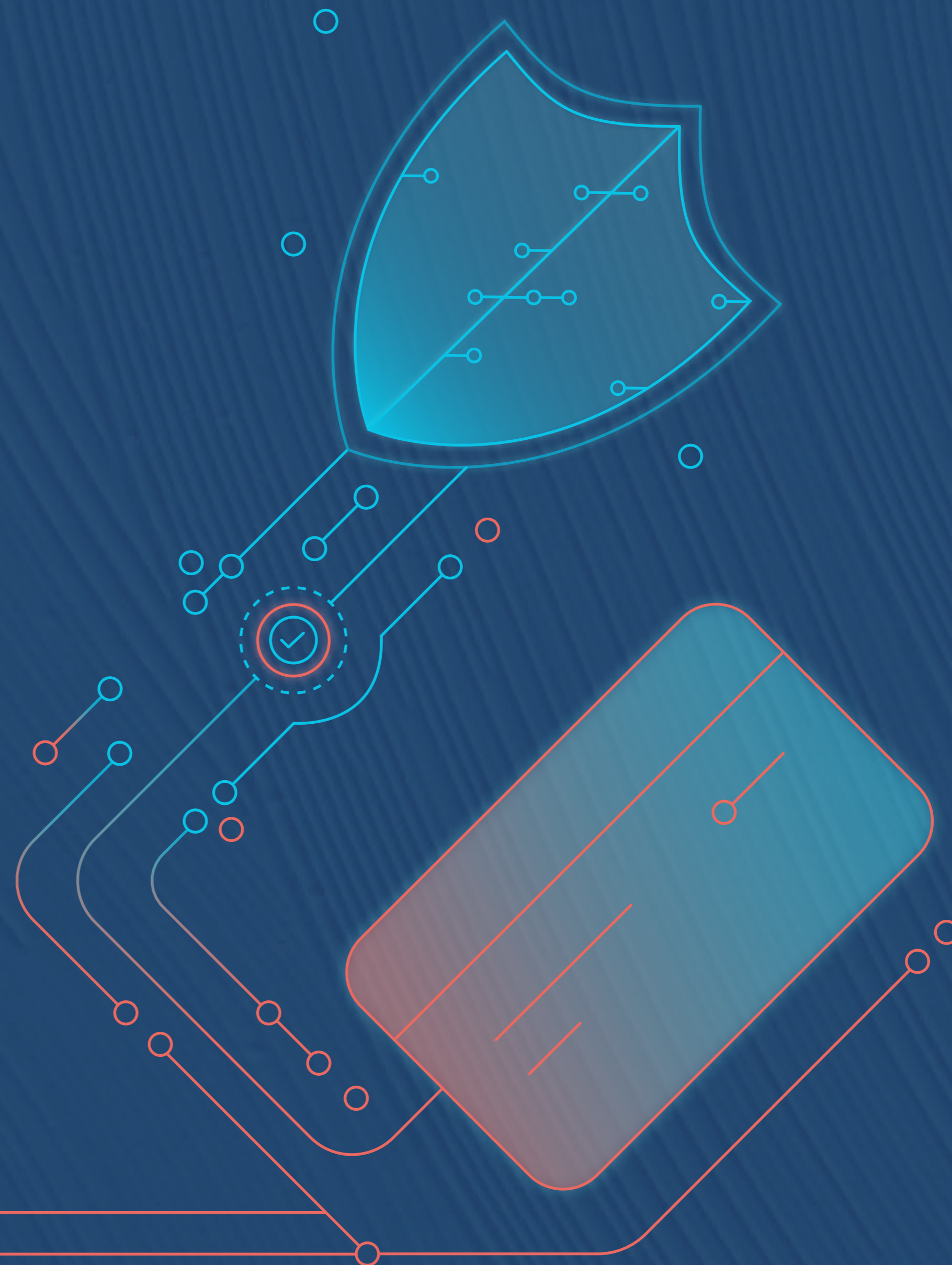




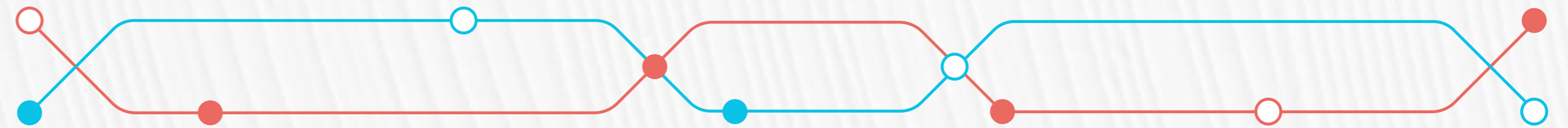
INSURANCE MODERNISATION AND PAYMENTS: MORE CLOSELY LINKED THAN YOU MIGHT EXPECT

How payments transformation can improve your entire insurance business, and how you can get started with a modern payments approach.



CONTENTS

Insurers around the world are investing in digital solutions that modernise their business. But many aren't putting the same thought and resources behind their payments platforms – and are missing out on significant benefits. Here's how insurers can find the right payments platform, and increase revenue, boost CX and better combat fraud.



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INTRODUCTION

Insurers face digital skill gaps and rising customer expectations

Across retail, automotive and even the service industry, customers are becoming accustomed to a wealth of payment options. Now, customers are demanding similar flexibility from insurance carriers – in the products available, the terms of their premiums, and even in how they pay. To meet these demands, many insurers are investing in technology platforms that will help them become more agile and efficient.

Yet despite this widespread investment in digital transformation, some insurers face digital skill gaps when it comes to their payments infrastructure. This limited ability to update and upgrade payments systems could limit results from other transformation efforts – especially for insurance carriers or brokers still reliant on aging, legacy systems.



By putting payments modernisation at the heart of your strategy, you can enable more meaningful transformation across other parts of your business – while solving some of the most pressing challenges facing insurance carriers today.

The state of payments in insurance

While personal lines insurers have made important strides in offering robust digital payments and direct debits, many are still using legacy systems that are ill-equipped to handle modern and upcoming payment options.

