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Digital Innovation in the Insurance Industry



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The Future of the Insurance Industry Is Digital

Social networks, mobile Internet, online banking and shopping, newly networked and data-based services – digitization is bringing about fundamental changes in society and business, taking the insurance industry along with it. Digitization is putting everything to the test: business models, processes, the entire value chain. Innovations present both challenges and opportunities. Innovation processes not only trigger transformations, but also represent their outcome.

Digital innovation demands that companies rethink their strategies and reconfigure their business models in a sustainable way. That means adapting the organization, IT, structures and processes to the requirements of the “Digital Age”, realigning the value chain, developing smart products and services and approaching customers in new ways. Ultimately, that affects all levels of a company – particularly IT – because the insurance company of the future is driven by technology.

These challenges and opportunities were the focus of inscom 2014. The sessions by top-flight speakers offered insights into not only strategies, problem-solving approaches and business scenarios but also into obstacles to innovation and trends that demand a closer look. I would like to take this opportunity to express my heartfelt thanks once again for your contributions and suggestions. Incidentally, this year we welcomed more guests – and more of them from international locations – than ever before: 190 attendees from 50 companies and 16 countries. An achievement that fills us with pride.



“How innovation-ready is the insurance industry?”

That was the key question posed in many presentations and discussions. The diagnosis was clear: Insurers still cling to the tried-and-tested, knowing all the while that the future will call for more courage to innovate and thus also to take risks. The big tankers need small, agile speedboats at their side to revamp products and develop solutions that the customers and the marketplace really need. The first speedboats already came into view at inscom, in the form of innovative solutions, products and business models. They were outlined in presentations and unveiled by the winners of the 1st Award (the inscom insurance innovation award).




A handwritten signature in blue ink, appearing to read "Zehetmaier".

Hans Zehetmaier

Chairman of the Executive Board and Co-Founder of msg systems ag





Agenda

September 22

Ballroom B/C			
8:30	Check-in		
10:00	Welcome Johann Ranft , Director Marketing & Communications, msg systems		
10:30	Digital Transformation – The Driving Force for Innovation in Insurance Hans Zehetmaier , CEO, msg systems		
11:00	Standard Software in Life Insurance – Better, Faster, Easier? Dr. Bettina Anders , Member of the Executive Board, ERGO Insurance Group AG		
11:45	Coffee break		
Ballroom A			
Salon Rumford			
12:30	The Accident-free Car of the Future Giuseppe Mascolino , Vice President E/E Architecture, Processes, System Functions, BMW Group	German Insurers in International Comparison. Where are They a Role Model, Where do They Need to Catch Up? Dr. Claudia Lang , Past Chairman, Association of International Life Offices (AILO)	Digital Innovation – From the Human Crowd to the Crowd of Things Prof. Dr. Johann Füller , CEO, HYVE – the innovation company
1:00	Lunch break		
2:15	Process Control and Resulting IT Requests Jörn Sandig , Member of the Executive Board, HUK-COBURG	New Transformation Approach for Life Product Portfolio  Allard Doesburg , Senior Project & Change Manager, Change & IT Group Life, Nationale-Nederlanden	Gen Re's Story: Transforming IT & Business Operations  John Connors , CIO, General Reinsurance
3:00	Telematics – Trend or Necessity? A Possible Business Case Patric Deflorin , Head of Personal Insurance, Die Mobiliar	Outsourcing – The Management Company as a Future Model? Thomas Soltau , CEO, CSS Versicherung AG	Transforming the Finance Function with Technology Solutions and Organizational Change  Sean Lewis , Director of Financial Systems, New York Life Insurance
3:30	Coffee break, Introduction to the Evening Event		
4:00	Transfer to the Oktoberfest		
6:30	Networking dinner at Hilton Munich Park Hotel (15th Floor)		

Digital Innovation Forum

September 23

Ballroom B/C			
8:30	Check-in		
9:00	Allianz on Its Way to a Digital Enterprise Dr. Ralf Schneider , CIO, Allianz Group		
Ballroom A			
Salon Rumford			
10:00	Telematics – Also a Business Case for Germany? Dr. Jürgen Cramer , Member of the Executive Board, Sparkassen Direktversicherung	Digital Transformation at HanseMerkur Gunnar Grund , Head of Organizational Development, HanseMerkur	A North American Perspective on Global Life and Health Reinsurance  Michael D. Barnett , President and CEO, mL ³ global life
10:30	Coffee break		
11:15	Challenges with the Usage of Standard Software for a Medium-sized Insurer Dr. Bernd Höddinghaus , Member of the Executive Board, Öffentliche Versicherung Braunschweig	Digital Innovation – A Paradise for Hackers! Guidelines for Executives Tobias Schrödel , IT Security Expert	Join Ruschlikon for Faster Cash and Higher Efficiency  Regis Delayat , Group CIO, SCOR, Ruschlikon Chair
12:00	Application Convergence as the Basis for Digital Transformation Mario Krause , Member of the Executive Board, Talanx Systeme AG	Field Report With the Usage of LifeFactory Patric Fedlmeier , Vice Chairman of the Executive Board, Provinzial Rheinland	Reinsurance in Emerging Markets  Valeria de Souza Chaves , Project Manager Re-Ação, IRB Brasil Re
12:30	Lunch "In the Sky"		
2:00	I³ Award , with introductory speech: "Ready for Innovation?" Dr. Rainer Janßen , CIO, Munich Re 		
3:00	Panel discussion: "Digital Innovation – Passion or Pain" Michael D. Barnett , President and CEO, mL ³ global life Dr. Jörg Dahmen , Head of Process Optimization Division, Generali Deutschland Prof. Dr. Johann Füller , CEO, HYVE – the innovation company Dr. Rainer Janßen , CIO, Munich Re		
3:45	Closing and farewell Johann Ranft , Director Marketing & Communications, msg systems		

