TIN | THE INSURANCE NETWORK

Creating a resilient operating model

JUNE 2020

Creating an effective and resilient operating model post-COVID

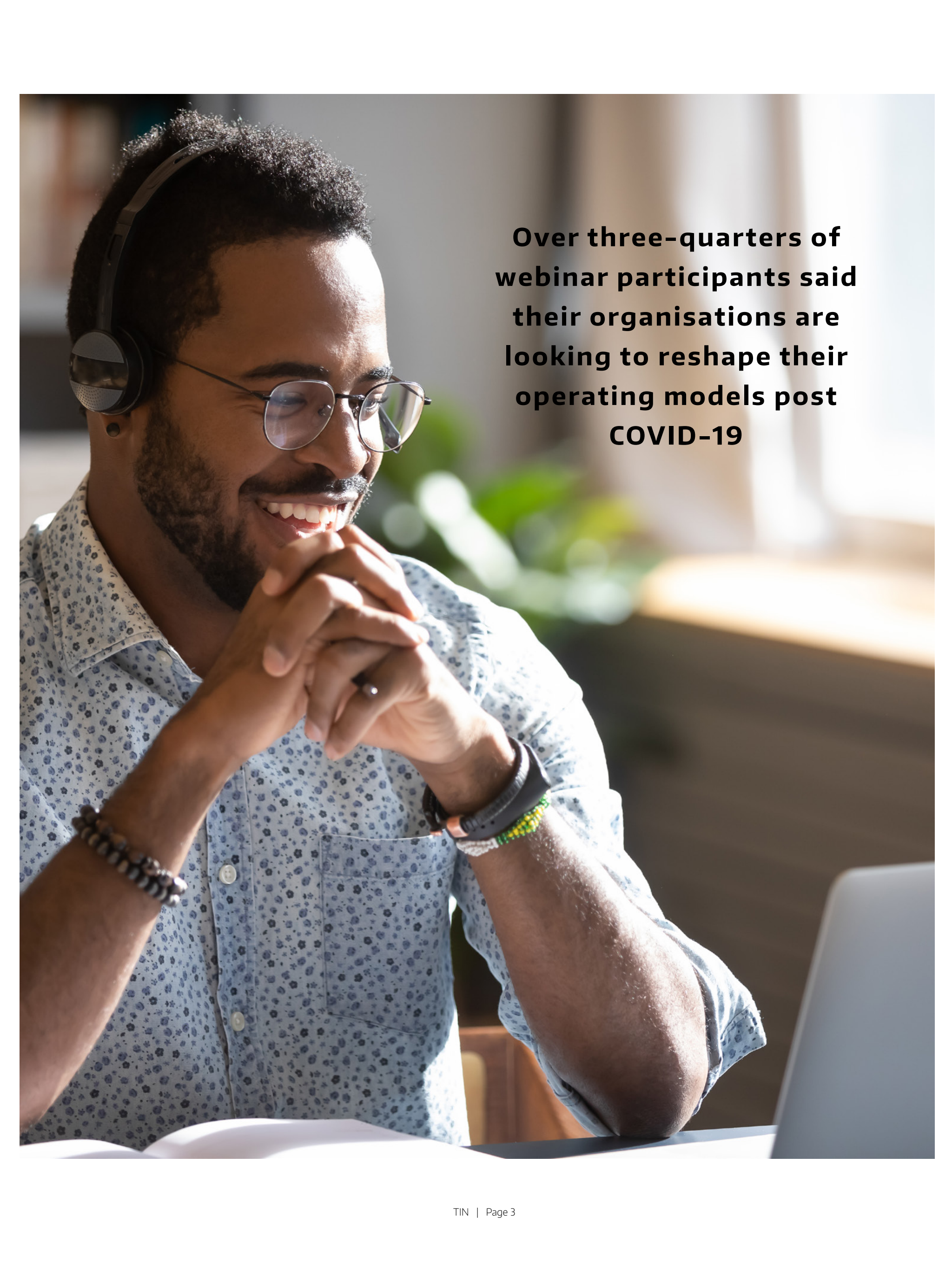## 3 key insights you need to know to build resilience in a post-COVID landscape

Our panel of experts discussed 3 key areas as part of a webinar hosted by The Insurance Network and sponsored by Verint. We also polled the audience, made up of insurance practitioners from across industry, the results of which you'll find in the relevant section below.

Our focus for this webinar was the changes COVID-19 is forcing insurers to make to their operating model and working practices.

I hope you enjoy this report and find it thought provoking and stimulating.

Over three-quarters of webinar participants said their organisations are looking to reshape their operating models post COVID-19

Is your organisation looking to reshape its operating model post Covid?

It came as no surprise that over three-quarters of webinar participants said their organisations are looking to reshape their operating models post COVID-19. COVID has already shown us that insurance organisations can implement changes quickly when they need to. Now their challenge is identifying which of the new working practices have long-term implications for their operating models.