Today's insurance customers are looking for faster, smarter payments. And a generation of consumers raised on seamless subscription services from the likes of Netflix are likely to favour flexible insurance products over traditional year-long policies.



**INSURERS THAT CAN MEET THESE NEW
CUSTOMER DEMANDS EARLY STAND TO BUILD
SIGNIFICANT COMPETITIVE ADVANTAGE**

But many carriers have significant work to do to bring payments into the modern era. Insurers that can't or won't move to a more modern, future-proof payments system risk falling behind competitors that will.



WHAT PAYMENTS CHALLENGES ARE INSURERS FACING?

Why should insurers invest in their payments systems?

1. Customer preferences are rapidly changing

In the past, cheques, IVR payments and bank transfers were the order of the day for insurers. While these are still in play, organisations must also be ready to handle a range of new payment types.

Customers will also soon expect flexibility in their payment options, potentially including options such as premium financing.

And as consumers increasingly use subscription-based services in other parts of their lives, appetite is growing for flexible pay-as-you-use policies.

2. Back office inefficiencies waste significant resources

Any payment system can incur processing costs that eat into product margins. And if you deal with fraudulent payments, the losses can quickly start to stack up.

While many insurers have dedicated teams responsible for recognising and preventing fraudulent activity, they may lack a single repository of payment data. Without a single, readable source of payment insight, these fraud prevention teams may struggle to spot patterns that indicate fraud.

3. Insurers are missing growth and revenue opportunities

Typically, an older payments infrastructure will be more likely to lead to payments failures. And for insurers relying on manual methods like cheques and bank transfers, the risk of failure is higher still.

