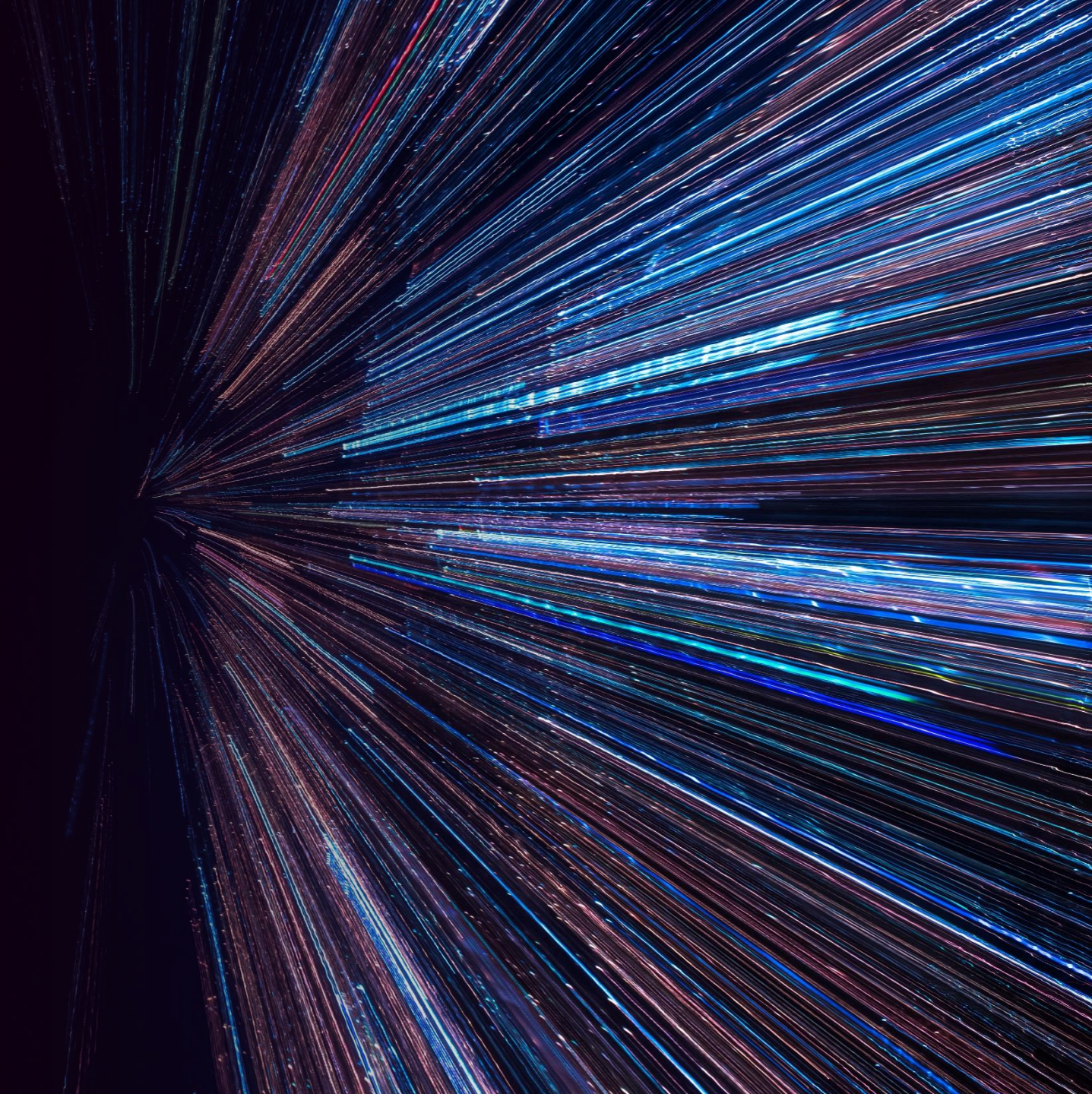
KPMG

Bahrain Insurance Association (BIA)

Webinar on Digital Trends in the Insurance Sector

17 November 2021

KPMG



Speakers' Profiles

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KPMG's thought leadership on 10 key trends that are disrupting the Insurance sector globally

1. Customer satisfaction and retention will be a more important key performance indicator (KPI) than operational efficiency. Incumbent insurers must fundamentally change their business models, and this requires cultural change and a focus away from product to the customer, their experience and outcomes.

2. Mature insurance markets may see the new highly automated insurance platforms such as those developed in China as a direct challenge and seek to compete with them. The successful incumbents will likely be the ones who learn from them, adapting and adopting their tech where appropriate.

3. Claims settlement are expected to become one of the most important elements of customer engagement. Speedy settlement creates a rewarding experience for customers.

4. Health ecosystems are essential for the future success of those operating in the life sector. Wearables are increasingly contributing to this market, and without access to these datasets, insurers will not be able to manage risks or engage with their customers.

5. Business as usual must break the models of the past. There is a need for cultural change and alignment with the specific markets' insurers service, providing risk capital on different terms to a market that comprises large numbers of small risks. Insurtech allows this type of business to be profitable.

6. Data is the lifeblood of the new order. Any lack of data can create gaps and cause integration and process flow issues, so it needs to be assessed as an end-to-end process. Insurers that lack data, or the partners and models that generate it, can expect to find their business models severely challenged.