Digital Innovation Forum




Digital Innovation Forum

September 22

11:45	Kanalübergreifendes Kundenerlebnis – an Omni-channel Client Journey with Pega Tom Pauly , Principal Solutions Consultant, and Walter Rieger , Principal Solutions Consultant, Pegasystems AG	
12:15	„Papier war gestern!“ – Die Industrierversicherung von Morgen Barbara Moog Emmrich , Produktmanager, and Dr. Gerold Hillenbrand , Bereichsleiter Produktmanagement, msg systems ag	
12:45	„...better, faster, stronger“ ... ein neuer Produktansatz Michael Linsmaier , Produktmanager, msg systems ag	
13:15	msg.RlaaS – Die standardisierte Rückversicherungslösung aus der Cloud Peter Schubert , Senior Business Consultant, SAP Insurance, msg systems ag	
13:45	More than just rules, new ways for fraud detection! Jörg Fütterer , Industry Expert Insurance, SAP Deutschland SE & Co. KG, and Gerhard Handrek , Managing Director, msg global solutions ag	
14:15	Digitale End-To-End Prozesse mit der Life Factory JEE Milenko Radic , Bereichsleiter Global Sales & Marketing, and Klaus-Peter Knieß , Principal Consultant, COR&FJA AG	
14:45	Digital Insurer Miljan Stamenkovic , Associate Director, msg global solutions ag	



September 23

10:00	Vertriebs-Controlling: Gut vorbereitet in 60 Sekunden! Oliver Thiel , Abteilungsleiter Vertriebsmanagement, msg systems ag	
10:30	Automatisierte medizinische Rechnungsprüfung Dominik Berger , Lead Business Analyst, innovas GmbH	
11:00	IBM Foto App – Mobile Wege der Digitalisierung in der Versicherungswirtschaft Marc Rohde , Managing Consultant Insurance Industry Germany Global Business Services, IBM Deutschland GmbH	
11:30	Mobile (Re)Insurance Reporting on SAP HANA Dr. Christian Levin , Abteilungsleiter Business Intelligence, msg systems ag	
12:00	Intuitive insight in geo-data Shifting frontiers with SAP HANA Heiko Maurer , Industry Expert Insurance, SAP Deutschland SE & Co. KG	



Our partners in the Digital Innovation Forum:



Hans Zehetmaier, Chairman of the Executive Board, msg systems ag

Digital Transformation – Innovation Driver for the Insurance Business



“The digital transformation will drastically alter society and business.”

Now that society has made great strides in digitization, its spread into business must follow. Digital transformation is gradually changing the very foundation of every company. It is triggering a shift in how businesses are defined. By necessity, the business models of the future will vary depending on their market, sector and industry.

Technology – networks, terminal equipment and software – is now uniformly available to all industries, fulfilling one of the key requirements. Powerful data analysis tools play a special role in this process, because data is the new currency on the Internet and the basis of future business models.

In the insurance business as well, digitization and innovation will determine who goes and who stays. A thoroughgoing paradigm shift to the networked digital insurance company has begun.

Technology-based megatrends such as mobility, big data, cloud computing, collaboration, SOA and business networks are key drivers of digitization, but business trends in the industry are also contributing.

- Better customer orientation demands a holistic view of the customer, digital communication channels and individualized communication and products.
- To improve operating efficiency, processes and services must be digitized and standardized. The process of developing insurance-specific IT must be driven further.
- More efficient collaboration entails portal strategies and standardized data and processes.
- Data efficiency can only be optimized if data management is effective both in a quantitative and qualitative sense.

Within the industry, various trends in direct insurance, reinsurance and industrial (commercial) insurance call for solutions of different types. One notable trend is the appearance of external market players from outside the industry that offer insurance as a secondary product.



In order for companies to meet the demands posed by these trends, they should organize their IT landscape according to the principle “Industry-specific on the inside, diversified on the outside.” In order to enable quick response to market changes and to foster collaboration and networking, the systems of record – i.e., the conventional systems of the insurance industry, such as core, cross and finance system – must be configured to be as (cost-)efficient and service-oriented as possible and support dynamic processes. If systems of record* are optimized and their costs reduced, resources for systems of insight* and systems of engagement* will open up. The systems of insight comprise systems of analysis, which yield knowledge from data and contribute to the interaction between systems. The systems of engagement – front office, apps, CRM, portals and other systems for interaction and communication – are the actual business drivers. They are the source of new business options and promote innovation.

Insurance providers face complex challenges right now, and this complexity will only grow as a result of the following:

- New customers with changing consumer behavior and new expectations for digital capabilities
- New value propositions
- New levels of information and data transparency
- New market players
- New product mixes
- New collaborative business models
- A more crucial role for technology

The digital world will no longer settle for insurance companies that are solely traditional. msg supports companies in the industry which are well on their way to becoming a “digital insurer” with consulting and smart, product-based solutions. The industry specialist recommends an integrative approach and controlled business transformation with a step-by-step transition that allows conventional and digital business models to exist side by side. The advantage: This approach allows more time to develop a transformation path and prevents the existing business from being cannibalized.