It all leads to lost revenue, unpredictable cash flow and missed growth opportunities. And it can bleed employee time and efficiency as team members are forced to deal with the fallout of a failed transaction.

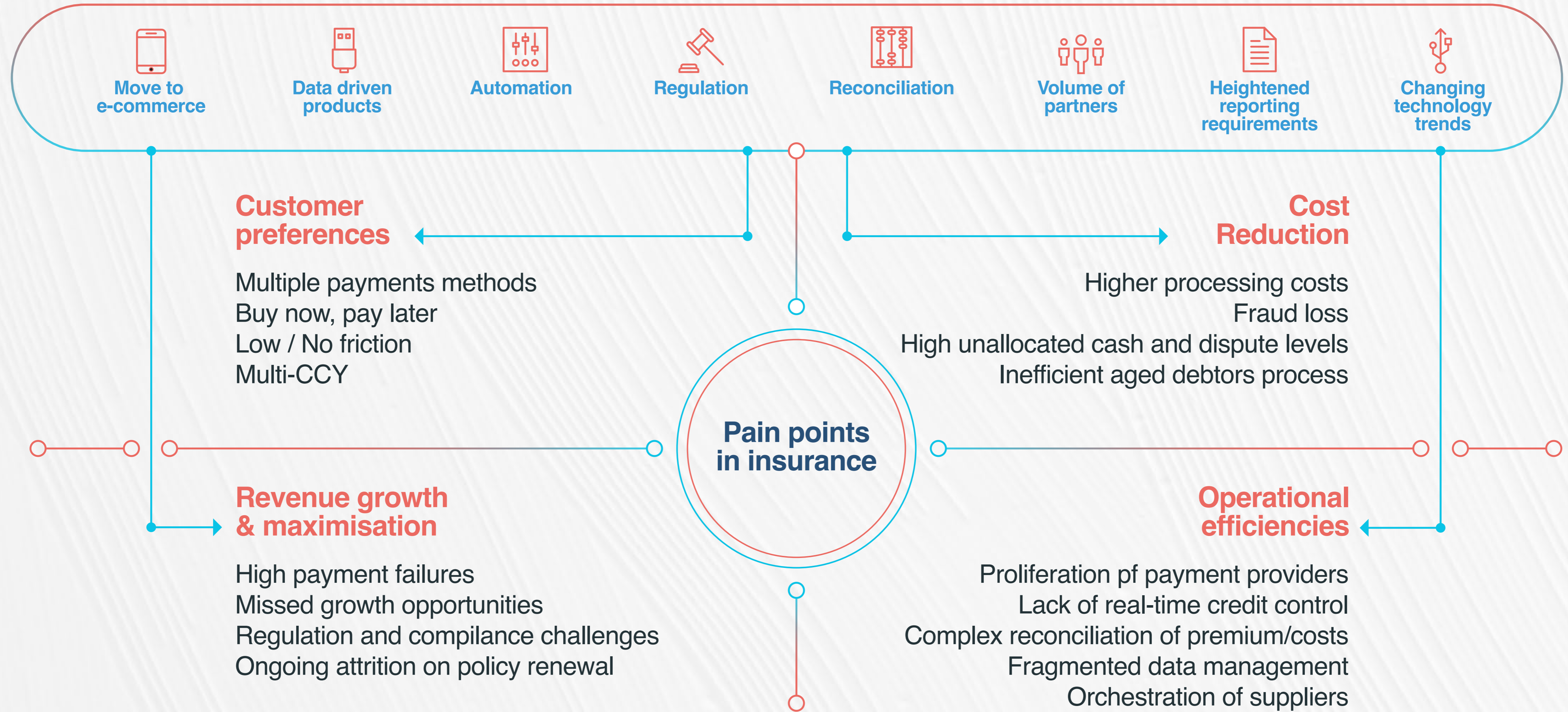
Similarly, those on legacy payment solutions may also be wasting time and resources trying to manually comply with payment legislation like Know Your Customer (KYC), the Anti-Money Laundering Directive (AML), the Payment Services Directive (PSD2) and Europe's General Data Protection Regulation (GDPR).