7. AI and machine learning is a transversal tech with applications across the value chain and may prove to be the biggest driver of efficiency.

8. Automakers are likely to see the possibility in developing their own ecosystems to package insurance into their interaction with their client. Driverless vehicles continue to be developed and further disruption may be caused by new entrants that are not traditionally associated with the transport market.

9. Big data will likely undermine the role of certain types of underwriting, though it should remain essential in specialist areas, such as shipping, key employee risk management, etc. However, the skills of underwriters and actuaries can be redeployed offering greater understanding of the vast amount of data that a digital insurer will generate.

10. Good companies need good people. Recruiting and retaining employees is expected to become more important as engaged and happy employees create a 'vibe' that translates into happier customers. In insurance, a happy customer is usually a loyal customer.

Digital Underwriting - Future Vision

Value proposition based on prevention and client centricity

Value Levers

1	Fast-track Underwriting	Simplicity, agility and speed in the underwriting processes, minimizing annoyances and interactions for the client, promoting data analytics and assisted work models. AI decision models.
2	Customized Service	Improved customer experience from the use of data to manage events (e.g. appointments with health providers) and streamline processes (e.g. Document management). Map end to end customer journeys for different personas.
3	Real-time Underwriting Management	Real-time management based on openness on the capture of data by sensors and the automation of data collection to support the underwriting process.
4	Proactive communication	Personalization of communication through the preferred channels for the client, through the entire underwriting process. Empowering omnichannel and enabling self service capabilities.
5	From management to prevention	Develop business cases for prevention, response and value add services. Match use cases, and available technology together to create business cases to be tested and reviewed in order to find potential new solutions that can deliver client value and a financial return.
6	Insurance Ecosystems	Natural integration of the client, enabling a more natural promotion of insurance products or coverages, considering the life cycle of the client (instead of pushing insurance products).
7	Connect underwriting	Consider reorganizing the operating model of the organization to better connect and collaborate and make use of the qualitative and quantitative insights that underwriting can delver.

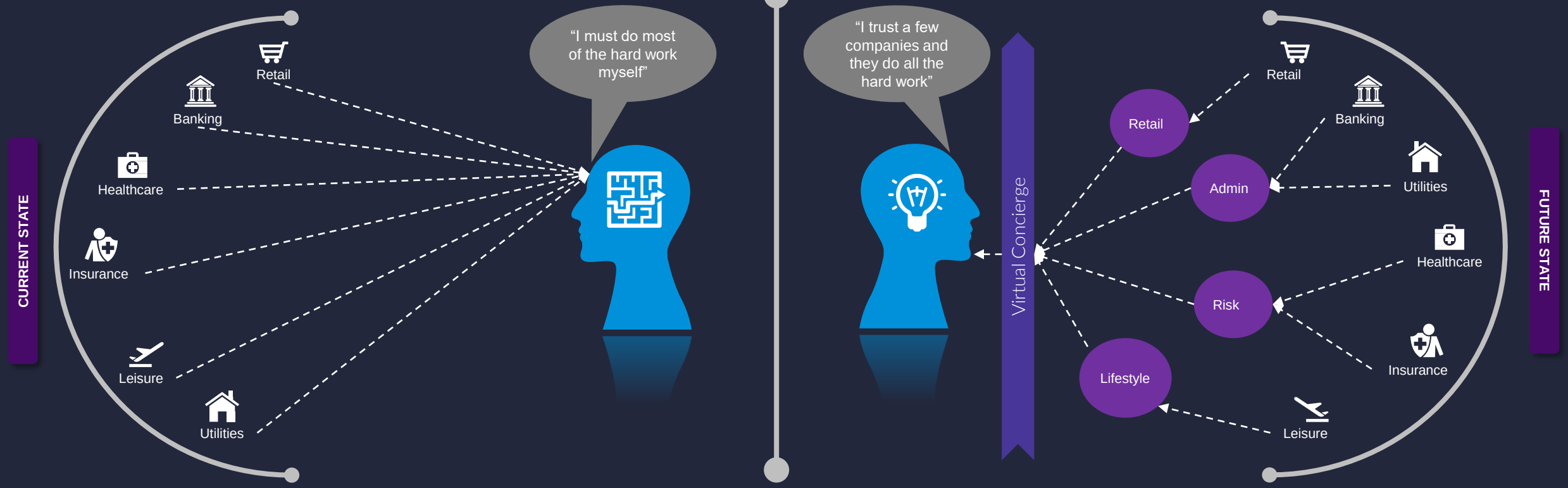
Ecosystem Thinking

Becoming a Risk Partner

Being relevant in the future will be about engaging with the customer as a true partner focusing on their needs vs internal expectations

Right now, the customer has to do all the hard work to coordinate the different services they need in life

In the future they will trust a smaller number of providers where there is a clear 'reward exchange'



