



MAXIMIZING PERFORMANCE, DRIVING EXCELLENCE – THE SAT FRAMEWORK FOR TRACKING INSURANCE KPIS

Abstract

Amidst a hypertechnology digital revolution, the insurance industry is contending with challenges that require a balance between speed, accuracy, and trust (SAT). Infosys views the SAT framework as being indispensable in navigating this digital era. This paper builds up on the foundational understanding of SAT approach, explores its key performance indicators (KPIs), and presents strategies for action. Presenting cutting-edge technologies, key definitions, and case studies, it discusses the framework with an eye on the future, to go beyond metrics. By outlining these critical elements, this paper equips insurers with actionable insights to thrive among evolving industry demands. With this approach they can foster greater customer satisfaction and market competitiveness.

INTRODUCTION

The pandemic-induced digital disruption, coupled with the ongoing artificial intelligence (AI) and generative AI (GenAI) revolution, has been reshaping the enterprise landscape. We have transitioned from viewing digital technology as merely a strategic enabler to recognizing it as the linchpin of competitive advantage. In this transformative era, companies must participate in adopting and excelling in the AI-first, digital-centric revolution.

In today's competitive insurance landscape, organizations face inherent challenges that demand a delicate balance between speed and efficiency on one hand, and accuracy and compliance on the other. Furthermore, establishing, and nurturing trust with customers is paramount for both attracting and growing business opportunities. Infosys advocates the adoption of the three indispensable pillars of speed, accuracy, and trust (SAT), a framework established for the insurance industry, which can help insurers thrive in the digital age. We believe it is critical that insurers leverage digital technology in their pursuit of SAT excellence, emphasizing how achieving a high SAT score is paramount to both securing and expanding market share. Central to this discussion are the key performance indicators (KPIs) that underpin the SAT framework. By meticulously tracking the KPIs, insurers can evaluate their performance in terms of the three pillars, ensuring alignment with strategic objectives. In this article, we expand on the foundational understanding of the SAT framework and spotlight how Infosys, as a leader in innovative solutions, is prepared to empower insurers in their pursuit of SAT excellence. Through cutting-edge technologies and strategic support, Infosys enables insurers to leverage digital and AI advancements effectively, enhancing their SAT scores and driving sustained success in today's dynamic insurance landscape.

SAT FRAMEWORK SUMMARY

SAT is a comprehensive approach to measuring and improving insurers' performance. In this section, we will discuss each of its three key dimensions in detail.

1 SPEED

Refers to the timeliness of insurance operations, such as claims processing, underwriting, and policy issuance. Efficient processes ensure timely service, minimizing delays that could lead to customer dissatisfaction.

2 ACCURACY

Emphasizes the precision and correctness of insurance decisions and actions. Accurate underwriting assessments, claims processing, and policy documentation are crucial for maintaining customer trust and avoiding costly errors.

3 TRUST

Encompasses the level of confidence and assurance that customers have in their insurance provider. Building trust requires transparency, honesty, and a genuine commitment to customer well-being.

The relevance of the SAT framework in the insurance industry serves as the guiding philosophy for insurance companies seeking to enhance their operational performance, maximize customer satisfaction, and establish a reputation for reliability and integrity. By prioritizing customer needs during innovation efforts, companies can improve customer experience, reduce operational costs, and mitigate risks.



1 FORGING AHEAD WITH SPEED

Much of the insurance industry is grappling with challenges owing to legacy systems with locked data. Slow to respond in a dynamic market, such businesses are left vulnerable, even as more agile competitors and fast-paced InsurTechs move relentlessly forward. Today's consumers want flexibility, customizability, accessibility, and visibility, all delivered at speed. To stay relevant, insurers must meet these rising demands.

Table 1 identifies the key KPIs for speed that are essential for measuring success.