4. Insurance carriers and brokers deal with a complex payment landscape

A proliferation of payment methods and providers creates a complex landscape for personal lines insurers.

It's easy for payment data to become fragmented across this landscape – leaving insurers with no way to analyse payment records and extract insights that can help with fraud prevention, business planning or compliance.

Payment Trends





HOW CAN THE RIGHT PAYMENT SOLUTION SOLVE YOUR CHALLENGES?

Faster, more flexible embedded payment options

Modern solutions can support the payment methods customers want to use today – and tomorrow. That means personal lines insurers can accelerate online payments to and from customers to deliver a seamless experience.

Modern payment systems are also better equipped to support flexible payment models like pay-as-you-go and embedded insurance.

The impacts of this can be significant. A Forrester Total Economic Impact report found that organisations using Stripe solutions to modernise payments could increase revenues by 1% by enabling more payment methods. For an organisation with \$1B in average annual revenue, that means a three-year value of \$2.6M from new transactions.

Reduced costs



**MODERN PAYMENT INFRASTRUCTURE CAN HELP
REDUCE THE COST OF PAYMENT PROCESSING,
AND FREE UP BUDGET FOR USE ELSEWHERE**

These systems can also collect, analyse and visualise vast quantities of payment data to prevent payment losses – without relying on time-consuming, impractical manual checks.

Some modern payments platforms can even automate whole back office processes entirely, freeing up employee time that can be reinvested elsewhere in the business.

Improved revenue generation

Payment systems today have come a long way in addressing payment failure. Today's solutions keep failed payments (and the lost revenue that comes with them) to a minimum, but they can also help maximise revenue in other ways.

Faster, seamless and more reliable payments reduce the friction that can lead to attrition on policy renewal. And as they're designed to simplify compliance with payment regulations worldwide, modern payment solutions can also help your people spend less time monitoring regulations, and focus on generating revenue instead.

Forrester found organizations can enable new business and payment models faster using modern systems like Stripe, leading to revenue increases of 3% and a total value of \$5.4M over three years.

Greater operational efficiency

With the right payment solution, insurers can start bringing order to an otherwise chaotic landscape of partners, payers and brokers.

A single, modern payments system can consolidate multiple payment types through a consolidated solution – helping you bring together previously fragmented data and processes.

Having everything in one place also simplifies premium reconciliation processes. And with some more advanced payment systems, you can even automate large parts of the payments process to remove human error and free up person-hours that can be used elsewhere.

Forrester found that organisations modernising payments with Stripe saw a 5% improvement in revenue due to improved authorisation rates, increased local processing and better insights from payment data.

Which type of payments support am I likely to need?

Depending on the current maturity of your business, or your ambition to grow, Endava can help you find the right payments solutions to meet your needs.



START-UP

- Single Brand & Territory
- Single Payment
- Sold Direct
- Limited Payment Options
- National Coverage
- Mobile & Desktop Sites
- Single, Niche, Basic Policy
- Basic Analytics



SCALING

- Limited Brand & Territory
- Single Payment
- Sold Direct & Intermediary
- Limited Payment Options
- National Coverage
- Mobile & Desktop Sites
- Single LoB Specific, Basic Policy
- Recommended Addons
- Basic Analytics
- Basic Marketing



DIGITAL COMPANY

- Expanding Brand & Territory
- Multiple Payment Methods
- National Coverage
- Multi-channel Interaction
- Multiple LoB Specific, Enhanced Policy
- Personalisation Recommended Addons
- Ratings & Reviews
- Basic Editorial Content
- Enhanced Analytics
- Basic Marketing