*Terminology as per Gartner



“Successful insurers follow an integrative and systematic approach when it comes to company development and innovation.”

IT in Digital Insurance: Better, Faster – More Secure?

Top-performing software and flexible and dynamic processes are key prerequisites for success in the process of becoming a digital company. Can standard software play a role in this? And what are the new security requirements within the context of digital transformation? In their keynote speeches, Dr. Bettina Anders and Dr. Ralf Schneider offer some answers to these questions.

Dr. Bettina Anders, Executive Board Member of ERGO Versicherungsgruppe AG

Standard Software in the Life Insurance Company: Better, Faster, Simpler?



Regulatory requirements, high pressure to innovate and digitization all present insurance IT departments with greater challenges than ever before. Not only corporate objectives such as increasing customer loyalty and transparency, cutting costs and ensuring profitable growth but also IT-internal factors such as complex IT landscapes, minimal process flexibility and the high average age of developers and designers play a huge role in these challenges.

Can standard software help in meeting these challenges successfully? Dr. Bettina Anders shed some light on these issues in her talk on system strategy and the launch of a new life insurance system at ERGO.

“Standard software helps to facilitate processes and speed up projects – if we adhere to standards and do not make individual modifications to it.”

The key criteria were investment protection, the „one function – one system“ principle, compliance with standards, support for digitization in future sales scenarios and the process automation necessary to do this as well as closing skill gaps.

“Better, faster, simpler” – those were the demands that the ‘LifeFactory’ system by msg life was to fulfill. The software was implemented within 18 months. From a technical point of view, the launch went smoothly for the most part and generally delivered the expected added value. But industry-specific integration proved to be very time-consuming. It is critical that process automation be considered, and skill gaps were not closed to the extent expected. It is possible to integrate LifeFactory in a modular process, but higher process efficiency and a better conversion rate in the Internet calls for additional investments in user experience and usability.



Dr. Ralf Schneider, CIO, Allianz Group

Allianz: Becoming a Digital Company

Mobile computing, social media, the Internet of Things, big data as well as new experiences and human-machine interfaces are megatrends that Dr. Ralf Schneider sees as changing the world in fundamental ways. They hold great opportunities for insurers, but also present them with several challenges. For example, the security of digital assets must be guaranteed. Customer data cannot indiscriminately fall into the hands of third parties under any circumstances.

To meet these challenges successfully, Allianz built a comprehensive security strategy around a “private vault” that acts as its core. As with real vaults, the digital assets are enclosed in six central data centers in the United States, Asia and Europe. Virtualization allows to access the data quickly and securely from anywhere and on any terminal device. The insurance group laid the required groundwork for the system by consolidating its IT infrastructure and

installing a high-speed data network with flexible bandwidth.

The downside of digitization is the increasing number of cyberattacks, said Dr. Ralf Schneider. To counter this, every company needs an effective IT security framework. That includes continuous risk assessment and a well-thought-out identity and access management system for prevention. It also demands a security operating center that works in real time, detects security incidents systematically and responds to them promptly. Finally, it calls for a computer emergency response team that will strike back effectively in an emergency.

In view of the sensitive data that insurers handle, this type of security framework is indispensable particularly for them. Ultimately, trust means life or death for an insurance company – and in the digital world, this takes on a completely new stature.



“Many are the risks – but there’s no turning back from digitization.”

Be a Speedboat, Not a Tanker

“Digital Innovation – Pain or Pleasure?” That was the topic of a panel discussion studded with high-caliber experts. Once again, it represented one of the high points of inscom. How much pressure to change do insurance providers feel as a consequence of digitization? What sets innovative companies apart? What spurs innovation? What hinders it? And how is the role of the CIO changing? These topics provided plenty of fuel for a lively exchange of views.

“If you don’t react to the changes that are brought about by the increasing digitization of our society, then you will face problems in the future,” said Dr. Jörg Dahmen of Generali Deutschland, putting the situation in a nutshell. All panel discussion participants agreed on one thing: Insurance companies need to get moving now and start taking the issue of “Digital Innovation” seriously.

While Generali has already scored with innovative solutions (see Page 18) and also U.S. insurance providers have long since seen the writing on the wall, many insurers are still lingering behind, like “lumbering tankers who are still relying on oarsmen to speed them up,” stated Professor Johann Füller.

In his opinion, one problem plaguing German insurers is their distinct insider’s view. Instead of thinking about what other rates they could introduce, they should be asking themselves what the customer really needs. What sets innovative companies apart is the ability to observe the market and the usage patterns of consumers and to develop new solutions for them.

Another characteristic is the courage to experiment, to take a fresh look at insurance providers with small, agile “speedboat” teams, and to rethink products. “The U.S. market accepts fresh ideas more easily than the European market,” said Michael D. Barnett, “for one, because the U.S. market is more open to foreign companies, but also because insurance providers are quicker to seize upon the ideas coming from abroad.” What’s more, the expert added, entrepreneurial thinking – the third characteristic of an innovative insurance company – is better developed there. “In the U.S., market players are more willing to break the rules in order to concentrate on innovation,” Barnett concluded.



Digital Innovation

“The CIO of the future must plan today what the business will want tomorrow.”

Dr. Rainer Janßen, CIO, Munich Re

“The CIO will play a more crucial role on the executive board, and in the future will be as important as CFOs are today.”