The principal focus should be on continuing with the digital transformation, business continuity and supply chain risk mitigation. Most organisations identified gaps in their IT infrastructure, which need to be addressed to ensure their staff can continue working remotely in the future. Not only does remote working give employees a better work-life balance, but it can also reduce costs for insurers - for example in rent and accompanying overheads. One thing is clear: remote working is now a proven business continuity option.

But supply chains need to be overhauled; the current focus on global supply networks is likely to be replaced with a move towards more local suppliers where the chain is less vulnerable to disruption. Improved visibility and flexibility will be crucial to better supply management.

What do you consider to be the biggest challenges for businesses returning to work, and how do you think the new workplace environment will change?

The panel agreed that the entire workforce wouldn't be back in the office anytime soon. They felt areas that aren't working as well would be the first to move back. Organisations need to carry out an exercise to identify which functions work effectively from home and put measures in place to support them.

Paul's view was although remote communication overall has its challenges, using video conferencing has its advantages. He told us:

"Everyone using the same platform for communication puts things on a level playing field. There's not a group of people in a meeting room in the office mixed with people being ignored on video. Everyone is communicating in the same way, and we need to ensure this continues in the future."

The panel also thought that many challenges to implementing change had been dealt with. By being forced to focus on one thing - running the business remotely - organisations have proved that changes can quickly be made that people previously said weren't possible.

Alison from RenaissanceRe said:

"I think there was a sudden reduction in red tape that helped a lot to get things done more quickly than usual."

Operational inefficiencies have been exposed. Previously people continued to do things in a certain way because they were in their comfort zones. Now flexibility is needed. Organisations have shown they can be agile because they've been forced to think and react differently: they

Helen told us:

"It's broken down the barriers to change. It's exposed what's really important, and I hope it's triggered a mindset shift that's going to enable us to plan for the future based on what we need rather than what we want."

How are you tackling the training challenges of onboarding new staff? Also, how are you handling learning opportunities and staff progression?

Through online communication, online meetings and social activities, insurers can foster cultural onboarding as well as practical elements. Many companies already have online learning in place, so the focus needs to be on creating teams, team engagement and understanding the company culture.

The panel felt onboarding was more challenging for customer-facing staff. It's harder for them to get the advice they need to help the customer when there's no one next to them who can answer their questions. Community technologies, such as Yammer can help with knowledge management. However, they can't replace the immediate transfer of information being in the same physical proximity allows.

Is your organisation looking to reshape its operating model post COVID?

76% answered yes

21% said not yet

3% said no

Results taken from Creating an effective & resilient operating model post COVID webinar on 27th May 2020

Is there a greater awareness of mental health issues in your management teams?

Has mental wellbeing moved up the agenda?

Working from home is more challenging for people if they're sharing space with others who demand their attention. Ensuring managers check in daily with their staff on a personal basis as well as on work matters is essential.

Our poll backs up the fact that over the last few years mental health has moved up the agenda. Organisations have realised the negative impact poor mental health has had on their businesses. According to the HSE, in 2018-19, 54% (almost 13 million) of all working days were lost to work-related stress, depression and anxiety.

Many organisations now have mental health first aid training and support routes for employees. Managers are being trained to recognise poor mental health and provide the necessary support to their staff.

However, there is still work to be done on poor business practices and cultures which harm employees' mental health. Putting too much pressure on staff, heavy workloads that don't allow employees to take leave, and a lack of support contribute to work-related mental health issues. Organisations need to create a culture which enhances good mental health and acknowledges and supports poor mental health, whether it's work-related or not.

Is there a greater awareness of mental health issues in your management teams?

53%

53% answered yes, but there already was an awareness of mental health

8%
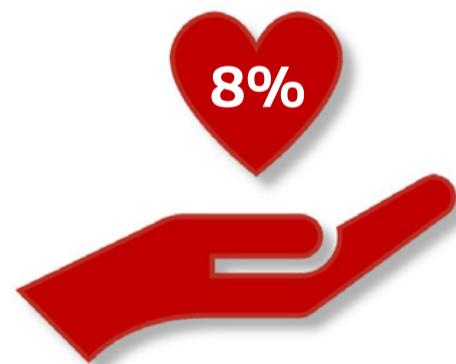
8% agreed awareness was about the same

36%

36% said yes, this is now on the agenda

3%

3% sadly said no, mental health was not a priority

Results taken from Creating an effective & resilient operating model post COVID webinar on 27th May 2020

How can organisations effectively engage their employees and manage this when operating remotely? How do we ensure we don't fall back to old ways of working?

Our speakers did consider a rise in COVID 19 Related claims – in addition to usual seasonal / cyclical claims – could pose an operational challenge across the sector.

The panel thought overall that the arguments against remote working had been settled. Organisations now had to look at the balance between remote and office working. Not everyone likes it. There are also external factors to consider, like where employees are and what space was available in their homes to work from.