START DIGITAL COMPANY

- Single Brand
- Multiple Territory, Language & Currency
- Multiple Payment Methods
- National/International Coverage
- Multi/Omni-Channel Interaction
- Multiple LoB, Enhanced Policy
- Personalisation & Recommendation
- Ratings & Reviews
- Searchable Content Linked to Product
- Analytics with Automated Alerting
- Basic Marketing and Digital Campaigns



MONO-LINE MULTINATIONAL

- Multiple Brand
- Multiple Territory, Language & Currency
- Multiple Payment Methods by Territory
- International Coverage
- Multi/Omni-channel Interaction
- Single LoB, Enhanced Policy
- Detailed Product Data and Enhanced Search with Filtering
- Personalisation & Recommendation
- Ratings & Reviews
- Searchable Content Linked to Product
- Analytics with Automated Alerting and Decision Making
- Targeted Marketing with Subscription Preference and Complex Digital Campaigns



MULTI-LINE MULTINATIONAL

- Multi Brand
- Multiple Territory, Language & Currency
- Global Multi Currency, Sales Tax
- Multiple Payment Methods by Territory
- International Coverage
- Omni-Channel
- Detailed Product Data and Enhanced Search with Filtering
- Advanced Personalisation & Recommendation
- Ratings & Reviews
- Searchable Content Linked to Product
- Analytics with Automated Alerting and AI Driven Decision Making & Next Best Actions in Real Time
- Targeted Marketing with Subscription Preference and Complex Digital Campaigns