DISRUPTIVE FORCES

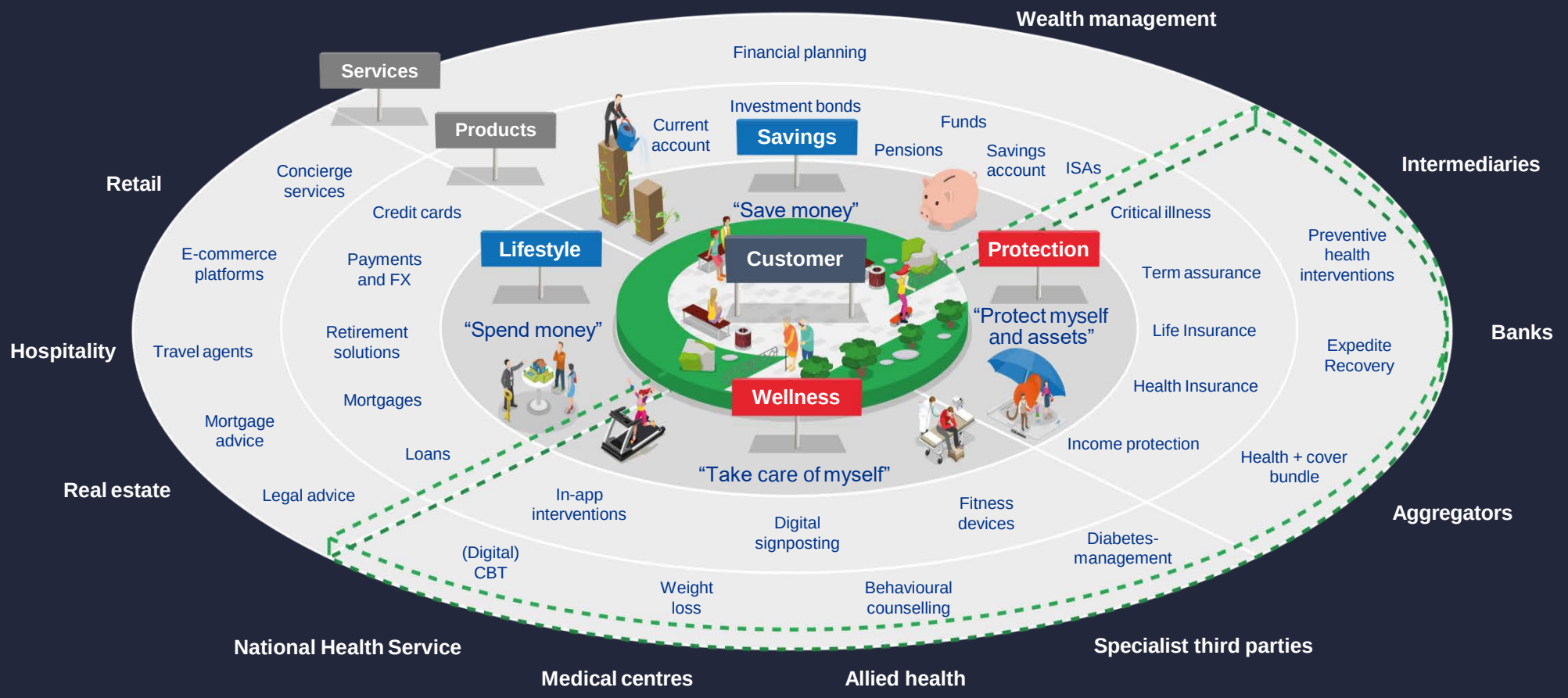
- The Powered Customer
- Ecosystem of Services
- Connected Devices
- Gig Marketplace
- Currency of Data
- Re-imagined Value Chain

The value proposition becomes more about "Prevention – Protection – Response" and focused on risk partnering vs Insurance product-push

Ecosystem Thinking

Overview of the "Connected Life" Ecosystem

The connected life ecosystem is about meeting the needs of customers at key moments in their life to provide a seamless integrated set of solutions



Client Centric Thinking

Reimagining claims and underwriting

Insurance is not something we think of buying when we wake up in the morning. In fact, we generally prefer not to think about it at all. It is a piece of admin, not a lifestyle product. This might be about to change.

Innovative insurers are thinking about what customers really need, and how they can better anticipate and respond. They are seeking to create an appealing customer journey that makes the customer's life easier and turns a mundane task into a lifestyle need.

As we emerge from the coronavirus crisis, the world will look very different to how it did before. Insurance is no exception.

The industry already faced pressure to change even before this health emergency, which has re-emphasized this need considering economic, societal and technological developments.

Client Centric Thinking

What this means for personal lines

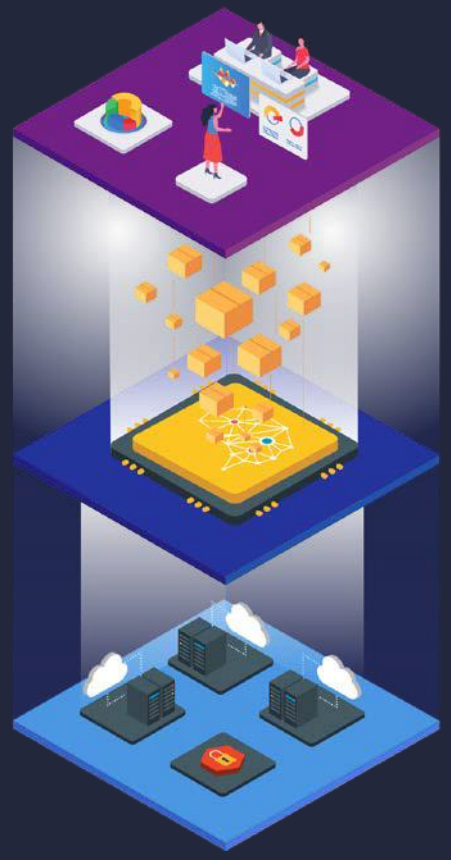
- The three key words of **prevention, protection and care** will equally apply.
- The insurance client of the future does not want multiple policies with a bunch of different insurance companies. They want one contract with one insurance company that integrates all necessary elements in a simple and understandable way and covers the full range of prevention, protection and care.
- Interface via next generation mobile application leveraging IoT. Use cases include:
    - Alerts for dietary misbalance (unhealthy food/calories)
    - Alerts to switch on home alarm system when leaving the house
    - Provide warnings about reckless driving and speeding
- App will enable client to buy dynamic coverage based on life pattern and real-life situations
- App will enable easy reporting of incidents and claims
- Objective is to position insurance as a lifestyle product, and create the best lifestyle experience using the app

