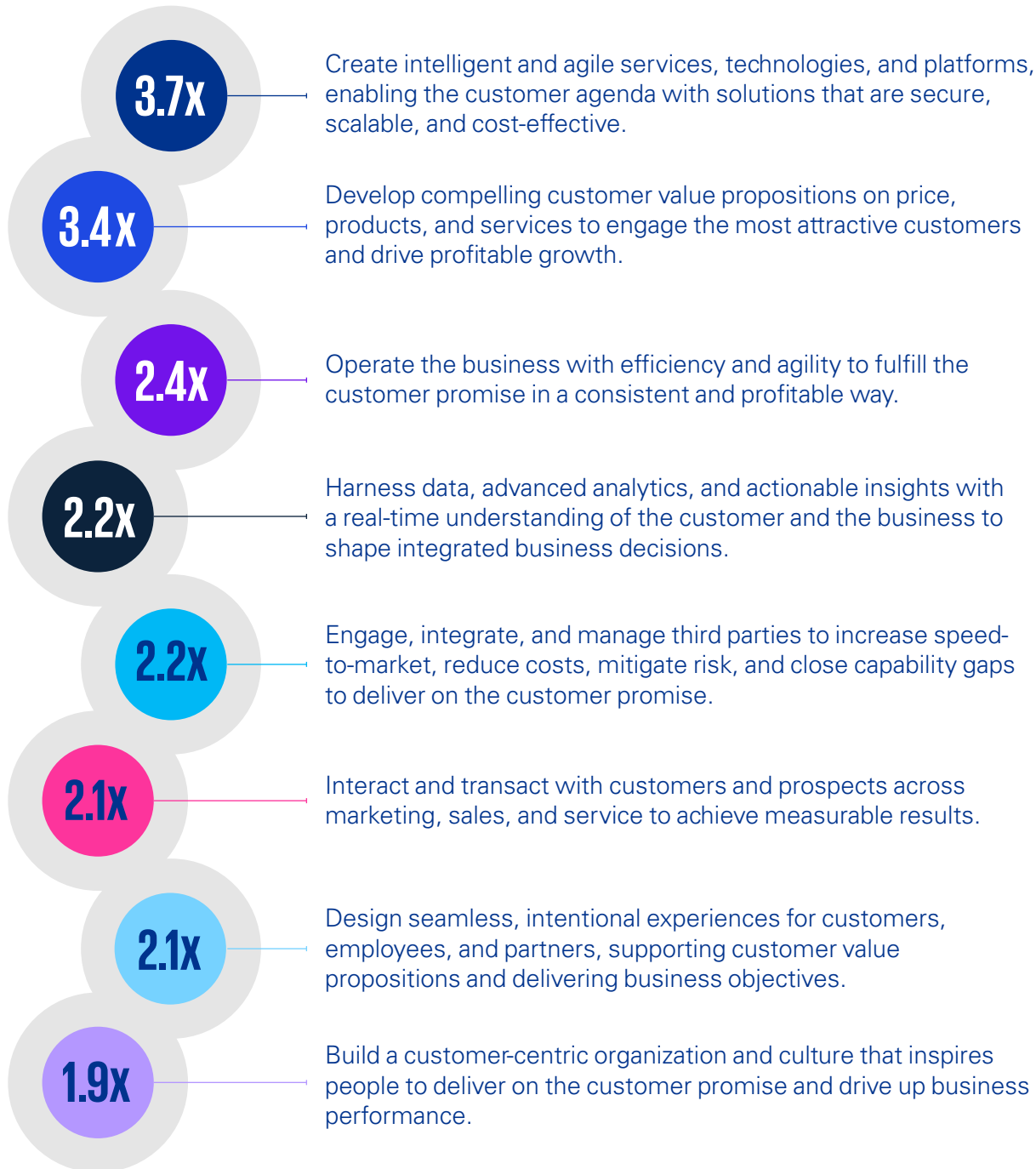
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# High maturity organizations continue to outpace their less mature peers

Compared with their less mature peers, high maturity L&A companies that are investing in the eight capabilities are more likely to successfully...