Michael D. Barnett, President and CEO, mL3 global life

“To only regard digitization from the viewpoint of process optimization and automation is not enough: We have to focus on all aspects of the added value chain, from product design through to claims.”

Dr. Jörg Dahmen, Head of Process Optimization Division, Generali Deutschland

“Insurance companies are like large tankers, slow and inflexible. Now we’re seeing small, nimble speedboats that don’t play by the old rules. If companies keep acting like tankers, they will not survive.”

Prof. Dr. Johann Füller, Professor of Innovation and Entrepreneurship with the Department for Strategic Management at the University Innsbruck and CEO of HYVE - the innovation company

One key innovation driver is big data. Corporations such as Google or Walmart know how to use data effectively and will soon be competing with established insurance providers. However, data protection directives and privacy requirements in a heavily regulated insurance market create significant barriers to innovation. According to Dr. Rainer Janssen, the problem lies with the myriad local and global regulations, which he said often contradict one another. He would like to see the regulations harmonized.

Another obstacle is the lack of a skilled workforce. However, this does not necessarily mean hiring new people, said Dr. Rainer Janssen. “Sometimes it is enough just to let in some fresh air. Then you can continue working innovatively with the existing staff.” Roles in IT will change – even that of the CIO: „Chief innovation officers will more often be called upon to slip into the role of the CEO,” explained Professor Füller, because “in the future, every company will also be something of a software company, too.”



Insurers and the Digital Transformation

How are insurers dealing with digital transformation? How are they positioned strategically, organizationally and in terms of IT? What new business models are they developing? How might they benefit from digitization even now? International experts from the sectors of property and casualty, life and health insurance and reinsurance provided answers to these questions in their presentations, which once again this year formed the centerpiece of inscom.

Jörn Sandig, CEO, HUK-COBURG

Process Control and Requirements for IT

As part of past industry-specific measures, HUK-COBURG optimized its application systems and improved system support. In order to also enhance process efficiency, the insurer introduced a company-wide process control model. There is no control without transparency, so the measures focused on defining the goals of the process and generating process-related information from the IT data. This presents significant challenges for IT and calls for process experts to play a larger role in application development.



**“No control without transparency:
Don’t bother with process control if
you don’t bother with measurement.”**

Patric Deflorin, Head of Personal Lines Insurance, Die Mobiliar

Telematics – Trend or Necessity? A Possible Business Case

Telematics is one of the areas of innovation in Mobiliar's drive for innovation. As part of a pilot project, involving the staff, with the goal to implement an integrated telematics system, the insurer decided to gather the necessary expertise within the company. A major hurdle was to get the participants' acceptance to disclose their individual driving data. The findings from the pilot project, including those pertaining to an IT solution and the technical implementation of the msg.Telematics Analyzer, delivered vital insight.



“Telematics has a significant preventive effect. Feedback on the driving habits of our pilot test subjects alone made them adapt their manner of driving.”

Dr. Jürgen Cramer, Member of the Executive Board, Sparkassen DirektVersicherung

Telematics: A Business Case for Germany Too?



While pay-as-you-drive / pay-how-you-drive solutions are already in use elsewhere, there is still a great deal of skepticism about it in Germany. The biggest obstacles are doubts over profitability, insurance providers' reservations and the issue of data protection. Still, the advantages – safer traffic thanks to the feedback drivers are given, lower costs for the insured and additional services (car retrieval, eCall) – are obvious. To meet data protection requirements, Sparkassen DirektVersicherung has developed a solution that does not store the telematics data with the insurer. The customer has full access to the data, while the insurers receive only an aggregate score that acts as a basis for premium calculations.

“The market for auto insurance will contract significantly in the next 15 years.”

Dr. Bernd Höddinghaus, Member of the Executive Board, Öffentliche Versicherung Braunschweig

Challenges in the Use of Standard Software for a Mid-Sized Insurer

Twelve years ago, Öffentliche Versicherung Braunschweig formulated a sweeping IT strategy based on three key pillars: Multi-sourcing, portal technology and the use of standard software also in the core business. These efforts enabled the ÖVB to meet its goals – to reduce labor and costs, shorten time to market and increase productivity – and laid the foundation for the IT strategy of the future. This drew attention to several challenges: business process optimization, service integration, security, mobility and the electronic customer.



“The IT strategy of today relies on standard software; the IT strategy of tomorrow demands custom development.”



Mario Krause, Member of the Executive Board, Talanx Systeme AG

Application Convergence as a Basis for Increased Digital Transformation

As part of a post-merger situation, Talanx implemented a full-scale consolidation program of its IT and applications and thus laid the groundwork for an intensified digital transformation. Setting up an application architecture enabled the company to update its core application landscape step by step, to further consolidate technical platforms and to provide for enduring sustainability of its IT operations. This application convergence forms the basis for a further

digital transformation and is also pushing increased innovation activity focused on the key areas of black-box processing, self-service, telematics, mobility and multi-channel communication.

“We have created optimum conditions for upcoming innovations.”



Dr. Claudia Lang, Past Chairman, Association of International Life Offices (AILO)

How German Insurers Fare in a Global Comparison: Where are They a Model, and Where do They Need to Catch Up?

Head of the class or latecomer – where do German insurance providers stand in comparison to British companies? While companies from Germany and the United Kingdom differ widely in terms of financial resources, product development, customer management and sales methods because of their different cultures, neither system has a clear edge over the other. With one exception: British insurers began to prepare

for digital customers early on. The primary challenge of the future lies in serving the digital customer. As a consequence, this also increasingly splits the value chain in two, into the business of customer relationships and that of risk management – and in the case of the latter, the regulatory authorities are the “digital customers.”