KPIs for Speed	Performance Metric Formula
Time to market	$(\text{Date of product launch} - \text{Date of product initiation}) / \text{Number of products launched}$
Product compliance	$(\text{Number of compliant products} / \text{Total number of products}) \times 100$
Average policy processing time	$\text{Total processing time} / \text{Number of policies processed}$
Policyholder service level	$(\text{Number of satisfied policyholders} / \text{Total number of policyholders}) \times 100$
Average claim processing time	$\text{Total processing time} / \text{Number of claims settled}$

Table 1 | Key KPIs for speed

Exploring the actionable strategies that can lead the charge in transforming the future for insurers, here are five ways in which Infosys drives speed and agility:

- 1 Integrated digital platforms: Collaborating with partners to build platforms and innovative solutions.
- 2 Rapid innovation and launch: Enabling swift innovation using big data to design new insurance products and services, accelerating time to market.
- 3 AI-led automation and modernization: Automating systems with an AI-first mindset to simplify processes and offer APIs for core business functions.

- 4 Seamless cloud migration: Facilitating smooth migration using our cloud services, providing cost-effective, secure, and scalable work environments tailored to the needs of insurers.

- 5 Personalized digital journeys: Crafting bespoke, seamless experiences that bring together customer, agent, and employee interactions, ensuring a unified and engaging digital experience across the board.

Our five key approaches result in an agile core for prompt responses, enabling digital transformation that powers businesses ahead through a challenging and uncertain normal. A real-world look at these strategies below will illustrate our case.

CASE STUDY

What started as a bottleneck in a point of sale (POS) system used by the agents of a leading personal lines insurer, led to identifying the need for an intelligent quoting solution. An extensive agile implementation seemed a challenge as this was the company's first large-scale deployment with no prior DevOps or test-driven development (TDD).

Infosys deployed a cloud-native isolated microservices-based DevOps implementation for both the user interface (UI) frontend and the services backend, initiating the transformation into a digital user enterprise.

The results were remarkable: cycle time improved by 50%; defects reduced by half through TDD implementation and automated regression test suites; code coverage increased by over 90% with thousands of hours saved through code reuse. Infosys orchestrated this digital symphony, leading from the front, empowering the insurer with ready solutions to accelerate the insurance value chain. We helped create an agile core that enabled quick responses and fueled digital transformation, propelling the insurance company to a future of unprecedented agility, efficiency, and customer-centricity.

50%

Cycle time improvement

50%

Reduction in defects

90%+

Code coverage increase



2 ON THE MARK WITH ACCURACY

Despite the exponential surge in data volume over time, very few insurers have harnessed its full potential. In an age where digital drives growth, it is imperative that data drives decisions. Data strategy and data quality at enterprise levels are often a challenge. Decision models often lack verifiable outcomes, and data-dependent regulations and compliance requirements impede business opportunities. The role of data in client-centric industries, such as insurance, has become critical. The accuracy and integrity of insurance data are becoming increasingly crucial.

Table 2 identifies the key KPIs for accuracy that are essential for measuring success.

KPIs for Accuracy	Performance Metric Formula
Customer acquisition cost (CAC)	Total sales and marketing expenses / Number of new customers acquired
Conversion rate	(Number of policies sold / Number of leads) x 100
Average premium / policy	Total premiums written / Number of policies sold
Underwriting accuracy	(Number of accurate underwriting decisions / Total number of underwriting decisions) x 100
Underwriting expenses ratio	(Underwriting expenses / Net premiums earned) x 100
Claim leakage rate	(Claim amount exceeding expected cost / Total claim amount) x 100

Table 2 | Key KPIs for accuracy



Infosys leads the way in transforming and future-proofing the digital journey through actionable strategies and insightful planning for insurers. We empower insurers with data-driven solutions that leverage accurate data across multiple success levers. Our solutions help reduce risk, improve customer experience, and create new business opportunities. The key challenges include inaccurate decision models that lack verifiable outcomes, changing regulations and compliance requirements with data dependencies, as well as siloed data strategy and poor data quality at the enterprise level. By leveraging our approach and solutions, there are several advantages. These include sustainable and resilient growth through reduced risk and enhanced operational efficiencies, increased customer-centricity across all functions and services, and the potential for data monetization for diversified revenue streams from new business opportunities.

