

VIEWPOINT

Covid-19 is driving insurtech adoption in Latin America

The pandemic has shown local insurers that the role of insurtechs is not to take away business but to help them stay close to clients by facilitating access to new distribution channels



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The Covid-19 pandemic has transformed the global scene in an unexpected and radical manner. Some would say this is the event that will actually mark the beginning of the 21st century, since the most significant changes in human behaviour will begin now.

In terms of technology, the impact of the Covid-19 pandemic has tested the digital transformation results that a large number of companies achieved in past years. Likewise, it has exposed many sectors that until now had thought digital transformation would never reach them.

At the beginning of the mandatory lockdown imposed in various Latin American countries and during the first few months, the insurance market had to focus on maintaining business continuity. The first thing they had to focus on was keeping the business running, ensuring the continuity of their main and essential processes, such as policy administration, invoicing, collection, and, above all, equipping their workforce to operate remotely.

After that first period, we have seen the industry begin to focus again on adding new technology to improve customer service in their digital channels. It is clear the pandemic drove the investment agenda and last year there was a forced transition in relation to where the money was being used.

In March, companies were forced to reorganise their operations for business continuity. Companies had to invest in technology and equipment so their employees were able to work from homes. Later, when we all realised the pandemic was here to stay for a long time, the industry began to redirect its investments towards the development of new digital channels, to replace traditional sales by an online model.

Changing perceptions

This was accompanied by a change in the way the industry looked at insurtech companies. At first, the insurance industry in Latin America believed the insurtech firms had arrived to compete with insurance companies.

Later they realised that the

role of most insurtech companies is to complement insurers and to facilitate access to those areas of the market insurers were unable to reach.

This pushed the industry to adapt their systems for a higher capacity to integrate with external technologies. This is what I define as an API-driven insurer.

If I had to think about how the industry has digitally evolved during 2020, I would mention three significant milestones.

The first technology milestone was the consolidation of cloud technology. After this pandemic, no one can question the advantages of this technology.

Second, the adoption of collaboration tools, because without them employees would not have been able to provide continuity for the business.

Finally, there has been the development of digital channels, which has allowed the industry to keep close to clients. In our opinion, this final point still needs much improvement in relation to the insureds, since we have noticed most investments in this regard have been in the sales process area and not so much in digital post-sales channels. This is likely to mark the investment agenda for this new year.

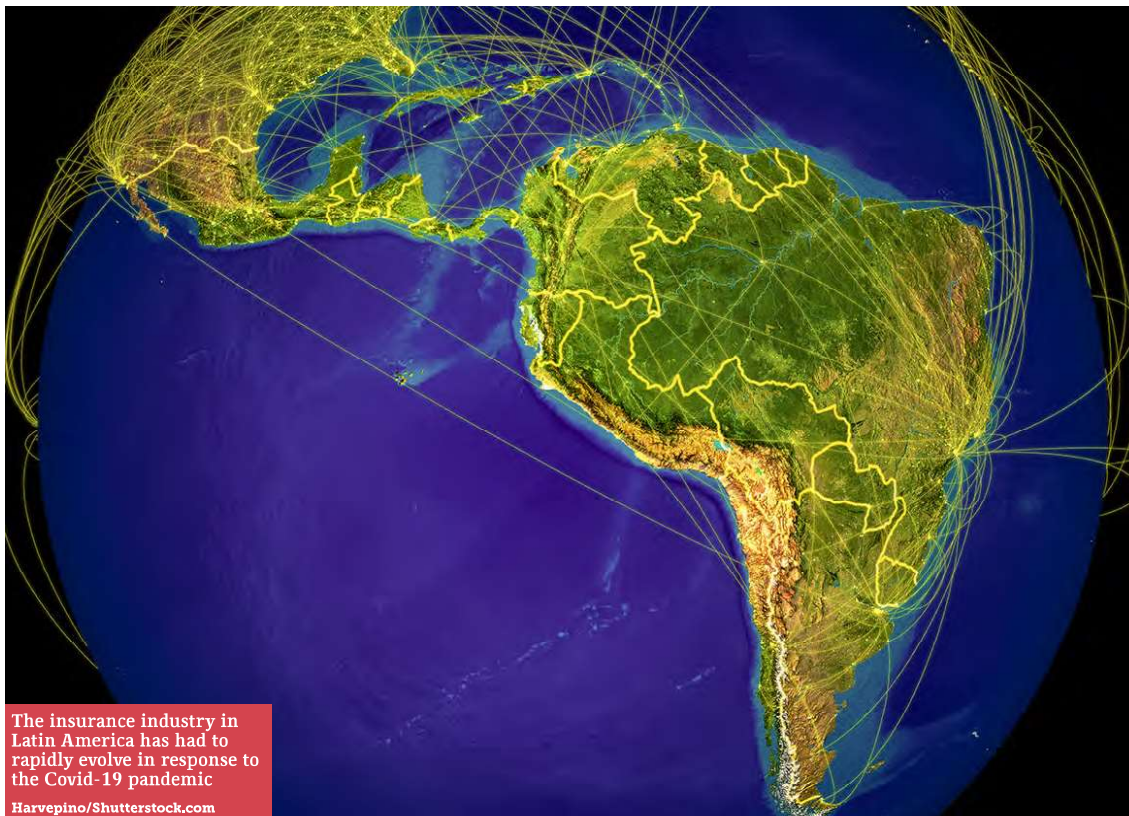
Today, we no longer discuss cultural and digital transformation. Today, we analyse the ability of an organisation to envision and invest in digital solutions within that organisation.

The debate about whether a certain innovation is required or not has disappeared. Today, we are discussing how fast that transformation process can be implemented and the most efficient way to do it, while thinking of a combination of both human and digital aspects.

The pandemic made us face a reality that we could not have imagined otherwise and forced us to make decisions that, even though we knew they were right, we had postponed many times because we did not feel fully prepared. This is what happened with digital transformation. And when I say digital transformation, I not only mean technology but also a cultural transformation.

Without any doubt, the phrase "when this is over nothing will be the same" has taken on another meaning. Going back to normal will not be done overnight, but will be a flexible process that will take quite a lot of time. And with this I do not mean all traditional systems should be changed to digital ones, but that policyholders will search for a human experience leveraged by technology, where they can get the best of both worlds. ■

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The insurance industry in Latin America has had to rapidly evolve in response to the Covid-19 pandemic

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