“We are in the midst of a revolution.”

Allard Doesburg, Senior Project & Change Manager, Change & IT Group Life, Nationale-Nederlanden

New Transformation Approach for Life Product Portfolio

Changes in society, economical developments and regulatory requirements change the general framework in the life insurance industry. The Nationale-Nederlanden, market leader in life insurances in the Netherlands, used this as an opportunity for a comprehensive transformation. A consistent SAP-based integration landscape now forms the basis for straight through processing, increased efficiency, reduced costs and optimized customer orientation as well as the realignment of the product portfolio and a short time-to-market for new products. In this, the IT transformation went hand in hand with organizational changes and paved the way for a workflow-driven organization.



„Our comprehensive transformation is an important step towards an even more focused customer orientation.“

Thomas Soltau, CEO, CSS Versicherung AG

Outsourcing: The Management Company – A Model with a Future?

To make its market launch more efficient, CSS Versicherung outsourced its IT processes and services to various service providers by way of a management company. The advantages: more flexibility and efficiency and lower costs. However, there are risks to offset these advantages: Dependency on the service provider, little in-house expertise in core processes – and thus few opportunities for control. The solution lies in differentiation: Outsource by all means, but for critical processes, the company must have in-house expertise. Long-term contractual ties with service providers only make sense if they are based on realistic assumptions about business development and if they govern compensation in a flexible manner.

“The lack of in-house expertise in core processes presents the risk that the management company will be controlled by the service providers – rather than the other way around.”



Gunnar Grund, Head of Organizational Development Division, HanseMerkur

Digital Transformation in Health Care Benefit Processes

New technologies and changing patterns in consumer behavior are also forcing insurers to rethink their business models and processes. Long-term cost advantages result particularly when digital transformation goes beyond customer points of contact and extends to the operating processes behind them. For this reason, when HanseMerkur began transforming its health care benefit processes, it relied on an app that allows customers to submit their bills online. Taking process automation one step further, the insurer also developed a new health care benefit system that went live in May of 2014 and helps to raise the level of process automation even further.

“The billing app and the new health care benefit system have triggered a quantum leap in our automation rate.”



Tobias Schrödel, IT Security Expert

Digital Innovation – A Hacker’s Paradise!



“The greatest IT security risks lie with users themselves.”

Every new technology brings new security risks. The risks tend to lurk more in the use of mobile devices than in companies themselves. The greatest risk factor is users themselves – they often operate under naive assumptions, change their passwords too seldom or choose variations that are too simple. For example, it is easy to tap into conversations of users of Bluetooth headsets who leave their pre-set codes unchanged. This situation calls for awareness-raising. What is more, new devices should be checked first by the IT department, and security instructions should be followed carefully. Those who heed this advice are already on the right track. Companies in turn should engage in dialogue about security incidents in order to streamline their risk prevention systems, rather than simply sweeping breaches under the rug.

Patric Fedlmeier, Deputy Chairman of the Executive Board, Provinzial Rheinland

Progress Report on the Use of LifeFactory

For Provinzial Rheinland, expanding its market position, integrating its processes with strategic sales partners and lowering costs were all drivers behind its implementation of a new administrative platform based on msg life. The project started in 2007. Its basic functions for portfolio management went live in 2009; the quotation software was launched a year later. The first release upgrade occurred in 2010/2011. The system landscape had a high degree of integration and automation. The new system maps all business processes and has significantly improved the quality of portfolio management in its life business. It streamlines product development, reduces the time to market and helps to increase customer satisfaction.



“The biggest challenge in the extensive project was managing requirements when the stakeholders were integrated.”

Sean Lewis, Director of Financial Systems, New York Life Insurance

Transforming the Finance Function with Technology Solutions and Organizational Change

Facing new regulatory requirements and a growing need for improved efficiency, faster decisions and more innovative products, New York Life has embarked on a financial transformation initiative. At the core of this effort is the implementation of SAP HANA and SAP Insurance Analyzer as cloud services. Already today, New York Life benefits from consistently automated processes that increase the company's efficiency and performance; the company is working toward having an end-to-end integrated finance architecture and optimized reporting system in place by the end of 2017. Ultimately, integrating the financial functions within each business unit under the company's "One Finance" initiative will enhance the products and services New York Life offers to clients and customers.



„Our financial transformation initiative helped New York Life gain better insights into our corporate strategy and boosted the value Finance adds to the enterprise.“

Michael D. Barnett, President and CEO, mL³ global life

A North American Perspective on Global Life and Health Reinsurance

A comparison of the American and the international insurance market shows that in some fields, US reinsurers act significantly more innovative: this, for example, applies to the use of Big Data or to investing in new IT architectures and systems. The rest of the world cannot close itself off to this. In order to improve their innovative capacity and their competitive advantage – including risk selection and management, pricing and operative costs as well as product development – reinsurers have to focus on the increase of data quantity and quality, seamless data transfer and the optimization of their reporting.