Connected E2E vision

Digital Transformation is enabled by Data and Platforms

Business Layer

Technology Layer



Business requires customer centric, innovative solutions to differentiate in insurance products and services

Data driven services enhanced with artificial intelligence are developed by using internal and external data

Technology Platforms enable and accelerate digital solutions on enterprise level

01 Experience-centricity by design

02 Innovative products and services

03 Seamless interactions and commerce

04 Insight-driven strategies and actions

05 Aligned and empowered workforce

06 Digitally enabled technology architecture

07 Responsive operations and supply chain

08 Integrated partner and alliance ecosystem

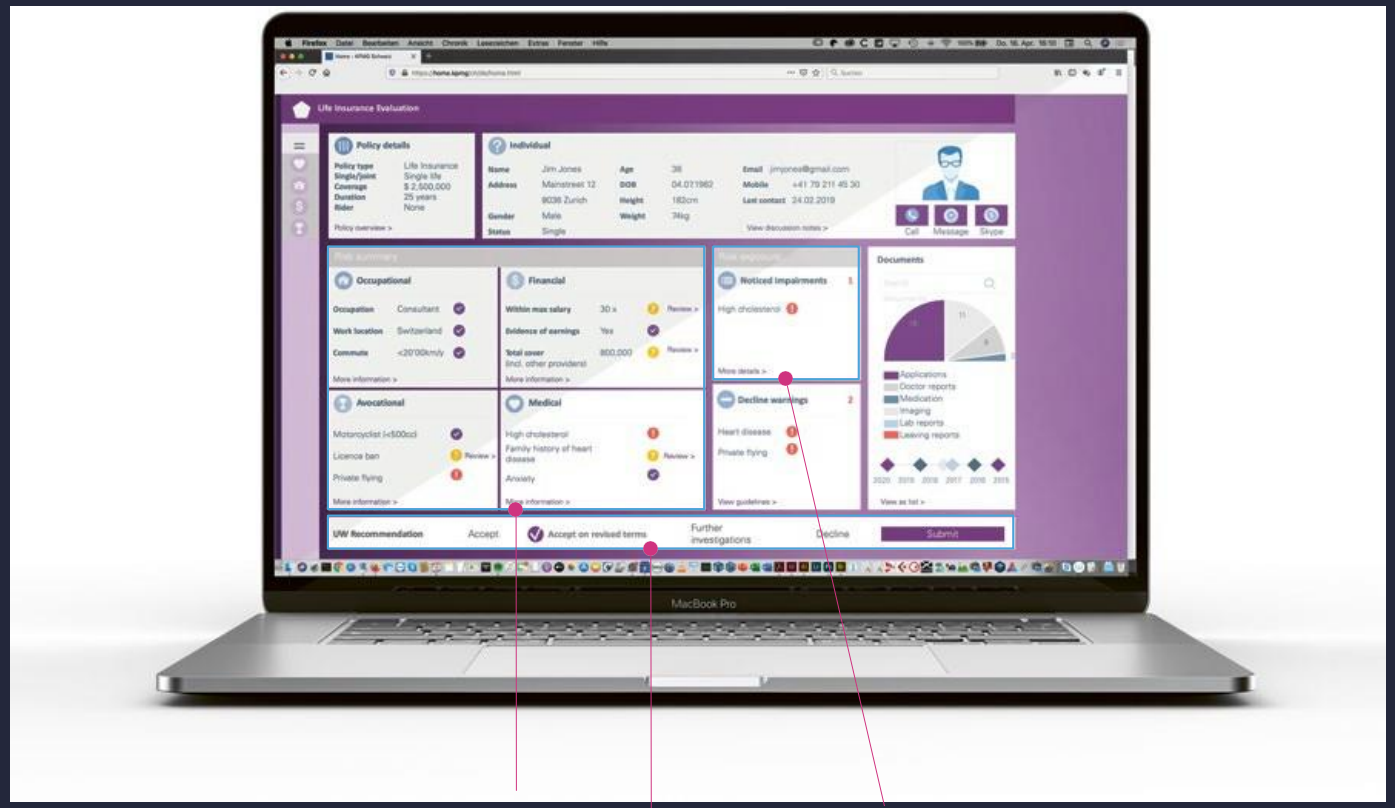
Complexity of digital innovation and transformation is to combine all three layers towards a data driven, customer centric solution. This requires alignment, collaboration and empowerment of interdisciplinary teams.

