

GCC Insurance

EMBRACING THE DIGITAL REALITY

Edwin Hage
Digital Transformation Director,
Chedid Capital



Inside Telecom sits down with Edwin Hage, Chedid Capital Holding's Director of Digital Transformation, to discuss the vision, challenges, and successes behind the digital transformation of one of the Middle East and North Africa (MENA) insurance giants.

Across the GCC, the future of insurance will unavoidably be digital. The industry might have been slow to hop on the digital train, protected by regulation, the size of companies' and in-force portfolios. But the pressure is mounting; disruption is here.

Irreversible changes in customer behavior are sweeping across an increasingly connected region and further accelerated by digital innovation and lifestyle changes brought about by COVID-19. Innovation took hold as remote working happened quickly, proving that companies can move and adapt faster. Dis-

tribution channels, products, underwriting technology, competitors, and even business models will shift as technology tackles market inefficiencies and evolving customer expectations. The appetite for large-scale, impactful innovation increased, and historical barriers were rapidly removed or lessened.

One of the world's fastest-growing insurance markets, the GCC has grown nearly 7 percent yearly in gross written premiums over recent years—several times higher than the global average. But that growth has slowed in recent years, ramping up the

pressure on insurance players to out-innovate the competition.

The response from smart insurers is to buy into 'digital first, digital now' business models better to serve the needs of today's tech-savvy customers. Yet, in too many markets, a significant gap remains between customer expectations and the insurer's ability to digitally and securely meet demand.

In reality, the rise of digital products will not slow down and represents an opportunity for digital insurance pioneers to think wise and act fast.

Changing Customer Expectations

Across the GCC region, more and more customers now embrace digital channels, and technologies such as connected cars, smart home solutions, and artificial intelligence (AI) usher in an era of new products built on data and analytics. New players exploit digital applications such as AI-powered chatbots to turn the process of buying a policy or filing a claim into a fast, simple, personalized, and conversational experience. This approach is long from the pre-digital days and remains a significant challenge for traditional business models.

Across the region, financial authorities have reacted to the need for change by introducing various regulations to advance markets. In the US\$11bn Kingdom of Saudi Arabia market dominated by healthcare cover, several laws have been introduced around electronic transactions and mandatory leased motor policies. In the UAE, where insurance market growth reached 7 percent in 2021, new anti-money laundering and the reinforcement of KYC (know-your-customer) regulations are now in force.

Survive and Thrive

Insurance players, including Chedid Capital, are innovating and leveraging technology to improve customer experience, increase sales, and enhance efficiency. In today's digital insurance world, products and customer service are built entirely upon user-friendly consumer interfaces for instant digital product delivery and convenient policy management.

As insurers, we are learning to exploit extensive product knowledge and deep customer

insights to secure a successful, sustainable future. We ask the question: do we adapt traditional products or create new ones to meet the evolving insurance needs of industries, for instance, the 'gig economy' or the impending introduction of autonomous vehicles?

How can our industry embrace the business-to-business-to-consumer (B2B2C) e-commerce model - embedding insurance with other relevant digital journeys to contextualize and simplify product purchases? While leveraging rich consumer data from non-insurance partners - telcos, banks, e-commerce websites - to deliver the right product to the right audience.

Insurance companies need to expand beyond omnichannel solutions to better understand and communicate with consumers to survive and thrive. We're talking about the creation of a total digital ecosystem in which external partnerships become the norm. Access to the latest technologies and new talent will be critical as insurers focus on operational excellence, AI, and automation.

Powering Customer-centric Digital Products Customer-first thinking requires significant and rapid upgrades, particularly in many aspects of personal insurance. Brokers/agents need to be integrated at each step through digital interactions and interfaces.

Machine learning and AI will improve fraud detection and prevention and enable faster claims processing and more accurate underwriting models. Blockchain technology has the potential to bring about significant efficiency gains, cost savings, transparency, faster pay-outs, and fraud mitigation - while allowing for data to be shared in real-time between various parties in a trusted and traceable manner. When it comes to improving customer experience, data is vital. Internet of Things (IoT) devices have opened up

new mediums for insurers to gather data that can give them valuable insights into customer needs and risks related to both customer behavior and external factors. Moreover, AI-powered analytics boost insurers' ability to make sense of this data and reflect the resulting insights into actuarial science that benefit both risk carriers and beneficiaries. Insurers have historically lagged other sectors in their digitization efforts - the pandemic has brought fundamental changes to that way of thinking. Investing in capabilities to lead the digitalization revolution will pay long-term dividends for consumers, partners, and the insurance industry.

Insurance for the Digital Age

All insurers need to ask themselves - can our legacy business model survive? How do we adapt traditional products and maintain solid internal systems? Can our customer relationship management (CRM), business intelligence tools, and data analytics sufficiently understand our customers? How resilient and agile are our digital marketing capabilities - do they reach the right consumers with the right products on the proper channels?

In simple terms, resistance to what lies ahead is futile. What's needed is a means of clearly discerning the sources of opportunity and how today's disruption in digital technology is critical to building a leadership position in tomorrow's insurance market. Are you ready to challenge the status quo?