„Improving technology is the easy part. The hard part is opening our imagination to new business scenarios.“

Prof. Dr. Johann Füller, Professor of Innovation and Entrepreneurship with the Department for Strategic Management at the University Innsbruck and CEO of HYVE – the innovation company

Digital Innovation – From The Human Crowd to the Crowd of things

Innovations come from other sources besides companies these days – and that has long been the case. One result of digitization is that innovations are being developed jointly in consumer or business communities like TopCoder. But how can companies effectively leverage the creative potential of the crowd? Web 2.0 idea management tools like IdeaNet® connect experts and users and support the entire process of collaborative development – from analyzing the need for innovation and generating ideas all the way to implementing prototypes. The key presupposition for successful innovations – in the insurance industry as well – is that innovations must offer a clear benefit.



“Digitization turns every company into a software and service company.”



John Connors, CIO, General Reinsurance

Gen Re’s Story: Transforming IT & Business Operations

Heterogeneous systems, no consistent processes and a multitude of applications and interfaces – faced with these stumbling blocks, Gen Re decided to undertake an all-embracing IT transformation. When it came to the harmonization and standardization of the IT landscape, the insurer relied on a precise target-setting in combination with a road-map, the “buy and rent” principle, a well-thought-out organization and governance model, a realistic cost-benefit calculation and, last but not least, a clear communication. After a two-year transformation process,

the company now profits from an efficient IT landscape with business-driven processes and was thus able to significantly increase its operative excellence.

„Models, methods, principles and governance – all of these are essential for a successful IT transformation. But even more important are the people.“

Regis Delayat, Group CIO, SCOR & Ruschlikon Chair

Join Ruschlikon for faster cash and higher efficiency!

Ruschlikon is a community of insurers, brokers and reinsurers that share the goal to raise accounting, claim and settlement administration to a new level. With 40 participating companies, the initiative has grown into a globally operating organization with regional representation on all continents. With the help of data integration, process automation and electronic messaging – replacing paper-based processes – Ruschlikon accelerates cash flow by up to 15 days, helps reduce costs by up to 60 percent, optimizes customer service and enhances efficiency as well as operational excellence.



„Ruschlikon ist a key component of the digital innovation in the reinsurance industry.“

Valeria de Souza Chaves, Project Manager Re-Ação, IRB Brasil Re

Reinsurance in Emerging Markets & FS-RI Implementation



„The value added chains for reinsurance and back office now run on the same platform.“

IRB Brasil Re is the largest Latin American reinsurer. The focus of the company's business activities are the Latin American and African markets. IRB's goal is to be among the world's biggest reinsurance companies in the next couple of years. In order to expand its global presence, optimize services and processes and standardize IT systems on a company-wide basis, the group – as the first insurer in Brazil ever – implemented the internationally leading system SAP Reinsurance Management (SAP FS-RI). Within a year, the project was completed with a big bang when it went live in January 2014. In addition, the systems SAP FS-CD for accounts payable and receivable as well as SAP Business Partner were integrated.

The Courage to Innovate

Innovations are the trendsetters of the insurance industry – but how innovative is the industry? The keynote speech “Ready for Innovation?” by Dr. Rainer Janssen, CIO of Munich Re and winner of the inscom insurance innovation award launched by msg at inscom 2012, provided some answers to that question. Organizers called on direct insurance and reinsurance providers and institutions of higher education to submit innovative designs for business models, projects, services or products. “With the inscom insurance innovation award, we promote innovation and model innovative skills in the insurance industry,” said Frank Plechinger, CEO of msg systems ag.

Dr. Rainer Janßen, CIO, Munich Re

Ready for Innovation?

The insurance industry is facing huge changes. While many of the megatrends that purport to be cutting-edge are not really that new – for example, cloud computing, which was proselytized years ago, albeit under the guise of network computing – the onward march of digitization will change the business models of companies in fundamental ways.

It is high time for innovation, then. At the moment, said Dr. Janssen, the insurance industry is acting “like someone who falls from the window of a building on the 60th floor and thinks to himself on the 30th floor that things haven’t gone too badly so far.”



“It is particularly successful companies that have a hard time with innovation, because that always means destroying something they have established, too.”

This phenomenon is not restricted to the insurance industry, he added. It has affected many companies that are actually successful.

For example, Xerox: When the patent for photocopiers expired, the company established a research center that invented pretty much everything that played a role in the success of computers in the ensuing years: graphical user interfaces, the idea of a laptop, Ethernet and PostScript. But the only thing that Xerox made market-ready was a laser printer. This means that inventions are not the same thing as innovations. Rather, what sets innovations apart is their readiness for practical use.

According to Dr. Janssen, Xerox is neither an isolated case nor a randomly occurring one. Those who want to be innovative, he added, must challenge established models and processes. But it is precisely successful companies that find it difficult to try out new things, to experiment and to take risks. That applies especially to German insurers, which show a strong tendency to cling to what they know.

Successful innovation is also a question of the right timing. Because CIOs hold their positions for an average of four years, they often lean too heavily toward short-term accomplishments and are too little inclined to introduce fundamental changes that put pressure on profits in the short run. In spite of this, they are given the latitude to approach important projects, not just complete the urgent ones. “After all, regardless of whether we’re on the 40th or the 30th floor, the floor will come soon enough,” said Dr. Rainer Janssen. Digitization can no longer be stopped – and the insurance industry cannot avoid this trend.



Frank Plechinger (left, msg systems ag) and **Dr. Rainer Janßen** (right, Munich Re) with the winners (right to left) **Mario Oettler** (University of Mittweida), **Dr. Jörg Dahmen** (Generali Deutschland), **Dr. Andreas Eckstein** (Hannover Re) and **Régis Delayat** (Ruschlikon Initiative).



inscom insurance innovation award – the Judges' Panel

The judges' panel for the inscom insurance innovation award comprises top experts from the insurance industry.