Case Study 1

AI applied to underwriting

Utilizing an AI-driven dashboard

The various functionalities in the use cases can be modularized, and serve various roles within the insurance organization, including supporting its agents. By bringing the various factors together in an easy-to-use dashboard, the user can view only those functionalities that are relevant and of interest to the respective function and role. The following graphics outline a typical dashboard for a life underwriting advisor.



Categorized summaries extracted from structured and unstructured sources

AI recommendation waiting for final human decision

Impairments which need attention according to guidelines

Case Study 1

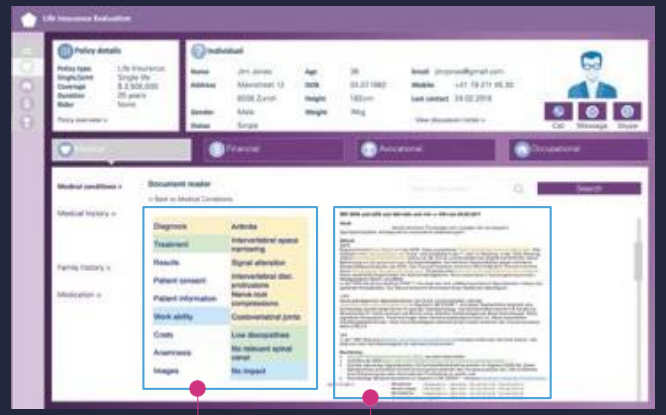
AI applied to underwriting

Utilizing an AI-driven dashboard

Detailed and structured medical information

Visualized medical conditions by time and body area

Additional, detailed information can be easily accessed in the respective sections. For example, various medical events are visualized on a timeline and human image. Similar applications help an underwriter understand related policy terms and approved conditions. This drives consistency in the underwriting process.



Structured summary on document level

Drill-down and highlighting of evidence in a medical document

The most relevant terms are aggregated in a context-driven way, making them quicker to navigate. Applicable sections are highlighted within the document to make them more accessible.

Such dashboards and advisors are tailored to the client's specific requirements and the needs of the end-user. To achieve this, co-creative techniques are leveraged to maximize adoption rate and create a unique user experience.

Case Study 1

AI supported Life underwriting

Opportunity

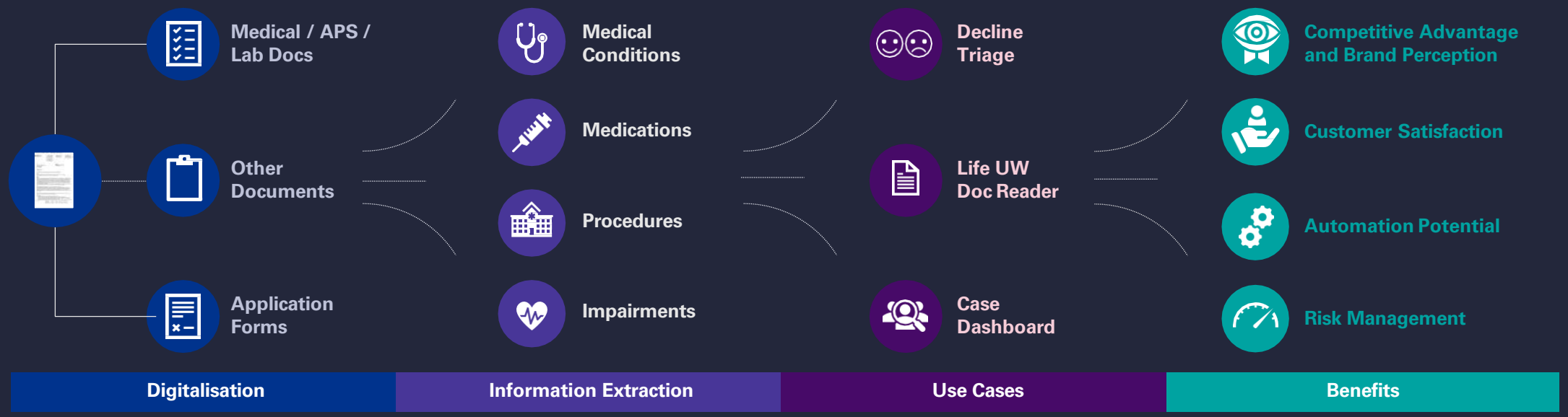
- Extracts key medical, personal and occupational information from life application documents received from individuals
- Enables initial decline triage by identifying limiting factors
- Simplifies complexity and reading of individual case application documents
- Provides case summaries

Benefits

- Significant acceleration of processing times and more UW consistency
- Immediate-decline triage
- Process cost savings
- Customer attraction through rapid response time with initial decision (declination reasons or further processing)

Approach and outlook

- Solid foundation for further automation potential
- First step towards underwriting advisory services by proposing decisions and loading / risk factors based on previous decisions



Case Study 1

Underwriting Dashboard

Life Insurance Evaluation

Policy details

Policy type	Life Insurance
Single/joint	Single life
Coverage	$ 2,500,000
Duration	25 years
Rider	None

Policy overview >

Individual

Name	Jim Jones	**Age**	38	**Email**	jimjones@gmail.com
Address	Mainstreet 12 8036 Zurich	**DOB**	04.07.1982	**Mobile**	+41 79 211 45 30
Gender	Male	**Height**	182cm	**Last contact**	24.02.2019
Status	Single	**Weight**	74kg		

View discussion notes >

Call Message Skype

Risk summary

Occupation	Consultant	✓
Work location	Switzerland	✓
Commute	<20'00km/y	✓

More information >

Within max salary	30 x	?	Review >
Evidence of earnings	Yes	✓	Review >
Total cover (incl. other providers)	800,000	?	

