How to Become an Insurance Innovator with Liferay DXP

The Insurance Market's Digital Future

In 2018, a PWC industry report[1] indicated that 44% of those surveyed did not believe existing insurers would survive in their current form. Although insurance companies have made significant efforts to adapt to the rapidly changing technology and consumer preferences since the report's release, the latest digital trends pose an even more significant threat to the survival and profitability of many insurers[2]. Digitalization in insurance is accelerated by the need to support new technologies, processes and a market of predominantly Gen Z and Millennial customers. The focus is on becoming more customer-centric across operations, people, technologies, and processes.

To succeed in this transformation, companies must focus on:

- Optimizing customer experience and engagement.
- Becoming technological leaders.
- Leveraging data-driven insights for better decision-making.
- Innovating and adapting rapidly.

Challenges that Prevent Successful Digitalization

Insurance companies are frequently perceived by consumers as traditional organizations, rich in heritage and knowledge but infamously slow to embrace digital change. In order to be successful in Digitalization, insurers must overcome these roadblocks:

1. **InsurTech and Rising Competition:** Insurtechs are a growing threat to the insurance industry. Not only are they multiplying, they are also disrupting the industry through product development and delivery, adding to consumers' ever-changing expectations of digital integration and experiences. Research shows[3] that as digital continues to evolve, consumer expectations of digital experiences also continues to rise and poor CX can be a deal breaker for new business. Global InsurTech funding exceeded $1bn in Q3 2023, up 19.8% according to Gallagher Re's latest report.[4] The insurtech market was valued at USD 5.45 billion in 2022 and is projected to grow

1   How Digital Platforms Smooths Operations
2   4 Challenges in Moving to Digital Insurance
3   Competing on Customer Experience in the Digital Age
4   Gallagher Re's report

at a CAGR of 52.7%[5] from 2023 to 2030, disrupting the industry through product development and delivery, adding to consumers' ever-changing expectations of digital integration and experiences.

2. **Building an Omnichannel Ecosystem:** The key to any successful business, in any industry, is excellent customer experiences. In order to be successful in Digitalization, companies have to deliver personalized and connected customer experiences across multiple touchpoints. They cannot simply add another channel to their strategy, rather they need to determine how to integrate and connect that channel to the overall experience flawlessly.[6] The operational complexity of establishing an omnichannel strategy requires insurers to not only continually market across these different channels but also keep up with shifting customer preferences. The difficulty in accomplishing this leaves insurers frustrated and unable[7] to meet these shifting digital expectations.

3. **Staying Agile to Remain Competitive:** In order to stay ahead of the innovation curve, insurers need to implement an agile approach to work. Agile enables continuous improvement and collaboration between IT and other business areas, removing silos and improving productivity. However, according to a report from Novarica, 93% of carriers still struggle[8] to support these agile initiatives, ultimately due to legacy systems and cultural challenges.

4. **Inoperable Systems:** The latest trends and buzzwords continue to shift year after year—it's difficult for insurers to determine now what kind of systems they will need in a couple years down the line. According to the Gartner survey, over half of CIOs[9] are increasing technology investments, with the most common areas being application modernization, cybersecurity/information security, and BI/analytics. On top of that, advancements in Generative AI, IoT, blockchain, and cloud technologies continue to disrupt the insurance industry. Businesses are having a hard time keeping up with new technologies and struggling to integrate those new systems alongside their existing ones. If an insurance company wants to survive the digital era, they can no longer keep their rigid legacy systems since they are not able to work alongside newer technologies or platforms. However, it is also difficult to switch off a legacy system. Not only is it expensive to do so, there are also a number of risks involved. Enterprises could lose valuable information and even disrupt critical business operations, which is why most insurers are reluctant to move off their legacy systems. But doing nothing actually will prohibit an organization's ability to compete, causing security issues and driving up long-term costs in maintenance. Insurers will have to figure out their strategy for overcoming aging legacy systems if they want to be a successful digital business.

5   Grand View Research - Insurtech Market
6   Welcoming the Omnichannel Insurer's Arrival
7   The Omnichannel Approach
8   Insurers Plan Increased Use of Agile Development
9   Gartner CIO and Technology Executive Survey 2023

Becoming an Insurance Innovator

The solution to overcoming these challenges lies in becoming an insurance innovator. Businesses that are insurance innovators readily embrace new technologies and processes. While not necessarily the quickest or the first to come up with new products or services, successful insurance innovators are able to shift their business models and adopt new trends easily, thus remaining competitive. While there will always be new challenges and emerging technologies, insurance innovators will be able to survive no matter what changes arise because their business is future-proof with the right technological foundation and organizational culture.

