



POINT OF VIEW

The future for captives: A strategic global business service model

Evolving to centers of excellence unlocks transformation for insurers

A challenging time for captives

It's getting harder and harder to remain a captive. Income is down, CAT losses are up, and customers are demanding new forms of interaction which necessitate investments in digital technologies. Captives are struggling to find ways to do more with less.

Captives face wider global challenges as well:

- It's getting harder to maintain uniform procedures in an international environment where accounting standards are developing in different ways
- New regulations, such as the General Data Protection Regulation in Europe, demand increasingly detailed reporting - a necessary but time-consuming activity that can detract from core business activities
- US states, which have jurisdiction over the industry, must comply with new rules by the early 2020s following a recent agreement between Europe and the US to level the insurance playing field
- Captives know new digital technologies can help address these challenges, but struggle to know which will address their specific issues, and how to scale them up

But digital investments raise new issues. How can captives provide new services while maintaining the low-cost value proposition that distinguishes them? They recognize that digital tools and data science are revolutionizing business globally, but they fear that day-to-day-operations could suffer while they introduce innovations. And with historically low interest rates impacting their revenue, they're concerned about the cost of bringing in new technologies and automation.

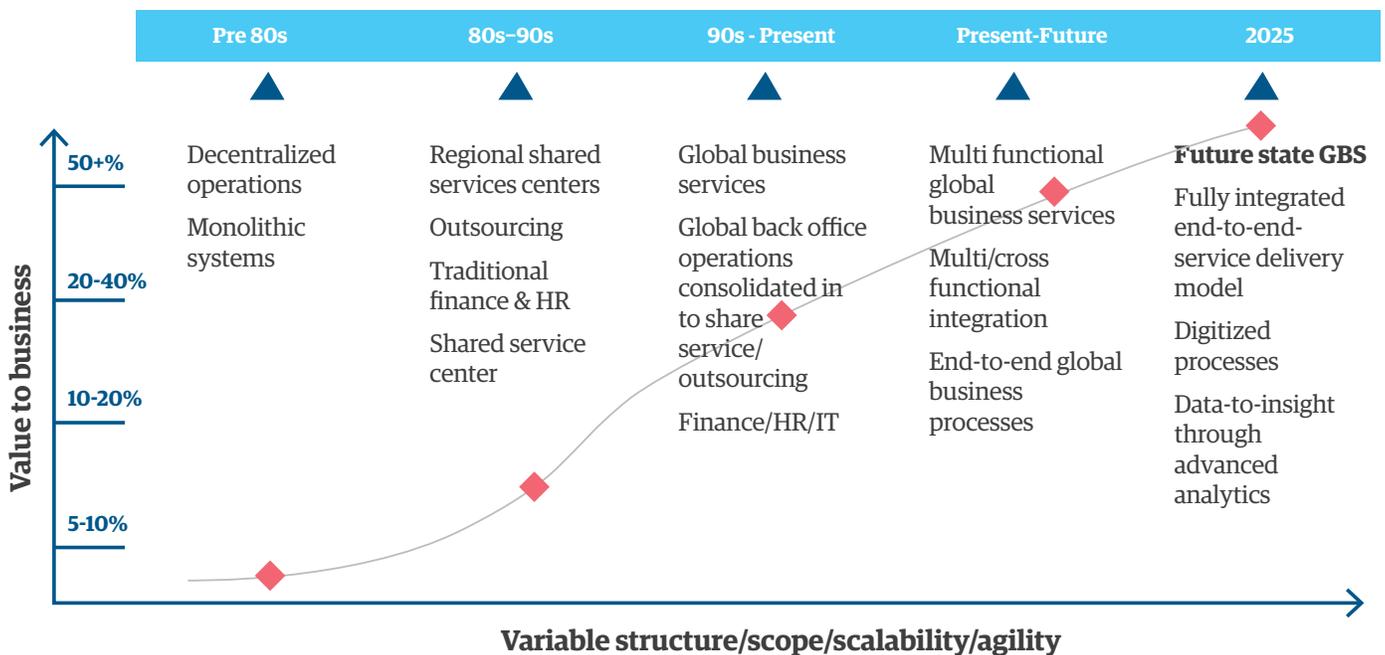
Their dilemma: How to reap the potential that transformation offers in the face of these challenges?

The next chapter for global business services

For captives operating as a global business services (GBS) organization, focus has moved far beyond cost-cutting and the bundling together of process-based activities. Today's GBS can turn the data-rich middle office - the traditional home of functions such as risk, research, and compliance - into a strategic, value-creating hub that drives convergence (Figure 1).

The new middle-office GBS can also be the interface between the customer-facing front office and the admin-focused back office to create a smooth and integrated customer experience, or even merge some of the front, middle, and back office together to form new service models.