More information >

Avocational

Motorcyclist (<500cc)	✓	
Licence ban	?	Review >
Private flying	!	

More information >

Medical

	!	
	?	Review >
	✓	

More information >

Risk exposure

Noticed impairments 1

High cholesterol !

More details >

Decline warnings 2

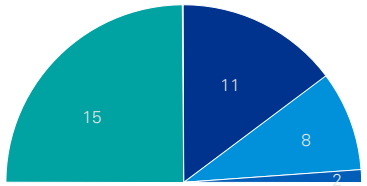
Heart disease !

Private flying !

View guidelines >

Documents

Search documents



- Applications
- Doctor reports
- Medication
- Imaging
- Lab reports
- Leaving reports

2020 2019 2018 2017 2016 2015

View as list >

UW Recommendation ○ Accept ✓ **Accept on revised terms** ○ Further investigations ○ Decline Submit

Case Study 1

Underwriting Dashboard

Life Insurance Evaluation

Policy details

Policy type	Life Insurance
Single/joint	Single life
Coverage	$ 2,500,000
Duration	25 years
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Policy overview >

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		Height	182cm	Last contact	24.02.2019
Gender	Male	Weight	74kg		
Status	Single				

View discussion notes >

Call | Message | Skype

Medical | Financial | Avocational | Occupational

Medical conditions >

Medical history >

Family history >

Medication >

Search

Diseases, Syndromes

High cholesterol

Total:	250
HDL:	39-50
LDL:	160
Triglycerides:	170

Allergies

- Penicillin
- Hay fever

Blood pressure

120/80

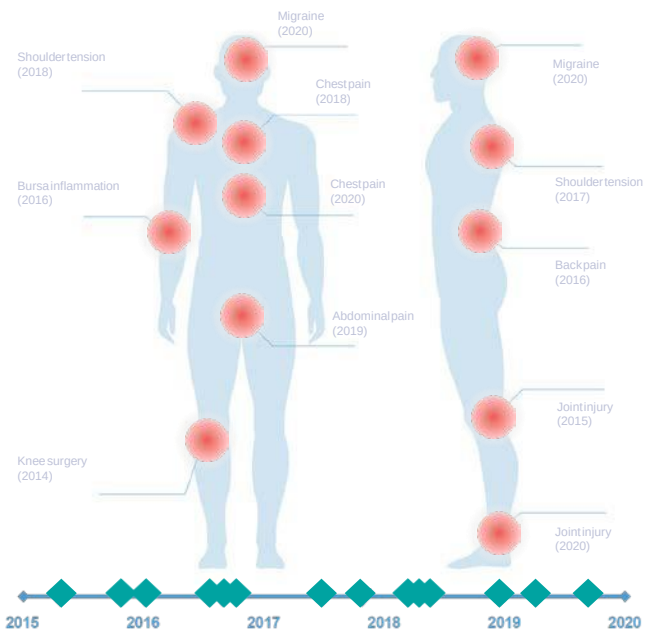
Mental/behavioural dysfunction

- Depression

View details in document reader >

Medical

More details >



Medication

Current/ongoing

- Aspirin
- Lipitor (20mg)

Historical

- Zyrtec
- Vitamin B 12
- Ecofinac (250mg)