Base: 87 future-focused customer-centric strategy decision-makers and 87 followers at providers of L&A products

Source: A commissioned study conducted by Forrester Consulting, July 2022

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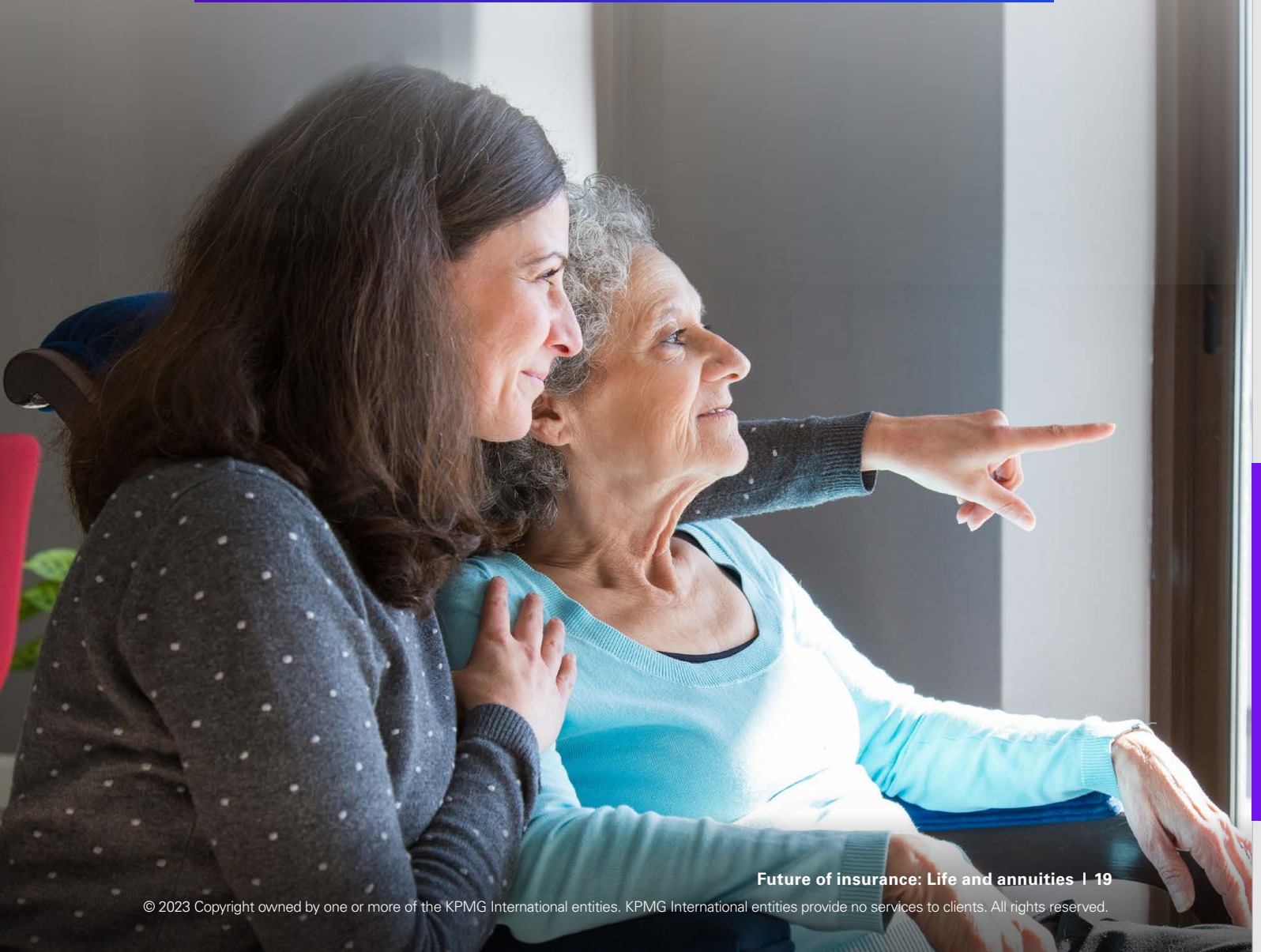
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# 1. Delivering enterprise-wide transformation for a global insurer

This global insurer was facing an increased cost base, declining customer outcomes and reduced employee satisfaction. The client wanted to implement operating model change across all functions and lines of business.

