



Latest insights on Insurance



March 2019

Insurers are under more pressure than ever to effectively manage their current operating expense environment. Persistent low investment returns, ever-increasing competitive pressures and enduring excess capacity have hampered the industry's ability to grow revenue faster than the rate of operating costs.

In order to better understand the current environment, KPMG and ACORD, a non-profit standards development organisation, recently completed a survey focused on the challenges and opportunities insurers face with respect to improving operational excellence. Key findings include:

- Majority of carriers say they are actively working on improving operational excellence. However, over half of them are behind target.
- Limited integration of technology platforms across functions, including underwriting, distribution and product operations.
- Lack of process standardization and strategic vision are the primary obstacles to future transformation efforts.

Our report, [*Operational excellence in insurance: Performance, digital and customer experience*](#), highlights the need for senior leaders across the strategy, technology and operations areas of insurance organisations to carefully consider several initiatives and transformations critical to operational excellence. By focusing on some of the key dimensions of the business, leaders can identify the core cost drivers and take steps to effectively manage costs in a sustainable manner.

Also inside, you will find our latest thought leadership on economic substance, IFRS 17, risk and regulation, and more. Once you have reviewed the materials, please get in touch with your KPMG contact or me, as we welcome the opportunity to discuss these or any other business issues with you.

Sincerely,



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Featured articles

[Economic Substance Provisions in Bermuda](#)



As Bermuda awaits the European Union's reassessment, it is important to remember that the Economic Substance Act (ESA) remains in effect. Affected entities need to ensure that they are aware of their obligations and comply with the Bermuda economic substance requirements within the specified time frames (from July 1, 2019 for entities in existence at the end of 2018, and from the date of formation for entities formed in 2019).

[We are here to help.](#) At KPMG, we can assist you in understanding and applying the requirements of the ESA.

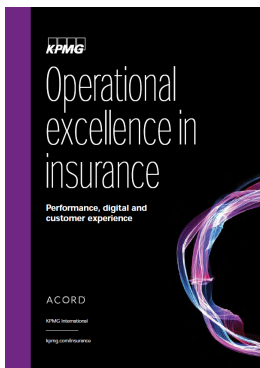
[Frontiers in Finance: Risk proofing your future](#)



In this edition of [Frontiers in Finance](#), we focus on risk and regulation, exploring a wide range of challenges and opportunities facing insurers and others in the financial services industry.

There is no question, the business risks facing industry executives today are daunting. New technologies, the increased focus on social responsibility, ongoing operational and geopolitical risks are radically transforming traditional business models. The ability to capitalize on the regulatory and risk landscape – better manage the risks, more effectively respond to changing regulation, and uncover opportunities for competitive advantage – will be key to achieving long-term success.

[Operational excellence in insurance: Performance, digital and customer experience](#)



Currently, 25 percent of every premium dollar is consumed by operating expenses, a pattern that has held for the past 10 years or longer. These expenses have largely kept pace with the rate of growth in premium income among life and property & casualty carriers, with both growing in the low single digits over the same time period.

KPMG and ACORD conducted a survey focused on the challenges and opportunities insurers face with respect to improving operational efficiency. The results indicate that, although 94 percent of carriers say they are actively working on improving operational efficiency, 55 percent say they are behind target. Read the [report](#) to find out what else the survey revealed.

[Regulation and supervision of fintech](#)



Are you embracing the use of fintech solutions and emerging technologies in your business? If so, have you adopted a proactive response to the emerging risks and the growing regulatory and supervisory scrutiny?

The list of regulatory and supervisory responses to fintech-related risks continues to lengthen. And this will continue to ratchet up over the coming years, as the fintech sector and the adoption of fintech solutions continue to develop and grow. Read our latest [report](#) to find out more.

Related articles

[IFRS 17: Three more proposed amendments](#)

[Insurtech 10: Trends in 2019](#)

[Mind the Gap: Interviews with women in FS](#)

[New filing requirements for Insurance Managers, Agents and Brokers](#)

[Preventing, detecting, and responding to financial crime](#)

[Pulse of Fintech](#)

[Risk and regulation in digital insurance](#)

Webcasts

[IFRS 17 Proposed Amendments and Next Steps](#)

The International Accounting Standards Board (the IASB) has proposed certain amendments to IFRS 17 addressing some of the concerns and implementation challenges raised to them.

Join us for a [webcast](#) on Wednesday, March 27, 2019 at 9:00 (EST). We will summarize the proposed amendments to IFRS 17 and suggested activities that insurers should consider taking as a result, and how best to make use of the countdown to 2022.

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