SCALE UP

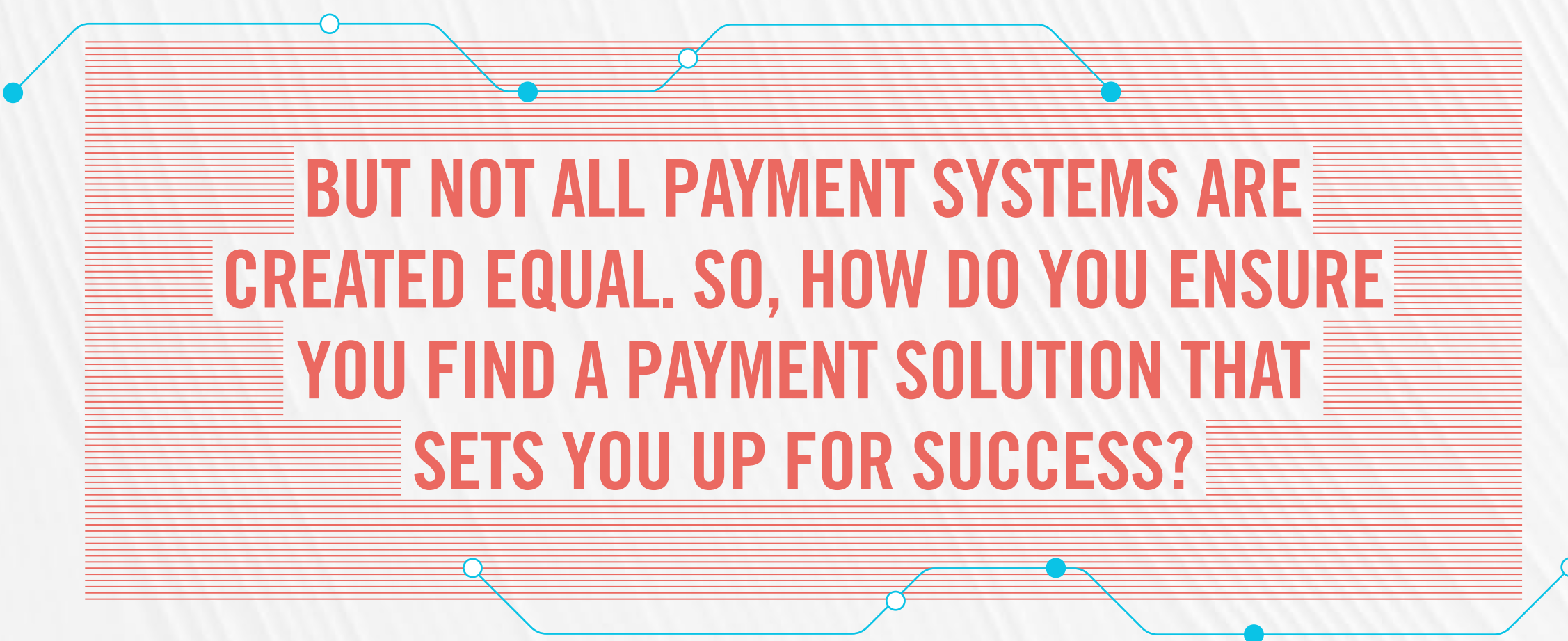
INNOVATION

EFFICIENCY



**HOW CAN YOU FIND THE RIGHT
PAYMENTS SOLUTION?**

The right payment solution can help insurers support their ongoing modernisation efforts and solve many of their most pressing revenue, efficiency and customer experience challenges.



**BUT NOT ALL PAYMENT SYSTEMS ARE
CREATED EQUAL. SO, HOW DO YOU ENSURE
YOU FIND A PAYMENT SOLUTION THAT
SETS YOU UP FOR SUCCESS?**

Conduct a full market assessment

The first step to ensuring you find a payments system that's fit for purpose is understanding the challenges you face. Your best source of information here will be your customers.

By understanding their payment pain points and any friction in the buying process, you'll know what methods and models your next payment system will need to support.

From there, you can build out full user stories to inform your market research. And once you understand what the market is looking for, you can assess payment systems and partners to find one that meets the needs of your business – and your customers.

Questions to ask about your current payments infrastructure

- Can we accept all forms of payments that are popular with our customers?
- Are we equipped to offer modern payment schedules beyond a standard annual fee?
- How quickly can we pay out claims?
- How much manual intervention is required as part of our payments process?
- And how many person-hours are spent completing these manual processes?
- What's the cost of a failed payment?
- How much do we lose to fraudulent payments each year?



Consider your needs today – and tomorrow

While it's vital you investigate what payments methods and business models you need to support now, you must also keep an eye on the future. While models like embedded and pay-as-you-go insurance might not be ubiquitous today, they may well be mandatory in the future.