They felt their staff want flexibility; they want the choice to work from home or going into the office. It's going to be about getting the balance right: it's important to remember some people work to get out of the house and to socialise - and remote working takes that away from them. Other employees said how much they miss the commute to work as it acted as a natural 'barrier' between work and home, and a way of destressing after a long day.

Organisations are at the start of this transformation. They've pulled off a minor miracle by getting all the IT systems in place to the satisfaction of compliance and risk. However, that's very different from embedding a new technology infrastructure and operating model and ensuring both work for the benefit of everyone going forward. They need to understand how everyone is managing working from home and what their working setup is. Clarifying the longevity of remote working will help employees adapt the way they are working, their setup and how to make the most of it.

Chris told us: *"It wasn't anyone's plan this year to get everyone home working as quick as we can in the shortest space of time. We've got to remember we did this to fix a problem and that problem will change over the next few months….we've done this on a bit of a shoestring and a bit of a finger in the dam situation to be able to deal with our customers. How do we make this permanent? What does the permanent solution look like going forward for our organisation?"*

In the new hybrid operational world where office and home working converge and there is a divergence from the 9 to 5 working hours format, having real time visibility of work demand and available and capable resources will be key to enabling a fully flexible work life balance whilst maintaining desired levels of productivity.

The customer needs to be at the heart of any change. Have there been any changes in the way customers want to interact with you? How are you leveraging technology to improve service and communications?

More customers are trying to do things through self-service because organisations asked them not to contact them unless they are in the vulnerable category. But there's a lot less change going on for people, so there's less demand for changing policies, etc. The type of queries insurers are getting has changed, but not necessarily for the long-term.

Insurers need to consider how they will use their talent in the future. Could operations become more blended? The flexibility remote working offers means roles could change. For example, someone who has children to care for during the day could work in the evenings when they can work without interruption. Insurers need to make sure they've got the technology in place to allow people to change their roles and offer a blended operation. There's an opportunity to review how we use technology to drive people's engagement and performance.

Do you expect increased focus on innovation and potential disruption in the market by new entrants following COVID?

Innovation occurs randomly, not in a meeting room but rather over a coffee or a beer in the pub. So there is potentially a challenge around how to create an environment where innovation happens remotely. However, the panel thought the shape of innovation would be different in the future. It would still be possible in a remote environment if it were looked at through a different lens.

Innovation is often put on hold while waiting for the 'right people' to get together to discuss ideas. Remote working gives people more empowerment and the opportunity to do things a bit more individually, and this should be encouraged. Organisations can learn from their reactions to COVID, as Helen pointed out:

"What the last few weeks have shown us is the art of possibility. It might not be perfect, but we've all demonstrated a level of agility we've never seen in a BAU environment. We need to remind ourselves of just what we were able to achieve when we all got behind the same agenda to deliver an outcome. It now starts to foster a culture of yes and how we can rather than 'why we can't' that we've seen in the past."

Any disaster causes innovation. People start thinking about how they have been treated by service providers. Anywhere where people have hit pain points (for example, making a claim) offers an opportunity for organisations to deal with these issues differently. Organisations need to ensure they have the IT setup in place to react quickly to fresh challenges and changes in the market.

Chris pointed out: *"It's a new world we're heading into in terms of the way people think, the way they behave and their expectations. We have an opportunity to rethink some of that and our future and support our customers in the best possible way we can."*

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Is your organisation looking to reshape its operating model post Covid?

The good news is 100% of organisations 'do' innovation. Encouragingly 38% of webinar participants think theirs will allocate additional budget to increase the focus on innovation. Underpinning innovation is technology. IT departments play a pivotal role in supporting innovation within insurance companies. Even more so as we move towards a business model which accommodates the more prominent role remote working will play.

It's essential that insurers now revisit their business strategies to reflect up the changes in working practices that we'll see post-COVID-19. They also need to ensure that IT departments are aligned with the new strategy and can support an increased reliance on IT systems.

Video conferencing can encourage the hive mind that acts as a springboard for creative ideas and innovation. Getting people on a Zoom call is a lot easier than getting them all together in a meeting room for a day. Ideas don't get lost as people can't speak over each other or talk to whoever is sitting next to them.

Do you expect an increased focus on innovation in your organisation?
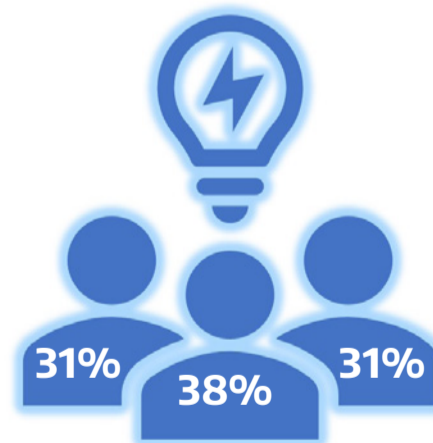
38% answered yes, with additional budget

31% said yes with the same budget

31% advised the same focus pre-COVID

Results taken from Creating an effective & resilient operating model post COVID webinar on 27th May 2020

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