With the right approach, this new GBS can develop into a full-fledged center of excellence (CoE) - one that fosters collaboration, encourages teams to find ways to grow the business, and provides a test bed for new innovations and digital solutions. In short, a good GBS, designed to reinforce the business goals of the enterprise, can lead the transformation charge.



Source: PwC 'Global Business Services', 2019

Figure 1: The evolution of global business services

From GBS to center of excellence

As a GBS transitions into a CoE, it can serve as a springboard for new initiatives across company, such as:

- **Customer-led service design** that aligns with insurers' capacities today, but can flex to future needs
- **An agile operating model** that anticipates and quickly adapts to change
- **Adaptable talent deployment and development capabilities** including dynamic workforce planning and competency models for digital transformation, ensuring continuous improvement
- **Comprehensive change initiatives** led by transformation management, change management, and portfolio management officers
- **Digital technologies that boost performance**, including analytics, robotic process automation (RPA), artificial intelligence (AI), machine learning, conversational AI chatbots, cloud, and mobile
- **Analytics-based decision making** with a relentless focus on value and strategy
- **A best-cost-at-best-value approach**, to make projects self-funded, ensuring future deployments

The exponential value of a reimagined GBS

The value a GBS can deliver has accelerated thanks to intelligent automation, AI, and advanced analytics. These new technologies mean operating models can be rewritten as a GBS takes on higher-value tasks. For example:

- A purchasing GBS can now source, evaluate, and negotiate with suppliers for goods and services
- Legal teams can take advantage of a wider range of services - counseling, predictive claims models, subrogation prediction, improved billings and collections, litigation, and intellectual property protection

- In analytics, it can supply master data management, business intelligence, social media support, and predictive intelligence

Genpact can help you establish this next generation of GBS. We can turn it into a true strategic asset and make innovation an ongoing reality. Here's how.

Start with a strategic assessment

We start with a strategic assessment to identify high-impact targets for transformation in key areas. We use proven process-mining tools, customer journey analysis, and documentation reviews, and perform in-depth interviews with employees to understand the current state of processes and the user experience.

Service design workshops

Next, we introduce design thinking via service design workshops to create CoEs, scaled to their maturity. We have broad coverage of the P&C insurance value chain, and a comprehensive delivery model with onshore, nearshore, and offshore locations. Our deep domain expertise in the industry and our well-tested methodologies deliver process excellence.

The digital engine

Our digital platforms, which come with embedded analytics, are built on industry expertise. This includes our virtual adjusting and inspection platform, which combines claims inspection, estimation, and fulfillment in a single digital solution, and can cover property, contents, and auto claims.

On top of this, through AI and natural language processing, we can introduce digital reporting that delivers highly sophisticated and predictive analytics. We can also work with you to tackle compliance challenges with a controls and compliance policy refresh, seamless due diligence makeovers, and digital audits. And with master

data governance that is globally defined and centrally controlled, you get data-driven analytics as needed.

As for the all-important customer experience, we apply customer journey mapping, AI, and analytics to redesign the customer experience, making it personalized, seamless, and contextualized for every channel.

A complete GBS refresh

By turning a GBS into a center for innovation, we create streamlined, repeatable, and error-free processes underpinned by insights. Insurers can see dramatic improvements across the board, including increased visibility and control. And with happier customer experiences, we foster long-term profitability that promotes scalable global growth. Insurers can expect to see:

- State-of-the-art customer journeys underpinned by design thinking
- An agile methodology that supports a self-funded model
- Increases in scalability for growth of 30% or more
- Increased operational metrics driving business predictability
- A 15-20% cost reduction after remodeling operations

The Genpact difference

As more than 200+ insurers and insurance disruptors across the globe know, Genpact helps make transformation a reality. They trust our claims, underwriting, and finance experts to improve experiences from the customer through to the back office, and from the first process all the way through to the last.

What's behind our successful record? Deep insurance domain, digital, and process improvement expertise that allows us to orchestrate transformation seamlessly. We fuse fragmented and siloed platforms to create flexible, scalable processes. We embed workflow automation and advanced analytics that make our clients' businesses faster and smarter. And at the heart of it all is Genpact Cora, our AI-based digital business platform that brings our strategy to life with modules that solve specific claims and underwriting challenges.

With more than 20 years' experience running insurance operations, we understand our clients' priorities. We know the focus is on customer acquisition, healthy combined ratios, risk management, and pricing. So, we focus on these factors, and the drivers behind them, to improve and sustain core metrics.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details - all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you - accelerating digital transformation to create bold, lasting results - because [transformation happens here](#).

For additional information visit <https://www.genpact.com/insurance>

Get to know us at [Genpact.com](#) and on [LinkedIn](#), [Twitter](#), [YouTube](#), and [Facebook](#).