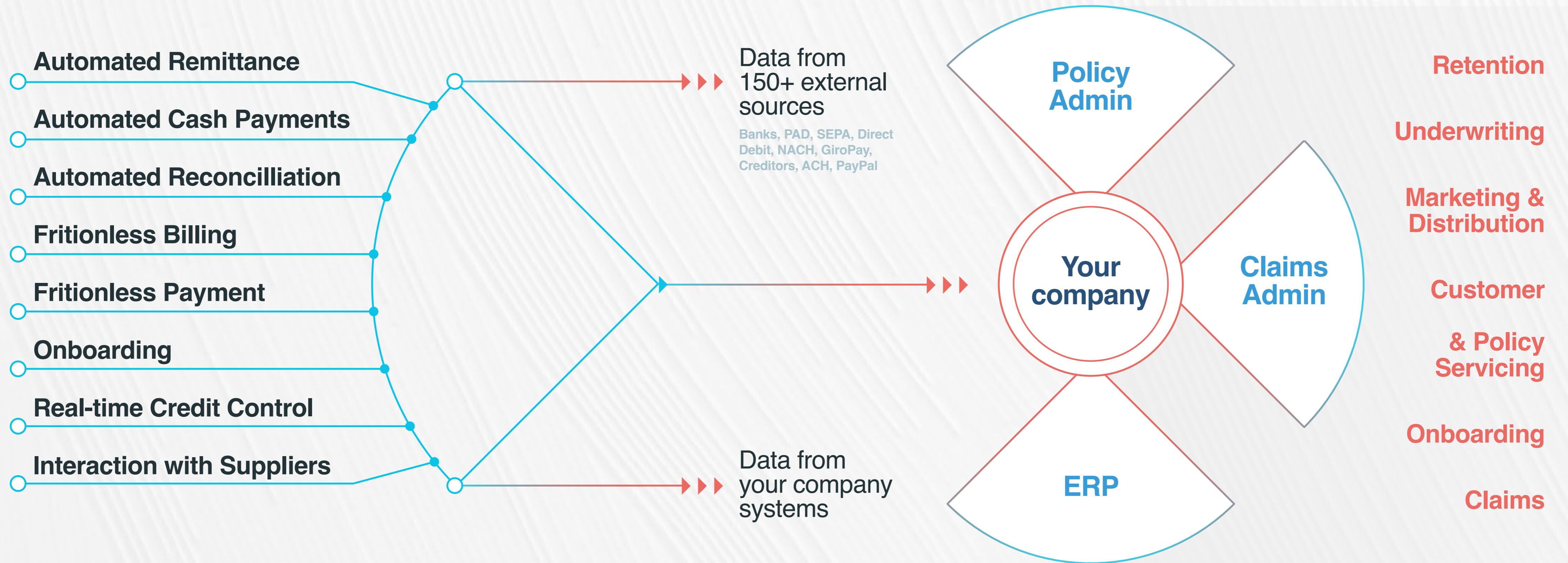
**YOU WANT A SYSTEM WITH THE FLEXIBILITY
TO SUPPORT YOUR NEEDS AS CUSTOMER
TASTES AND THE INDUSTRY EVOLVE**

Don't try to tackle implementation alone

Payment systems are complex, interfacing with all kinds of internal and external processes. Tackling implementation alone is possible, but it's a significant undertaking.

It can be more efficient to hand over payment system refreshes to an external partner – that way, you can avoid diverting your in-house experts from other essential projects.

Just make sure you pick the right partner – preferably one with a deep understanding of payments and the needs of insurers.





**ARE YOU READY TO MODERNISE
YOUR PAYMENTS APPROACH?**

Moving to a new payment solution can be daunting, but the rewards are significant.

With a smoother, faster and more flexible payment infrastructure, insurers can modernise other parts of their customer experience with confidence. And at the same time, they can make operations more efficient while cutting costs, boosting revenue and making better use of internal skills and resources.

Modern systems also offer a wealth of valuable data that insurers can use to understand payments processes, improve them over time, and significantly reduce the risk of fraud, failed payments, and customer attrition.

Beazley continues to innovate in the insurance space with Endava

Beazley, a global specialist insurer with 30 years' of experience in the sector, has always pushed the boundaries of what's possible. But as it hit the limits of what its teams could achieve with the time and resources they had available, Beazley began looking for a partner that could offer extra resources and strategic support.

Since 2015, it's worked with Endava to augment in-house resources and drive co-operative innovation.

Now, the partnership holds hackathons each year where 65% of ideas generated are taken forward, and 36% are put into production to fuel further innovation and growth.

Beazley continues to innovate in the insurance space with Endava

One of the largest travel insurance companies in the UK worked with Endava to automate a previously manual translation service.

Through a series of hackathons with each cloud vendor, Endava selected the most accurate translation from Amazon, Microsoft and Google for each language.

With accurate, near real-time translations, the insurer cut the cost of its previously manual translations by 80%.

Whether you're ready to implement a new payments system completely or need help assessing the market and understanding your payments needs, having the right partner on hand can help.

Endava is a technical partner for leading insurers around the world. We have cross-functional teams that bring payments experts and insurance industry leaders together to help insurers make the most informed payments decisions. And our solution-agnostic approach means we'll be able to offer an unbiased view, and help you find the right payments solutions for your business.

GET IN TOUCH TO SEE HOW WE CAN HELP.

Contactus@endava.com

