viewpoint

Data and digital innovation in global employee benefits – is there a clear road ahead?

We are living through a digital transformation of both jobs and processes that is the most important wave of change in society and business probably since industrialisation in the 19th century.

This transformation impacts every aspect of our daily lives and every business process, whether that's through mature applications with wide consumer adoption like online shopping, or through fast-evolving technologies like blockchain, allowing transparent and decentralised transactions in digital format.

It is also changing the format, pricing and delivery of insurance and employee benefits. A recently coined technology sub-category called *InsurTech* has emerged and is attracting major investment, especially in North America, Europe and Asia.
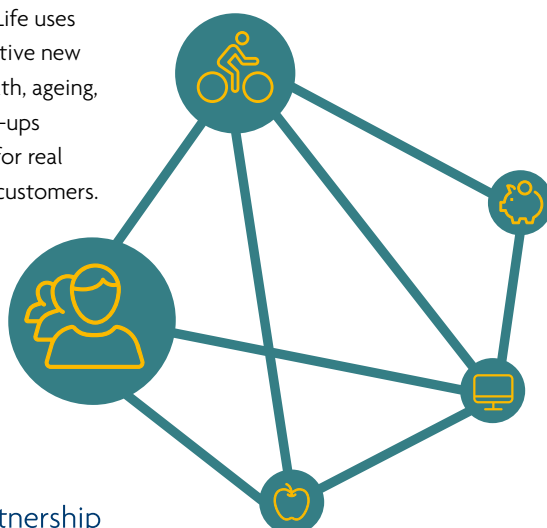
Insurtech

In its *Global Insurance M&A themes 2017 report*[1], consultant EY highlights some of the trends within InsurTech, including London's Startupbootcamp InsurTech, which is supported by more than 20 insurers.

The example is set, among others, by our co-founders MetLife and AXA. MetLife uses LumenLab in Asia to develop disruptive new business models in the areas of health, ageing, and wealth, collaborating with start-ups to uncover breakthrough solutions for real business needs and to better serve customers.

AXA created Kamet, with offices in London, Paris and Tel-Aviv, sitting within AXA's innovation ecosystem alongside AXA Labs and AXA Strategic Ventures, to work with start-up entrepreneurs dedicated to conceptualising, launching and improving innovative products and services for insurance clients.

"The insurance industry is dependent on data to make critical decisions, including product design, customer identification, risk pricing, loss estimation and fraud minimisation. The use of advanced analytics to draw insights from data plays a paramount role in insurance and is a key means of gaining competitive advantage."

Source: EY Global Insurance M&A Themes 2017

● **MetLife** and **AXA** in partnership

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Examples of InsurTech and how they are applied in the insurance industry

Drones	Blockchain	Telematics	Artificial Intelligence (AI)	Robotic Process Automation (RPA)	IoT
Information gathering for underwriting	Fraud detection	Automotive	Virtual agents and AI-enabled chatbots for basic customer service	Processing of low risk claims	More effective risk mitigation
Remote assessment in claims	Claims prevention and management	Smart appliances	Recommendations for upselling and cross-selling via portfolio underwriting	Policy admin tasks	Smart appliances
Site inspections	Reinsurance	Fitness trackers	Claims validation	Robo-advice	Higher quality customer data

Source: Achieving the vision of digital insurance, EY 2017 report[2]

Robotic process automation

InsurTech is an umbrella term that covers everything from robotic process automation (RPA) to artificial intelligence (AI) and telematics. RPA is of particular relevance to the insurance industry because, according to EY's report *Achieving the Vision of Digital Insurance*, it helps to reduce the need for human intervention in high frequency tasks involved in processes such as claims settlement or underwriting by as much as 70%.

Digital innovation in the global employee benefits sector

There are many moving parts in the InsurTech and wider FinTech sectors. But what can global executives in HR, risk management and employee benefits expect from data and digital innovations in the pipeline? What will have the greatest impact on the challenges that multinational employers face when managing risk and fast-growing medical inflation?

How will innovative technologies enable employers to meet the changing demands of employees for new ways of selecting benefits?

And how will they help insurers move from their current role of pricing risk to reduce risk and therefore costs?

According to *Thomsons Online's Global Employee Benefits Watch 2017/18*[3], digital innovation has, so far, positively impacted the provision of employee benefits within large organisations in three waves: firstly, as a way to reduce administration; secondly, to improve the employee experience; and, lastly, as seen most acutely in the last couple of years, through the development and use of more advanced analytics.