View similar applications >

Case Study 2

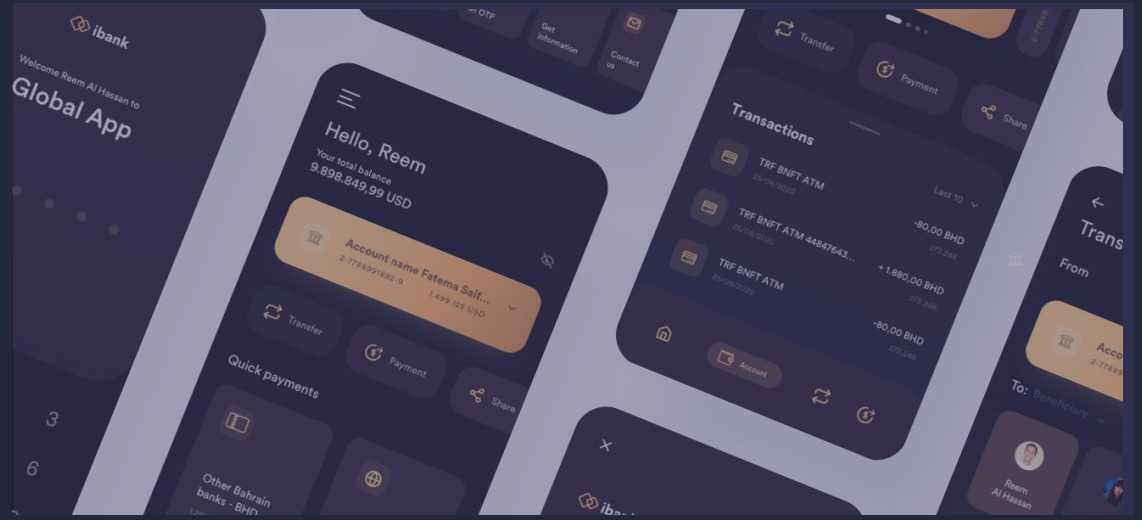
The case for low code

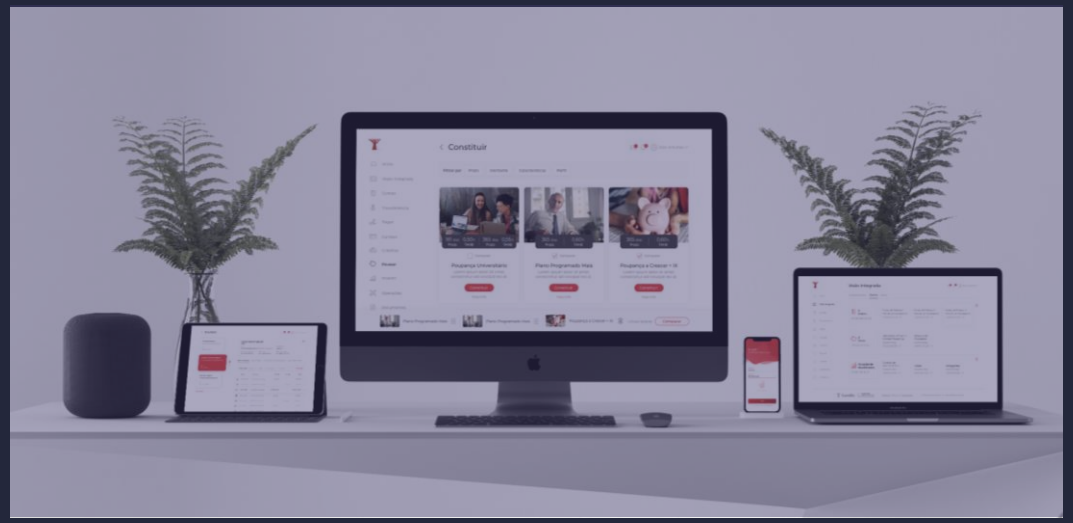
The insurance industry is at a digital crossroads. New competition from insurtech and big tech is affecting the insurance landscape.

Customers and policyholders expect insurers to deliver flawless user experiences and will go elsewhere if they don't get them.

There is pressure to grow market share while decreasing the costs of underwriting and claims handling.

These challenges, coupled with the need to modernize legacy IT systems, are having a significant impact on staying competitive.



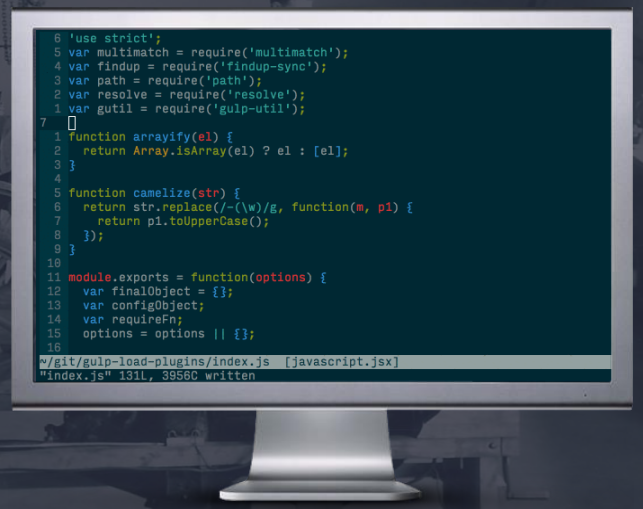


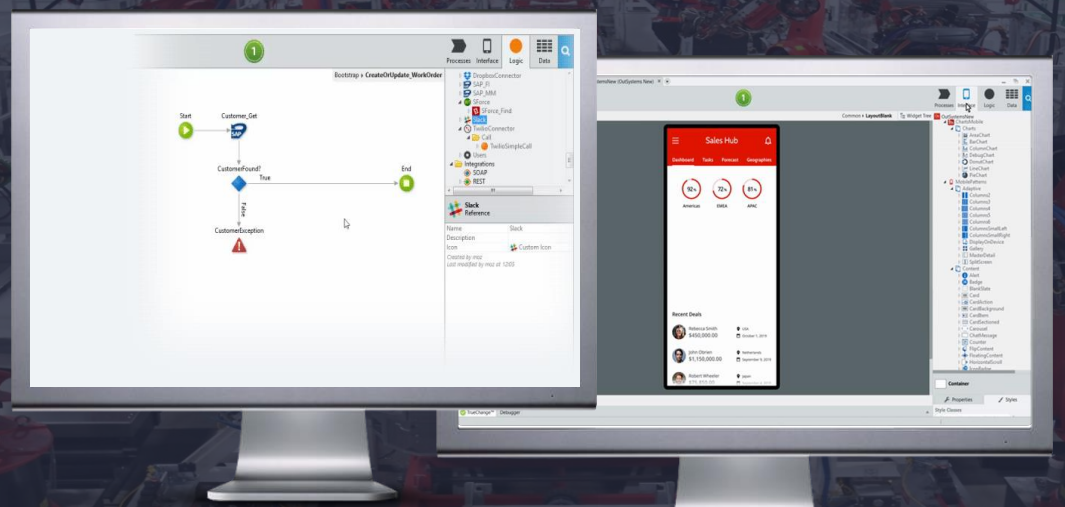
A report published by Insurance Business America states that around 30 million customers are willing to switch brands for a better experience.