The five ways in which we reinforce accuracy in our strategy for insurers are:

- 1 Customer genome: Offering a 360-degree customer view for holistic solutions and personalized products.
- 2 Risk and compliance: Using bots to automate regulatory compliance reporting and analytics on capital management risk retention techniques.
- 3 Fraud management: Eliminating fraud to ensure faster turnaround time on policy issuance and servicing.
- 4 Intelligent claims: Leveraging AI and machine learning (ML) to triage and process claims to mitigate risks and accelerate settlement.
- 5 Underwriting automation: Automating risk assessment with AI/ML and simplifying underwriting and pricing decisions by delivering insights.

Investing in these critical success factors not only mitigates risk and enhances operational efficiency but also fosters sustainable and resilient growth. It promotes a customer-centric approach across all operational facets and unlocks diversified revenue streams from emerging opportunities. Despite the exponential surge in data volume, few insurers have capitalized on its inherent value. In today's digital era, data should guide strategic decisions. However, challenges persist at the enterprise level, with data strategy and quality often posing significant hurdles. Decision models lack verifiable outcomes and complying with stringent data privacy regulations such as the Health Insurance Portability and Accountability Act (HIPAA) and the General Data Protection Regulation (GDPR) can be complex. Compliance with these regulations while accessing and sharing KPI measurements remains a formidable challenge for insurers. Infosys has supported clients in finding their way around the challenges, leveraging the SAT framework, and incorporating the accuracy pillar in our strategies.

CASE STUDY

A leading personal lines insurer needed to optimize operational efficiencies, identify potential claims overpayments, and address fraudulent provider activities.

The client also wanted a scalable data platform for accurate sales performance metrics and operational flexibility for point-in-time corrections that impact agent compensation. Infosys helped develop an accurate reporting and data platform that provided easy access to comprehensive sales performance metrics.

We implemented a modern sales information delivery platform and robust sales data foundation, ensuring timely and complete data with a unified definition of sales performance metrics, consolidated data, and greater control.



3 UNLOCKING THE FUTURE WITH TRUST

Creditability in the insurance industry hinges on trust with customers, partners, and the government. The next generation of consumers are digitally savvy and environmentally conscious. Therefore, it is critical that insurers ensure digital trust while making a positive impact on society. With digitalization becoming a key driver in the insurance sector, cyber security has emerged as a top concern. The last two years since the pandemic have been disruptive, impacting customers, businesses, and services in different ways across the world.

Amidst changing global regulations and compliance requirements that have an impact on businesses and operational efficiency, staying vigilant and safeguarding cybersecurity are table stakes. Creating sustained outcomes through ESG initiatives builds enduring trust. Such trust brings solid advantages, such as credibility in the insurance business, attracting more clients, and the opportunity for ESG-based insurance, along with governments and stakeholder partnerships. Despite these advantages, challenges could arise around cybersecurity, regulations, and compliance, as well as other concerns experienced during the pandemic. Infosys helps build equitable and sustainable products that enhance the brand's credibility among customers, partners, and governments.


Table 3 lists the key KPIs for trust that are essential for measuring success.

KPIs for Trust	Performance Metric Formula
Customer lifetime value (CLV)	$(\text{Average Purchase Value} * \text{Number of Purchases per Year} * \text{Average Customer Lifespan}) - \text{Customer Acquisition Cost}$
Customer satisfaction	$(\text{Number of satisfied customers} / \text{Total number of customers}) * 100$
Policy rejection rate	$(\text{Number of policies rejected} / \text{Number of policies applied}) * 100$
Policy renewal rate	$(\text{Number of policies renewed} / \text{Number of policies eligible for renewal}) * 100$
Policy document error rate	$(\text{Number of documents with errors} / \text{Total number of documents}) * 100$
Claims customer satisfaction	$(\text{Number of satisfied claimants} / \text{Total number of claimants}) * 100$

Table 3 | Key KPIs for trust

As we explore the actionable strategies that can lead the charge in future-proofing insurers, let us consider the four ways in which Infosys fortifies trust for its clients:

- 1 Customer engagement: Shaping experiences with multiple touchpoints to keep customers informed and engaged, addressing their concerns through social channels.
- 2 Agent and distribution system: Simplifying and automating processes to create new efficiencies and foster reliability.
- 3 Brand value with ESG commitment: Leveraging technologies like weather AI and IoT to develop products that are affordable, available, equitable, and sustainable.
- 4 Assure privacy: Automating transactions with blockchain to ensure end-to-end compliance, security, and reliability.



