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Love it or hate it, we insurance practitioners cannot avoid digitalization

By Anup Nastik in Financial Services, 15.08.2018

Our customers want it. We need it. It has become a fact of today's life. Digitalization helps us manage our business better. It helps us to be more efficient and effective. And most importantly, it helps us serve our customers in a friendlier way.

What's your digital strategy?

According to my own data research, the Swiss insurance industry invests more than CHF 1,000,000,000 (!) each year in digitalization. The reality is that we have begun to maximize the digital aspects of our businesses. Insurance is following the lead of other industries such as retail or travel, which have been successfully applying digital models for some time now.

Customers expect seamless and real-time transactions, and we are getting the tools and skills to meet their demands. Home appliances enabled by the Internet-of-Things. Mobile technology that makes travel insurance easier. Better ways to track good drivers and provide better auto insurance. We have all thought about simpler and more responsive insurance solutions. Digitalization delivers them.

The rest of your value chain is digitalizing. Why aren't you?

Digitalization is starting to impact every stage of the traditional insurance value chain. At the front-end, the customer trend is shifting from multi-channel (where customers use various sales channels successively) to a hybrid omni-channel approach (where they use multiple channels simultaneously), switching seamlessly between physical and digital options.

At the back-end, more and more real-time data is becoming available, meaning that digital analytics is changing the game in underwriting. It allows a move from historic risk modelling to real-time risk assessments. To give just one example among many, telematics plus analytics allows new types of pay-as-you-drive auto insurance.



Anup Nastik

Director, Head Insurance Advisory

+41 58 249 54 62
anastik@kpmg.com
[KPMG Profile](#)

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Still not convinced? Perhaps your stakeholders will persuade you.

There are plenty of examples that show how digitalization is an integral part of how business is done. Customers are beginning to expect the speed and convenience it offers. Shareholders will require it when your competitive position and profitability start to suffer. And employees in particular are learning to have the ambition to be digital by default. Because they all want to be part of a winning team.

An insurance company that fails to make use of the digital opportunity will certainly lose out to its competition. And in this digital age, there are plenty of new market entrants and insurtechs who are positioning to attack the incumbents.

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