



InsureMO: transforming the insurance value chain

By Pádraig Floyd from the Digital Insurer



The article is written by Pádraig Floyd at the Digital Insurer from the interview with Rajat Sharma and Ken Slevin at eBaoTech

While the world has gone digital, the insurance sector is slowly trying to catch up.

Insurance businesses are limited by how much they transform their core systems when effectively dealing with inflexible legacy technology and update cycles measured in months and years rather than hours and days.

This is why insurers are increasingly looking to create ecosystems capable of supporting all elements of their value chain. While this can be achieved by building it themselves, this is a major undertaking and it is simpler and quicker to adopt solutions provided by relevant partners.

Transforming the value chain

Insurers are now seeking to reengineer their own core system and modernise it through the use of application programming interfaces (APIs) in order to achieve their goals.

By harnessing APIs (piece of software that allows two different applications to communicate) and microservices technologies (architecture that allows insurers to create new software from a number of independent services), insurers can transform their value chain.

But adopting APIs is only one step on the road to digital transformation.

“There are three key challenges facing the insurance industry today. We summarise them as the three Vs: volume, velocity and variation,” says Rajat Sharma, corporate VP – Global Head of Sales and Strategy at eBaoTech.

The need to compete with internet giants is forcing insurers to support massive business volumes.

“Today, insurance companies want to launch products at the speed of light and they want to bring it to market as quickly and cheaply as possible.” says Sharma.

“Finally, as we move away from traditional products, insurers want to test different types of bundled offerings. That may require launching new product variants on a weekly or monthly basis, depending on the market and customer type. That is where variation is critically important.”

Everything is changing

This presents a major challenge for incumbent insurers. They must compete with digital companies that have these three Vs engrained into their DNA.

“But the incumbents are learning fast. The old ways of the industry - hire millions of staff globally to service end customers, as well as agent/broker portfolios is already being challenged” says Ken Slevin, corporate VP – Global Head of Product Marketing & Head of Innovation, eBaoTech. *“By using APIs, insurance companies can now build self-service apps and fulfilment across traditional retail and commercial insurance, thus enabling customers and distributors to ‘do it themselves’ – a huge potential upside for insurer operational cost.”*

Traditional relationships are also being changed by the insurers' exposure to APIs.

"Insurers are not as focused on providing the portals for their agents and brokers," says Slevin. "Instead, brokers and agents are being encouraged, through API enablement, to create their own user experiences and workflow journeys."

Much of the innovation in this space will focus on traditional products, but increasingly, real volumes and real customer transactions will become embedded as part of the whole transaction.

The auto and airline industries have already experienced insurance cross sell, but recently there is an explosion in embedded consumer insurance products and channels.

Likewise, commercial insurance is exploiting the internet of things (IoT) and digital connectivity and big data is becoming mainstream.

The changing role of insurers

Insurers in certain markets are not only changing how they work, but also their role in the market. Their focus is on becoming capital providers and will no longer produce systems their distributors can use. Instead, brokers and agents will further develop their own user interface and user experience workflows and integrate their own tools for specific markets.

Some insurers may not even manufacture products in the future. After all, e-commerce giants like Flipkart or Amazon already know more about an Insurance company's customers than insurers do. In this emerging model, the retailer will manufacture the insurance product and issue the policy, with a capital providing insurer standing behind them.

This will all be achieved through the interconnectivity of APIs over the next five to 10 years.

Down on the platform

eBaoTech has extensive experience in product development and software implementation across general, life and health insurance sectors. Their InsureMO product library comprises hundreds of general, life and health products, thousands of variations, across many countries and languages. **This enables insurers to launch products immediately and without having to reinvent the wheel.**

That's the strategic context. Because the APIs and microservices are already translated, insurers, distributors and channels can create a product at the press of a button and it is ready to launch in Thai, Chinese, Indonesian, Portuguese, Spanish and many other languages.

"This allows manufacturers to immediately flip their product into an alternative language and distribute in that country," says Slevin. "There's no need for boots on the ground or months of getting a toehold in the market. That provides real global reach."

