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Better Policy Administration

HERE'S WHY YOUR POLICY ADMINISTRATION SYSTEM (PAS) NEEDS A NEW JOB DESCRIPTION.

The very notion of what has always been the core operating requirement of an insurer — policy administration — is changing.

Data has been knocking on the policy administration system (PAS) door for some time. Now there is an explosion of data and a growing amount of smart data from artificial intelligence (AI) and machine learning (ML). As a result, the venerable PAS is getting a new job description.

Until the very recent past, carriers did not place the "openness" requirement on their policy administration systems. But the market trend away from a product-centered and toward a customer-centered approach that mirrors consumer experiences in other industries has sent insurers back to their drawing boards, and in most cases, into earnest discussion with their PAS supplier. The re-design calls for faster and better data collections and offer management.

There is a big topline payoff for insurers. It means less likelihood that you will lose the prospect to competitors if he/she is shopping around because you are taking less time to collect data, less time to make an underwriting decision, and making a better product offer.

PAS IS PULLING MORE WEIGHT
New capabilities needed are the ability to accept more internal and external third-party data and the ability to do great things with it — such as make more personalized offer recommendations.

Making an Offer That Can't be Refused

Tied inextricably to making an attractive offer using your well-informed recommendation engine, is the function of offer configuration itself. This lies at the heart of your PAS.

The successful and rapid interplay of data, artificial intelligence, machine learning, product recommendations, and the ability to easily configure and support an unlimited number of products, are hallmarks of a new generation of policy administration platform. Your next-gen PAS has much more access to internal and external data and can write rules for real-time, event-based interactions.

Going forward, expect to see offer lifecycle management become a discrete and sought after component of the PAS. And you should expect it to provide a more flexible purchase flow and present and issue your offer in any channel efficiently.

The growing importance of these capabilities is writing a new evaluation criteria for insurers looking to purchase a PAS that is future-ready. PAS shoppers now need to focus on how open the PAS architecture is to receive data, and what is the PAS ability to use that data to manage an offer life-cycle and reduce underwriting process time.

DATA IN ALL ITS FORMS

It all begins with data collection. There is a lot of it and it comes in numerous forms — standard data, photos, social media posts, telematics data, structured data, geo-locational data, geospatial data, weather data, flood zone data, hazard data, and personal financial data.

You will need to assess how a PAS platform can extract, import and synthesize these various forms without any limitations — without customization of the platform — in order to incorporate any data element into any core process.

QUICKER AND SMARTER

The old way of data gathering was a serial process of multiple forms. The new way involves more sources and much more streamlined and dynamic interactions.

Instead of asking your customer or agent to do data entry, the process becomes more or less data validation, which is a lot faster, more efficient and — for the most part — more reliable. Critically, it is also less burden on the customer and turns what can feel like an inquisition into the mutually beneficial interaction it should be.

If additional data is needed, you can always collect it because "smart" is built into your process. Instead of hearing from the underwriter, "Oh, based on your responses, please go back and ask these five more questions…", you can infuse the form with the logic that the underwriter uses to ask those five questions and ask them at the same time.

The result is dynamic interaction with your customers and agents using a smarter process that knows you're going to need this information two steps down the road, and right now you have an opportunity to collect it.

Furthermore, the interaction can be a guided conversation that leverages the smarts of a chatbot, which can be used in all of your data collection and presentation.

START YOUR REFERRAL ENGINE

Then comes the offer. Today, insurers are mostly reactive: The customer tells us what they want and we offer what is asked for. With the new model, driven by a newer generation recommendation engine, we can offer something much closer to the need based on an assessment of the prospect's or customer's profile, which considers such things as life stage, lifestyle, asset profile and liability profile.

The opportunity for a simpler and faster upsell and/or cross sell is obvious. We can make an informed package offering that says, "By consolidating your portfolio, our offer is cheaper and better than alternatives."

We can also make a supplemental insurance offer that matches an identified lifestyle or life stage need.

By leveraging data analytics and augmenting human generated and maintained rules with ML and AI, the recommendation engine/recommendation service responds dynamically and helps create an efficient, event-driven offer lifecycle. **NU**

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