

Insurance Operating Models

Designing Models in a Disruptive Age

In today's world, change is constant and many insurance organizations now recognize that evolving their operating models to leverage digital technologies and meet changing customer expectations is a top priority to remain competitive. The accelerating pace of change is driving a need for organizational agility and innovative ways of working. If an operating model is the vehicle that translates business strategy into action, then potential for a persistent gap between the setting of strategy and execution is increasing. The reality is that many insurance organizations lack the ability to apply an enterprise-wide, holistic approach to develop and implement a new operating model that is aligned to strategy and fit for purpose.

Taking a holistic approach to operating model design is becoming increasingly important

Many insurance organizations have evolved using multiple iterations of change programs applying either a one-dimensional approach or series of uncoordinated transformation initiatives to deliver incremental performance improvements.

These changes can also result in complex organizational structures or vertical silos adversely impacting accountabilities, communication and performance.

The impact of market conditions, new regulations, changing customer behaviors and an accelerating rate of digital innovation are all contributing to the need for a more agile, strategic-minded operating model.

To move beyond traditional models requires bolder thinking and taking a holistic view across the end-to-end insurance value chain (shown below).

A useful first step is to translate business strategy into a set of operating model design principles to inform and drive an understanding of what will be required to execute the organization's strategy.

A formal design approach will ensure a thorough understanding of the interaction of core capabilities across the insurance value chain to create an organizational blueprint that breaks down silos, thereby creating a more lean, agile structure.



Today, an effective insurance operating model is a synthesis of both digital technologies and operational capabilities which are integrated and designed to meet the specific needs of customers and aligned to the strategic requirements of the business. Effectively integrating digital and operational capabilities

requires an organization to undergo a fundamental mind shift, challenge old habits and adopt new working practices. The journey is a series of carefully choreographed steps unique to each organization. Below we have highlighted six of the core capabilities to meet the challenge.

TOMORROW'S OPERATING MODEL



1. Organizational Design

Bringing together the right combination of skills: The need for agility and responsiveness is challenging conventional thinking, breaking down traditional siloed structures. Agile organizations are investing in smaller, cross-functional teams empowered to work autonomously across specific end-to-end customer journeys.



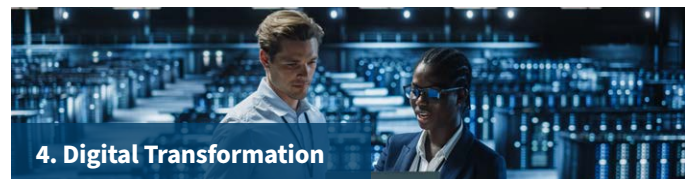
2. Advanced Analytics

Using data to look at things differently: The rapid increase in the volume of data available and the inherent complexity of interpreting the data is creating fresh opportunities to generate value. Effectiveness is ultimately about the quality of decisions being made and not just technology.



3. Process Automation

Taking the "Robot out of the Human": Intelligent process automation allows the "people" to focus on value-added activities. Combining a fundamental redesign of processes with emerging technologies can generate significant organizational efficiencies, improve customer journeys and deliver environmental benefits.



4. Digital Transformation

Creating a radically new customer experience: An effective transformation is rarely about "digitizing" existing processes. It often requires taking a step back to rethink and reimagine what an optimal customer experience could look like.



5. People & Culture

Creating the moments that matter to drive change: Organizations don't change; people do. Effective change is less about technical solutions and more about driving the people narrative to adopt new behaviors.



6. Process Reengineering

Looking beyond incremental gains: The redesign should focus on end-to-end processes that span multiple silos and target what the customer values. Simply improving existing service processes often overlooks opportunities to significantly streamline and improve customer journeys.

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