Using Liferay DXP as the Foundation

Leveraging the flexibility and scalability of Liferay Digital Experience Platform (DXP),[10] insurers have a powerful digital platform that enables them to become an insurance innovator by:

1. Creating a Connected Ecosystem: Utilize Liferay DXP to provide a seamless customer experience across digital and traditional channels, whether in-branch, through mobile devices or IoT, to deliver personalized experiences with robust segmentation rules and for any channel with headless APIs. Succeeding at building an omnichannel ecosystem can lead to increased customer satisfaction and loyalty, streamlined sales and business operations and consistent brand experiences across multiple touchpoints. Additionally, creating an omnichannel network enables organizations to obtain cross-channel insights about their customers. Gather data to pinpoint areas of improvement and innovation, aimed to improve the customer experience and collect data for new products and services.

2. Integrating Legacy Systems: Bridge your old and new systems with Liferay DXP. Use the platform to integrate existing legacy systems[11] and processes and extend them to work alongside newer technologies and third-party systems. Digital transformation can often be slow due to the incompatibility of existing systems, leading to inefficient and disconnected processes. Liferay DXP helps you build an ecosystem to remain competitive by adopting a flexible insurance platform that integrates and extends the value of your existing systems and processes and helps decrease internal aggregation complexity and silos, while providing a framework to expand your digital maturity.

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10   Liferay Digital Experience Platform (DXP)
11   Liferay DXP for Integration Platforms

Despite the uncertainty of where the digital future could lead the insurance industry, Liferay DXP is flexible and scalable to evolve with your future business models and integrate with existing and future technologies. Anticipate new innovations and technologies by choosing a platform that helps you be ready for digital evolution, no matter the trends that arise.

In fact, as insurers recognize their own need for innovation and evolution, more and more organizations have been partnering with InsurTech firms, ushering in the era of "InsurTech 2.0".[12] Currently, most insurers have very little ties to few InsurTech firms, yet creating a connected ecosystem together would help spark innovation and develop solutions to some of the big challenges facing the industry. While the threat of disruption is still very real, look beyond it to see a potential partnership that would be a win-win scenario. InsurTech firms can greatly benefit from the larger insurer's customer base, while insurers can find value in the startup's innovative solutions and processes. Liferay DXP can be the foundation to connect all of these technologies to work seamlessly together.

3. Streamlining Business Processes: Speed up many areas of your company's business processes, including consolidating employee tasks, opening communication channels between agents and providers and distributors, and simplifying policies and forms for customers. Liferay DXP also empowers insurers to accelerate their time to market. Leverage the platform to create what you need in order for your company to develop and launch new products and processes that reach the market faster, are easier to purchase, and more relevant to the end consumer. Automating and simplifying these tasks enable insurers to use the time and resources saved to focus on more important business strategies.

These features and benefits found on Liferay DXP will help establish a foundation for your business that won't be shaken, even from the disruption of emerging tech and new trends. Your business will be able to thrive no matter what the future of the industry looks like because Liferay DXP provides an adaptable framework that can evolve as your insurance brand grows in digital maturity.

The Path to Digital Innovation

Liferay DXP can play a crucial part in overcoming these challenges; however, the platform still needs to be supplemented with the right corporate mindset. Driven from the C-suite down, organizations need to embrace innovation as part of everyday business. When the organization truly cares about innovation initiatives, Liferay DXP will be able to support those strategies to deliver exceptional value.

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12   Where's the InsurTech Disruption

Accomplish this by:

- Promoting the right corporate culture to foster innovation. Achieve this with incentives and C-suite support. Create an environment where everyone can collaborate and contribute their ideas. Encourage continuous feedback to identify mistakes and improvements.
- Determining an organization-wide innovation strategy and communicating goals, progress, and setbacks with the team.
- Sharing knowledge across the organization about industry trends and market shifts.

Technological advancements are very important to digital success, but without a vision, strategies, or people that are aligned, even the newest tools won't be able to build a successful innovator.

Embracing innovation not only ensures future survival, but also generates immense organization-wide benefits such as enhanced customer experiences, accelerated time to market, and increased revenue generation, just to name a few. Achieving this may seem daunting; however, the reality is that with the right digital platform and strategies, becoming an insurance innovator is possible, no matter the current status of your digital transformation progress.

Conclusion

At the rate the industry is changing, being able to adapt and be ahead is no longer an advantage, but a necessity. While there's no crystal ball that could tell us what the next five to ten years will mean for insurers, or any industry for that matter, your organization can leverage the flexibility, scalability, and powerful functionalities of Liferay DXP to overcome future challenges and build successful omnichannel experiences, integrate legacy systems, and become agile ultimately to ensure your business's survival as an insurance company in the digital age.

See How Liferay Can Work For You

For more information on how Liferay can benefit the insurance industry, please visit liferay.com/industries/insurance.

Schedule a live personalized demo to see how the platform can help future-proof your insurance business. Request a demo at liferay.com/request-a-demo.

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