Third-party data ecosystems serve as the orchestrators of collaboration, creating a harmonious claims landscape. Through strategic alliances with data providers, external verification services, and key stakeholders, Infosys has woven a well-connected network facilitating seamless data exchange. This collaboration has facilitated streamlined interactions, expedited the claims process and minimized manual intervention. The result is a combination of improved claims efficiency and increased customer satisfaction.

Parallely, our beneficiary strategy, rooted in empathy, has transformed claims processing into a more compassionate experience. Infosys has meticulously crafted and implemented beneficiary support programs offering guidance, assistance, and emotional support throughout the claims journey. This unwavering dedication to empathy not only alleviates the burden on beneficiaries but also nurtures a culture of care and understanding, resonating profoundly within the claim's ecosystem. There are several instances where we have demonstrated empathy and trust; let us consider one such.

CASE STUDY

An American financial company wanted to enhance data protection for participants and users. They sought to improve processes across security domains, which were currently complicated by rising data volumes.

To secure and protect data, Infosys used big data and analytics to bring about operational efficiencies and optimization. This step aimed to identify potential claims overpayments at adjudication time and detect potential fraudulent providers at the earliest. The results were significant: 20% increase in productivity through identification of areas suitable for automation; 85% improvement in automation coverage; an overall enhancement in performance by leveraging centers of excellence (COEs). We offered automated failure monitoring, proactive security scans, and an integration of 39 unique security tools spanning all security domains.

The importance of cultivating trust is as integral to the SAT framework as the pillars of speed and accuracy. A balanced emphasis on all three pillars lays the groundwork for a broader vision for the future.

WHAT IS NEXT? - ADVANCING THE SAT FRAMEWORK

As we've highlighted in this paper, insurers and tech consulting companies need to be ready to rebuild an operations that is placing the customer experience at the heart of their innovation, leveraging the data and analytics to measuring success in their day to day operations, as well as tailoring their product and underwriting models to complement the SAT framework - speed, accuracy, and trust three-pronged crucial approach; embracing automation and AI for faster processing and risk assessment, prioritizing data quality and transparency to ensure accuracy, and fostering open communication and ethical data practices to build trust with customers.

Leveraging AI-driven algorithms can significantly enhance the speed of processes, automating routine tasks and expediting claims processing. The precision of risk assessment and underwriting can be greatly improved through advanced data analytics and machine learning, ensuring accurate policy pricing and coverage determination. Moreover, establishing transparent and secure digital platforms fosters trust among customers, demonstrating a commitment to data protection and ethical practices. By seamlessly integrating AI for streamlined operations, precise risk evaluation, and transparent customer interactions, the insurance industry can propel itself into a new era marked by efficiency, accuracy, and heightened customer trust.

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Radwa champions insurance innovation at Infosys, crafting solutions with existing & new tech from Infosys & partners, focusing on emerging trends and analytics to empower our insurance clients. She also has 19 years of experience in managing large organization of several hundred global FTEs, manage large OPEX spend, and work with stakeholders and partners around the world to delivering world-class customer experience and global leadership at scale.



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In his role as the Head of Client Solutions for the Global Insurance vertical, Ranjan (Shriranjan Gharpure) oversees a global pipeline of deals. His primary focus lies in securing large deals while also broadening and diversifying our client base. Additionally, he is instrumental in the introduction of innovative services and solutions to the Insurance sector. With 22 years of experience in the IT Services industry, Ranjan has been intricately involved in numerous transformative journeys for Fortune 500 clients, cementing his reputation as a visionary leader in the sector.

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