

Insurance **POST**

Blog: What will the new normal look like in insurance?



Laura Drabik

29 Jul 2020

Indicative reading time: ⌚ 2 minutes

Across the business landscape, talk of how to adjust to the ‘next’, or ‘new’, normal has become the only game in town. Laura Drabik, chief evangelist at Guidewire Software, argues while many are tired of these instant clichés, the fact is that we are all facing up to the immediate and long-term impact that the pandemic has had on our economies and societies at large.

We all recognise that a return to life and work as it was before is unlikely. We are all considering what this next normal might look like. Perhaps an unlikely source, but no less valuable, is the example of Estonia and the way it runs its public services. The country has made investments in deep digital capabilities that have enabled it to deal comprehensively with the [pandemic](#).

For example, digital health systems enabled doctors to assess patients remotely and allocate tests where necessary, preventing transmission of the disease. As a result, no general practice doctors have been infected by the disease, and there have been just over 2000 infections in the population.

This is a great example of how [technology](#) has helped safeguard people in a convenient way that is joined up with wider services, delivering a

seamless service from the moment of booking an appointment to the point of getting test results and advice on what to do next. This is the kind of experience insurers should try to recreate.

But the next normal is not purely digital. There are very human concerns at play as it relates to organisational change such as homeworking and the lessons learnt from this are in turn driving further innovation. In my conversations with those in the industry, there is a sense that with so much change already having taken place, now is a time to push further still. With the move to remote working seemingly here to stay in some capacity, insurers are looking at other areas ripe for change too.

One area that many insurers are concerned about is their customer interfaces and how well they are serving their customer's needs. The pandemic has resulted in an explosion of calls to insurers from customers and agents, creating backlogs that are now being steadily worked through. Better facilitation of the communication between customer, agent and insurer is now a big priority for many in order to deal with these enquiries. Tools such as chatbots are being considered more widely as a means to offer basic information, simple advice, and then process basic [claims](#) for those willing to use them.

Among those who have been successful during the pandemic, the big tech companies have found themselves at the top of the pile. As these companies eye up opportunities in other markets, insurers need to be on their guard like never before and ready to outsmart them. Being able to react is going to require a far more holistic adoption of cloud capabilities that stretch to the core of insurers and the way they operate.

Business agility is going to be critical for insurers as they adjust to massive behaviour change. Some examples include companies giving refunds to customers on car insurance, but the likelihood is this is just the beginning of a major rebalancing of the way in which people live their lives and, by extension, the risks that they are exposed to. Insurers are going to be forced to rethink their models, while understanding these changes and how they evolve is going to require a greater use of artificial intelligence to help insurers price risks. AI will also be needed to play a key role in identifying and assessing risks around threats such as [cyber](#) and [fraud](#).

In many ways this is not new to the industry and much of what has changed in recent months was always going to happen eventually. However, with the pace of change now having been forced, insurers need to capitalise on the new found openness to innovation, both from within their organisation and among their customers. Those that are open to innovation and able to work constructively would you have to work that notice period in the next normal have a far more resilient and successful future to look forward to.

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