Telematics and the Internet of Things

The evolution of the insurance and employee benefits markets is also being driven by the huge volume of information and data that is available through platforms and technologies such as smartphones, built-in GPS devices, smart appliances at home and at work, wearable tech, and social media. The pervasiveness and interconnectedness of these data sources and devices is sometimes referred to as the Internet of Things (IoT).

Managing this data effectively is both a challenge and opportunity for all stakeholders.
The focus on InsurTech does not just stem from established insurance and employee benefits firms, but increasingly from start-ups and FinTechs looking to disrupt the sector.

Adding to the complexity of the landscape, we also see tech giants such as Amazon and Google expanding their business models into other types of services including healthcare.
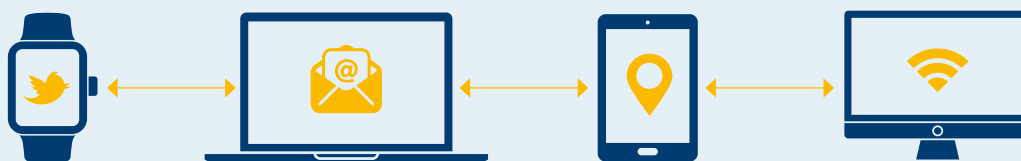
The impact of data analytics and AI in global benefits programmes

Thomsons Online adds that this third wave, the data analytics', enhances the ability to measure different components of a global benefits programme and is having the biggest impact on the governance and outcomes of those programmes.

HR teams with a global benefits programme underpinned by digital technology are:

- twice as likely to budget and predict global costs

- twice as likely to offer the benefits that employees want

- 95% more likely to offer benefits that impact and drive strategic business objectives.

As well as bringing big improvements to the employee benefits domain, digital innovation and particularly AI can have a huge impact across the whole insurance supply chain.

In its 2017 paper entitled *Insurance and the Fourth Industrial Revolution: Technology Transformation and the Future of Insurance*[4], Axco Insurance Information Services highlighted how "risk assessment and underwriting are being revolutionised by machine learning algorithms, which can sift huge amounts of data to identify patterns".

Introducing the MAXIS Data & Digital Innovation Lab

When MAXIS GBN was launched as a joint venture between MetLife and AXA, one of the main reasons was to realise gains in data and digital innovation for the global employee benefits market.

We're committed to investing in – and using – data analytics and digital innovation to improve the services we already provide to multinational clients. Our contribution to the digital revolution has already started with:

- BRIDGE, the back-office reinsurance and reporting tool custom-built for MAXIS GBN

- our global medical dashboard and Health & Wellness services

- our quarterly and annual client reports

- our online portals and tools for clients and members alike.

We will continue expanding into new and exciting areas and that's why we're creating the **MAXIS Data & Digital Innovation Lab** in 2018 – it will include exciting initiatives to drive innovation for our clients.

The programme will allow us to explore and evaluate options for new digital and data services for multinational clients, helping us to shape and develop new products and services for senior global benefits professionals in HR, risk management and compensation and benefits in the coming years. We will update you on activities delivered within the MAXIS Data & Digital Innovation Lab later this year.

"The reinsurance sector has already been transformed by technological progression and that pace of change is now accelerating. From the prediction and measurement of risks to advances in claims assessments and efficiencies in payments, no part of the insurance cycle remains unaffected. Technology has the potential to boost insurance growth in the soft reinsurance market conditions of developed economies and broaden cover in nascent markets."

Source: Insurance and the Fourth Industrial Revolution: Technology Transformation and the Future of Insurance, Axco Insurance Information Services

We have no doubt that the data analytics and innovative digital technologies that come under the InsurTech umbrella will change the way we live and work in ways that have not yet been foreseen. As a forward-thinking global benefits network, we understand our role in shaping that future, and in making sure it benefits our clients and their employees. We'll be sure to keep you posted – by digital means – of course!

1 EY global insurance M&A themes 2017 http://www.ey.com/Publication/vwLUAssets/ey-gloal-insurance-themes-2017/$FILE/ey-gloal-insurance-themes-2017.pdf
2 EY The future belongs to the connected: Achieving the vision of digital insurance http://www.ey.com/Publication/vwLUAssets/ey-achieving-the-vision-of-digital-insurance/$FILE/ey-achieving-the-vision-of-digital-insurance.pdf
3 Thomsons Online' Global Employee Benefits Watch 2017/18 https://www.thomsons.com/resources/whitepapers/global-employee-benefits-watch-201718/
4 Axco Intelligence: Insurance and the Fourth Industrial Revolution http://www.axcoinfo.com/intelligence/technology-transformation

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