The lack of an omnichannel experience offered results in customer attrition – which is why it is imperative for insurance companies to stay ahead of the insurtech curve and bring better offerings to market even faster.

Case Study 2

The case for low code





Traditional Development **Vs.** **Low Code**

(Manual (Human error), Slow, Resource Intensive) (Automated, Standardized, Fast, Optimized)

Case Study 2

The case for low code

Has the 'need for speed' ever been more profound than in today's increasingly complex business environment? Businesses in every sector are pursuing the fastest and most-efficient response to the pressing need for modern work environments, digital capabilities and new business models. For a fast-growing number of organizations racing to accelerate innovation and enhance competitiveness in today's new reality, low-code is the answer.

According to Forrester research, 100 percent of enterprises that have implemented a low-code development platform report satisfactory ROI

Value Proposition for the Business

- **Time to Market**
- **Omni-Channel**
- **Improved TCO**
- **Agile**

Value Proposition for the IT

- Speed
- Integrate Everything
- Great UX/UI
- Low-code
- Security
- Scalability
- Unbreakable Deployment
- Relevant Metrics and KPI´s

At KPMG, we see low-code as the future of application development and automation. Low-code platforms can dramatically speed creation of sophisticated enterprise-class applications that incorporate complex business logic, automate workflow, integrate with existing information systems, and enable a slick user experience.

Gartner also predicts that low-code will be responsible for more than 65 percent of application-development activity by 2024

Case Study 2

The case for low code

We view low-code as the 'unifying fabric' of the digital enterprise and leading organizations are already looking ahead to a connected future in which low-code platforms — powered by the adoption and convergence of emerging technologies — can unify front-, middle- and back-office functions.

In the front office, low-code helps enable harmonious multichannel user experiences across applications, plus faster time-to-market for new product and service offerings.

In the middle office, low-code can improve the integration and automation of processes across the enterprise, adding a critical unifying `orchestration' layer across diverse applications and bringing a digital user experience to legacy systems.

In the back office, meanwhile, low-code can modernize legacy systems, automate routine or disconnected manual tasks, and reduce dependency on traditional, costly and lengthy custom-development projects.

Deploy new digital solutions

Modernize legacy systems & applications

Unify siloed digital experiments

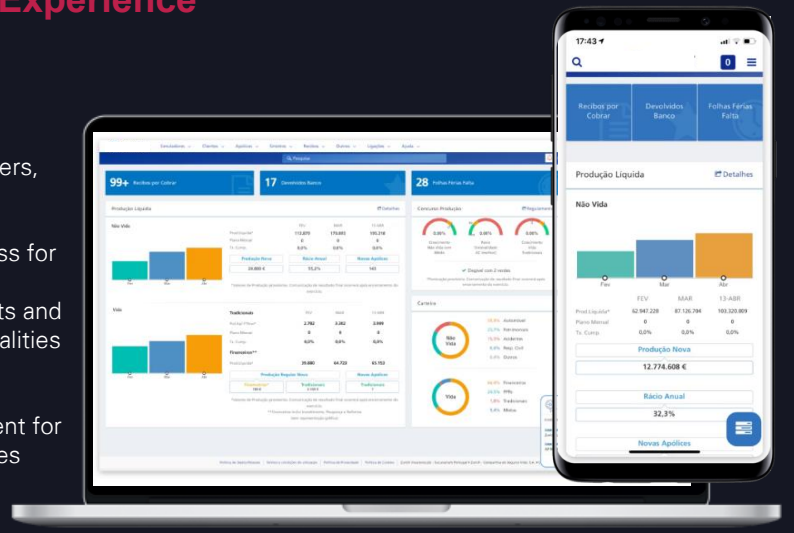
Automate & orchestrate existing processes or design new processes

Case Study 2

The case for low code

Omnichannel Agent Experience

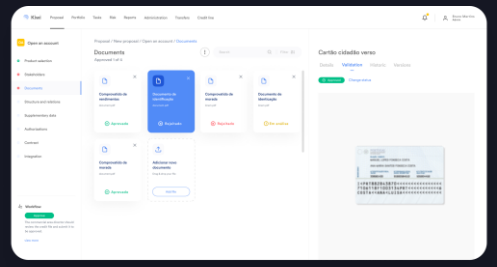
- First notification of loss
- A management dashboard
- Universal search
- A 360-degree view of customers, policies, claims, and receipts
- 20 non-life quoting tools
- Workflow authorization process for out-of-autonomy quotes
- iOS and Android app for tablets and smartphones with all functionalities
- Ability to edit customer data
- Receipt collection
- Social Security file management for workers' compensation policies



4 months instead of 1 year
Functions can be easily updated with weekly changes

Claims management

- First notification of loss
- Auto insurance
- Work and other risks insurances
- Legal disputes
- Payments



Adoption roadmap

Vision and priorities defined

Infrastructure designed and implemented

First project delivered

COE & CI/CD established

Sustained delivery of multiple projects Factory

Short Term		Mid Term	Long Term
4 months		1 year	+2 years
PREPARE	START	SCALE	SUSTAIN

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