- **Dr. Christian Hofer**, longtime member of the Executive Board of HUK-COBURG and former head of the committee on business administration and information technology for the German Insurance Association (GDV)
- **Dr. Rainer Janßen**, CIO of Munich Re
- **Katja Schuld**, managing editor of the trade journal "Versicherungswirtschaft"
- **Herbert Sebald**, editor-in-chief of the trade journal "vb versicherungsbetriebe"
- **Prof. Dr. Fred Wagner**, professor of insurance studies and head of the Institut für Versicherungslehre (Institute of Insurance Studies) at the University of Leipzig

Top Innovations from the Industry for the Industry

How innovative is the insurance industry? The winners of the inscom insurance innovation award initiated by msg illustrate this in exemplary fashion. With innovative strategies, product designs, services and forward-looking business models they demonstrated how insurers can meet the challenges of digitization successfully and provide fresh momentum for the industry as a whole.



Best strategic innovation: Portal solution for claims settlement
Winner: Generali Deutschland
represented by: **Dr. Jörg Dahmen**, Head of Process Optimization

To optimize claims settlement, Generali Deutschland relies on a systematic SOA-based portal technology that interconnects various stakeholders in the claims management process and allows for easy integration, for example of other services and platforms. The claims portal benefits the insurer by improving and speeding claims processes from end to end. The streamlined process support makes claims processing more efficient and cuts costs significantly; it also plays a major part in increasing customer satisfaction and sales.

“This future-proof solution affords improvements in the ‘magic triangle’ between cutting the cost of claims, maximizing process efficiency and increasing customer satisfaction,” the panel said, justifying its choice for the award.

Best Service Innovation: Cooperative Model of the Ruschlikon Initiative
Winner: Ruschlikon Initiative
represented by: **Régis Delayat**, Chair of the Ruschlikon Initiative

Ruschlikon, a global initiative of the reinsurance and industrial insurance sector, has developed a cooperative model based on the latest digitization technologies that uses automated cross-company best-practice business processes to better tap the potential for efficiency in the back office. The model enables cost reductions of up to 60 percent and speeds up processes such as premium or benefit payments by up to 35 percent.

The judges’ panel lauded the model of the Ruschlikon Initiative as “breaking ground for further cooperative initiatives within the insurance business toward the end of leveraging potential for efficiency and added value.”



Best Design Innovation: Product Liability as Performance Insurance
Winner: Hannover Re
represented by: **Dr. Andreas Eckstein**, Manager of Business Opportunities

With its “Energie Einspar Protect” (energy savings protection) policy EEP, Hannover Re offers providers of energy-saving measures a product liability insurance as a performance insurance. The efficiency of the energy-saving measures is audited as part of a certification procedure. If the certified solution does not deliver the promised energy savings, the customer receives a settlement payment from the insurer. The policy enables providers of energy-saving solutions to quickly gain the trust of new customers. Insurers can build their image by contributing to climate protection.

The panel decided that this performance insurance deserved the award for more than one reason: First, because the efficiency insurance is a true innovation for the market – and a customer-oriented idea that sets an example for others; and second, because the environment is the true winner.



Most innovative business model: A3S Fingerprint Service
Winner: Mittweida University of Applied Sciences
represented by: **Mario Oettler**, Staff Researcher

The University of Mittweida developed a fingerprint service that identifies Web-enabled end user devices. Unique browser characteristics are identified with a JavaScript code rather than with cookies. It allows website operators to identify fraud attempts ahead of time and prevent them. This lowers the liability risk for insurers, which can also use the service to create individualized offers.

“Fraud detection and individualized marketing are extremely relevant problems and issues in insurance. The idea of a fingerprinting service offers an additional solution in this area,” read the panel’s opinion.



Smart Solutions for Digital Transformation

What solutions does the insurance industry need to forge ahead successfully with the process of digitization? Experts from msg and its partners IBM, Pegasystems and SAP presented innovative approaches for designing architectures, processes and products, mobile solutions, application scenarios, and best practices at the Digital Innovation Forum.

Cross-channel customer experience – an omni-channel client journey with Pega

Pegasystems offers a technology platform that supports the management of end-to-end processes, helping to improve customer satisfaction at every point of contact. Tom Pauly and Walter Rieger demonstrated how it works with a typical customer journey.

Tom Pauly, Principal Solutions Consultant, Pegasystems AG
Walter Rieger, Principal Solutions Consultant, Pegasystems AG

msg.RIaaS – The standardized cloud-based reinsurance solution

msg now offers SAP Reinsurance Management as a cost-efficient cloud solution configured on the basis of standard processes. Reinsurance as a Service (msg. RIaaS) supports all value-added core processes in inwards and outwards reinsurance and lends itself to fast and simple use.

Peter Schubert, Senior Business Consultant, SAP Insurance, msg systems ag

“Paper is so yesterday” – The industrial insurance of tomorrow

The integrated FS-PM Industrial and Specialty Lines solution allows insurers to input information quickly and conveniently wherever it is generated and process it in a completely automated workflow – from the point the quote is compiled to contract management and customer alerts, all the way to billing and reinsurance.

Barbara Moog-Emmrich, Product Manager, msg systems ag
Dr. Gerold Hillenbrand, Head of Product Management Division, msg systems ag

More than just rules. New ways for fraud detection!