The client chose KPMG Australia to help them address their deepest structural challenges, with a view of delivering meaningful cost reduction and improved customer outcomes as a result. Australian firm professionals began by helping the client identify, design and execute a series of significant transformation programs using the KPMG Connected Enterprise framework. The delivery of these programs enabled the client to drive operating model change across the business, including front, middle, and back offices, focusing on key strategic regions to embed the changes designed. In addition, we advised throughout delivery of a global technology strategy, including outsourcing commodity services, delivering a cloud transformation, and building digital capabilities in-house.

KPMG Australia helped the client achieve their goal of bringing down its high-cost base: the program implemented critical connected capabilities and solutions to radically reduce cost by greater than 20 percent, with embedded automation and digitization to improve internal processes and customer journeys. Through the technology strategy, the client experienced additional cost reduction, simplified architecture, and improved digital capabilities. We were able to help the client transform into an agile, innovative and collaborative organization for the future.

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## 2. Automating customer-facing processes

KPMG in the US helped an insurance client automate key elements of their retirement forms fulfillment process for customers requesting a roll-over or cash disbursement. The original process required a customer service representative (CSR) to validate customer information by phone or fax, record notes in the system, print customer forms and a cover sheet, and route the form to the mail center before it was sent to the customer. This manual process not only required significant employee hours, but also resulted in slow processing times for customers.

Robotic Process Automation (RPA) now mimics CSRs' actions, completing, validating, and routing forms automatically for both onshore and offshore call centers, freeing up CSRs to handle more difficult customer inquiries. With this technology solution, KPMG in the US helped automate more than 75 percent of the annual workflow volume and delivered expected annual savings of US\$180,000.

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# Making it happen

KPMG Connected Enterprise for L&A is an insight-led, client-centric approach to digital transformation.

In KPMG professionals' experience, there are a number of key considerations that can help L&A companies make faster progress on the connected journey:

- 1 Keep close to what your consumers want.** The ability to think "outside-in" is key in building a customer-centric business. Ensure you know and act on what your consumers want, need and value; keep looking up and outside of the organization and industry to help ensure alignment with the best consumer experiences in day-to-day life.
- 2 Do things in an agile way.** Break changes down into specific steps, sequence and then implement them. Stand back to assess whether the change has been successful in a "test and learn" approach. It's about a series of small changes that together add up to a significant and impactful transformation.
- 3 Build in resilience.** Take on today's challenges with resilience and determination, and be prepared to expect the unexpected, fail fast and learn along the way. By developing a connected enterprise architecture, you will find your ability to change course at speed can be significantly enhanced.
- 4 Keep it human.** While embedding new technologies, such as artificial intelligence (AI) and automation, is likely to be critical in developing more seamless interactions for consumers, remember that you also need to keep the experience "real." Great organizations remain defined by the quality and passion of their people and their sense of purpose.
- 5 Make use of new technologies.** Continually look at what new technologies are becoming available that could help you serve consumers better or connect your business more seamlessly. Experiment with the opportunities available through cloud, machine learning and advances in data science.

Signals of change

Future business models

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KPMG’s approach is centered on enhancing all eight connected capabilities across the enterprise to the level that can provide the greatest value. These connected capabilities map to the operating model of an insurer and can allow you to prioritize, shape and execute your digital transformation.

KPMG professionals help insurers evaluate their maturity across these connected capabilities, shape their transformation agenda and plans, and deploy improvements in the capabilities across the enterprise with the aim of providing the greatest value.

KPMG professionals’ experience of working in digital transformation has informed a set of accelerators, including a range of configurable software as a service (SaaS) solutions from leading technology providers, which can enable them to deliver a faster option to delivering transformational outcomes.

With the consumer at the core, there are five critical questions insurers should ask themselves.

**1** Are you connecting your clients/ brokers with compelling value propositions, opportunities and interactions?

**4** Are you connecting your ecosystem of business partners to jointly deliver on commitments to clients?

**2** Are you connecting and empowering your employees to deliver on the client promise?

**5** Are you connecting to market dynamics and digital signals?

**3** Are you connecting your front, middle, and back offices to execute the client growth agenda?

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