Do it yourself

By transforming their traditional core monolithic policy administration systems into independent microservices and APIs, eBaoTech now offers these in InsureMO - an open insurance platform. Insurers, insurance distributors, and now e-commerce players can use InsureMO to build their own insurance applications, create journeys and user experiences specific to their strategies and connectivity innovations they wish to offer. InsureMO also offers full cloud hosting services, making its platform an effective one stop shop for insurers.

But InsureMO is not just a platform for insurers. eBaoTech sees it as becoming like Apple’s App Store. Using product design, API registration/orchestration, Web application deployment and a choice of tier one hosting providers, Insurers can develop apps and digitally enable within InsureMO. eBaoTech are even enabling API capability for their traditional software competitors!

Fintechs and InsurTechs are able to register their product APIs on the InsureMO Marketplace and use InsureMO as a marketing engine for global customer adoption and connectivity.

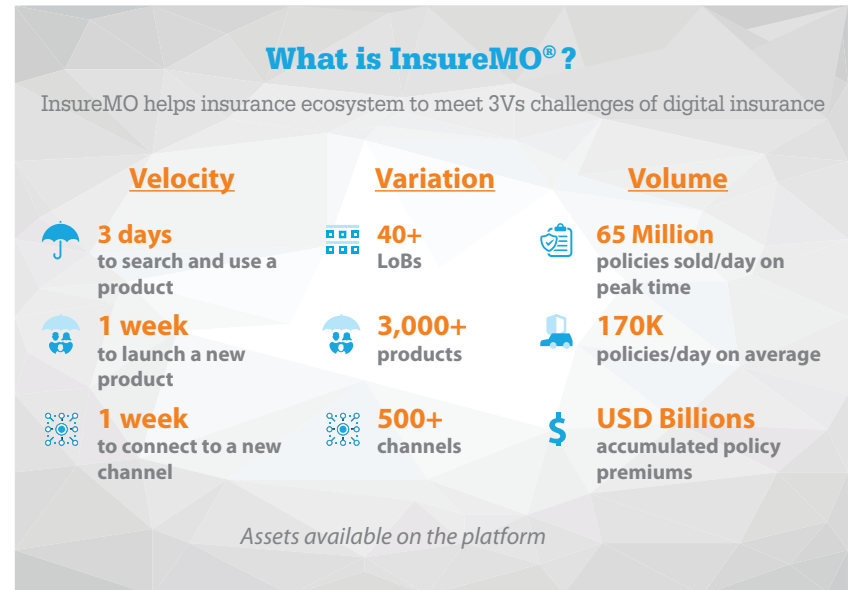
Furthermore, eBaoTech welcomes many cloud based application providers to list their app on eBaoCloud.com – an app store for the insurance industry.

In the next two to three years, the nature of digital connections will change and rather than talking in terms of a system that’s running all aspects of an Insurers operations, it will be discussed in terms of productivity tools and assets that insurers can interconnect via the platform for maximum growth, efficiency and automation.

Trust the track record

Since launch, the InsureMO platform has been driving a huge volume of transactions, an average 170,000 policies issued on the platform daily via 500 plus channels, with around 3000 products currently live on the platform.

Peak volume to date was 65 million policies in a 24-hour period – sales achieved by a large e-commerce company in Asia.



It's all in the mind

eBaoTech's vision is for InsureMO to become THE global insurance industry middleware platform – THE CHIP that powers innovation and connectivity in order to effect massive evolution in the insurance industry.

"But the biggest challenge many insurers face is not technology, but mindset," says Sharma. "Those at the head of the charge are very clear that they want open data and open systems. However, some insurers want to keep the brokers, their channels and their products very close. They resist change, because in some markets, they have a monopoly, and can dictate terms."

"That does not allow for openness and will not allow businesses to achieve digital transformation," adds Sharma. "Breaking that mindset will be very difficult."

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The author:

Pádraig Floyd is an award-winning business and financial journalist with a deep knowledge of pensions and investments, personal finance, employee benefits and industrial relations issues.

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