More efficient fraud detection: SAP Fraud Management combines rules and predictive algorithms in a hybrid approach. This combination uncovers hidden fraud patterns and allows existing detection methods based solely on rules to be improved, improving clearance rates.

Jörg Fütterer, Insurance Industry Expert, SAP Deutschland SE & Co. KG
Gerhard Handrek, Managing Director, msg global solutions ag

“... better, faster, stronger” ... a new product approach

Product modeling tools and servers promise a cost-efficient way to create products and a fast time to market. But without professionally based designs, the systems cannot keep this promise. The presenter demonstrated approaches that truly optimize the product development process.

Michael Linsmaier, Product Manager, msg systems ag

Digital end-to-end processes with Life Factory JEE

The Web-based Sales & Service broker portal from msg life allows sales channels to be streamlined significantly from the point of sale to the customer portal. The speakers demonstrated just how quickly and simply this works by generating a quote and correcting an application manually.

Milenko Radic, Global Sales & Marketing Division Head, and
Klaus-Peter Knieß, Principal Consultant, both with msg life ag



Digital Insurer

Companies from outside the insurance industry, led by Internet giants like Amazon and Google, are competing increasingly with traditional insurers, making digital transformation a question of survival. Miljan Stamenkovic demonstrated how insurers can successfully meet the challenge of multi-channel customer contact.

Miljan Stamenkovic, Associate Director, msg global solutions ag

Vertriebs-Controlling: Gut vorbereitet in 60 Sekunden!

Bei der Bewältigung aktueller und zukünftiger Herausforderungen im Vertrieb unterstützt msg Versicherer mit umfassenden Leistungen. Unter anderem hat der Branchenspezialist eine innovative App mit einem Showcase für das Vertriebscontrolling entwickelt.

Oliver Thiel, Sales Management Department Head, msg systems ag

Automated Medical Billing Audit

Using a service billing process with the innovas Health Insurance standard software and its associated audit components, Dominik Berger demonstrated the potential of an automated BPM system. He focused on industry-specific process control and definition and on medical billing audits.

Dominik Berger, Lead Business Analyst, innovas GmbH

IBM Photo App – Mobile ways to digitize the insurance industry

In spite of digitization, paper volumes are growing in insurance companies. Processing these documents incurs significant cost. The IBM Photo App offers help. It enables policyholders to submit documents conveniently via smartphone, helping to lower process costs.

Marc Rohde, Managing Insurance Industry Consultant, Global Business Services Germany, IBM Deutschland GmbH

Mobile (Re)Insurance Reporting on SAP HANA

Real-time reports by smartphone – SAP HANA makes it possible: The end-to-end reporting solution for reinsurers uses InMemory technology and SAP Data Integration to compile data from various sources – such as non-cumulative key figures, loss triangulation and accounting data – in reports.

Dr. Christian Levin, Business Intelligence Department Head, msg systems ag

Intuitive insight in geo-data

Shifting frontiers with SAP HANA

SAP HANA makes working with geodata easier. The InMemory technology offers a detailed overview of loss events and their effects. It also covers insured properties and loss probability and supports simulation of various scenarios to define events.

Heiko Maurer, Insurance Industry Expert, SAP Deutschland SE & Co. KG

Our partners in the Digital Innovation Forum:





Digital Insurance – e-Commerce Scenario

msg uses forward-looking insurance services to support end-to-end processes – a key prerequisite for interconnecting insurance companies worldwide and creating innovative business models. msg demonstrated what that looks like on the basis of an e-commerce scenario.

The common theme that ran through the digital insurance company scenario, comprising four phases, was the “XTREME Insurance” product – an accident insurance policy that covers the risks of leisure activities such as diving, mountain climbing and skiing.

This product was integrated into various business workflows that processed the offer accepted by the customer in a fully automated routine in each case. The complete workflow was driven by product information and process rules.

Phase 1: Product Utilization

Here the demonstration showed how the “XTREME Insurance” product was defined, built and configured as part of its reference content. The product content in the Designer component of msg’s msg.PMQ product manager was presented and installed locally in a mobile app – just one example of how it can be used in customer acquisition without accessing a mobile network.

Phase 2: Sales Channels

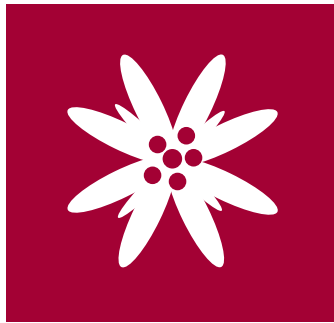
To illustrate how “XTREME Insurance” can be used quickly and easily in a variety of sales scenarios, a quote for accident insurance was integrated into a Web shop for adventure travel and also into the “myInsurance” iOS app, which allows insurers to send their customers quotes. Product contents, audits, rules, rates, etc. were compiled in real time through Insurance Services.

Phase 3: Process Automation

This phase provided a visualization of the automated processes for creating a policy in a Websphere Process Server – all the way from verification and pricing to mailing the insurance policy documents and calculating premiums, including all analyses involved in complete process monitoring. The back-office application for individual processing of insurance policies was also presented.

Phase 4: Active Architecture Management

This phase involved a demonstration of how important it was to have a reference model for developing service-oriented architecture and how broad a spectrum the Process-to-Application (P2A) reference architecture developed by msg afforded. This well-thought-out procedure allows highly flexible application landscapes to be built – a key element for success in the digital world.



How innovative are you?



Save the date:
inscom 2016
insurance conference munich
September 19-20, 2016



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