<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
</tr>
<tr>
<td>ABOUT THE SURVEY</td>
</tr>
<tr>
<td>CHANGE INVESTMENT IS GROWING</td>
</tr>
<tr>
<td>CHANGE LEADERS REAP THE REWARDS</td>
</tr>
<tr>
<td>WHAT MAKES CHANGE LEADERS SO MUCH BETTER?</td>
</tr>
<tr>
<td>SEVEN STEPS TO BECOMING A CHANGE LEADER</td>
</tr>
<tr>
<td>WILL YOU THRIVE IN ‘THE NEW’?</td>
</tr>
</tbody>
</table>
INTRODUCTION

RAPID DISRUPTIVE CHANGE DEFINES OUR TIMES

While insurers have so far enjoyed relative stability, most acknowledge that threats loom in an uncertain future. A few have honed their agility and mastered change. Our survey identifies these change leaders, and reveals what they are doing to lead in the new digital economy.

If insurers today were complacent, they could be forgiven. While many industries, from travel and transport to media and music have been radically transformed by platform-based innovators, most carriers continue to enjoy satisfactory returns on equity and stable share prices. Despite much talk about aggressive startups and other new competitors, few incumbents – with the exception of auto insurers in the UK – have suffered serious inroads into their traditional market share.

Yet most insurers are not complacent. They know consumer trust is low, most potential customers are uninsured, and penetration rates are low and declining. It’s clear that emerging technologies such as autonomous vehicles, the Internet of Things and artificial intelligence will soon have a dramatic impact on their industry. Nimble new competitors, unimpeded by legacy cultures and infrastructures, are attracting growing amounts of investment funding. And several leading insurance players have embarked on far-reaching digital innovation that enables new products such as on-demand insurance, supports new channels such as ecosystem partners, or reinvents existing functions such as claims and advice to improve profitability.

There is little doubt, in the minds of most insurance executives, that change looms large on the insurance horizon. The core business needs to be defended and transformed, at the same time as new opportunities for growth are explored.

And if change is to be the battleground of the future, the Financial Services Change Survey found that a small group of insurers are significantly better equipped to fight that battle. In fact, they are already achieving results that are allowing them to accelerate away from the pack.

These change leaders, as we call them, have a culture that embraces innovation and transformation. This makes them more agile and better able to manage continuous, rapid change. Like in a long-distance cycle race, as the race speeds up the disruption initiated by these front-runners will eventually cause the chasing peloton to break up. Those not able to adapt and keep pace will slip off the back and out of contention.

Other key results of the survey include:

1. Insurers are increasing their investment in change programs. Internal and external drivers are focusing these programs on cost, the customer experience, digital and regulations.

2. The change leaders have a well-defined digital strategy, a clearer vision of the changes that are needed, and greater leadership commitment to making them happen.

3. Change leaders have a sharper focus on the human factor and the role of a supportive culture in successful change.

4. They also have a significantly greater, more professional change capability which, together with the other factors listed above, allow them to execute change with greater pace and discipline.

This report describes how insurers are rising to the challenge of change and who is breaking away from the pack. The race is getting interesting.
The Financial Services (FS) Change Survey is a global study in which we interviewed 787 senior FS executives who are responsible for developing their organizations’ change strategy and/or implementing their change programs. Of these, 292 are insurers, 302 are bankers and 193 are wealth and asset managers.

While the charts below represent the full survey sample, this report is based on the findings of the insurance interviews.

A parallel bottom-up study is being conducted using Accenture Change Tracking analytics. That report will be published later in 2017.
The survey shows that insurers across the board are taking change increasingly seriously. They are currently investing in all aspects of change, with 53 percent expecting to increase these investments over the next 12 months, averaged across all programs.

A variety of factors are driving these investments (Figure 1). The most important change investment priorities for the industry are:

- Efficiency and cost control
- Customer service and experience
- Risk and regulatory compliance
- Digital technology and channels

In many insurance companies these investment priorities are tightly interwoven, as new digital technologies are used both to improve the customer experience and lower the cost to serve.

Cost reduction is currently a priority for most insurers and is the investment category most likely to increase over the next twelve months.

This is indicative of some of the short-term pressures on the industry and the stubbornly high combined ratios faced by most incumbents in mature markets. Without material change they will struggle to close the gap between themselves and the online carriers which have fewer fixed assets and lower running costs.

Figure 1. External and internal factors driving change for insurers.
Unsurprisingly, risk and regulatory compliance is another change priority. Eighty-one percent of insurers are investing in it now, with 54 percent expecting to increase their investment. Eighty-three percent of executives believe their strategic change portfolio is inhibited by the need to invest in regulatory change.

Despite the burden of mandatory change, 80 percent of insurers currently invest moderately or significantly in new digital technologies and channels, and 61 percent expect to increase their investment soon. Among the digital technologies rated as most important for transformation are big data and analytics and mobile, closely followed by the Internet of Things, cloud, social, the digital eco-system and robotics (Figure 4). Almost all of these priorities either did not exist or were nascent five years ago, indicating the accelerating rate of change in the insurance industry.

One of the most striking findings regarding insurers’ change investments is the demand for more rapid payback: 80 percent of respondents said their shareholders expect change programs to deliver the targeted benefits within 18 months or less. Clearly, the days of elongated multi-year programs with back-loaded benefits are long gone, a fact which change leaders appreciate more than other players.

Figure 2. Investment priorities in insurance.

Q: What level of resources/ activity is your organization currently dedicating to these strategic change programs?

<table>
<thead>
<tr>
<th>Category</th>
<th>Significant</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better efficiency and cost control</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>Better customer service / experience</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Risk and regulatory compliance</td>
<td>35%</td>
<td>46%</td>
</tr>
<tr>
<td>New digital technologies and channels</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Product / service innovations</td>
<td>29%</td>
<td>51%</td>
</tr>
<tr>
<td>Changes to workforce / organizational structure</td>
<td>26%</td>
<td>47%</td>
</tr>
<tr>
<td>Preparations to enter and service new markets</td>
<td>25%</td>
<td>42%</td>
</tr>
<tr>
<td>Workplace transformation</td>
<td>25%</td>
<td>48%</td>
</tr>
<tr>
<td>Replacement of legacy systems</td>
<td>23%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Figure 3. Growing investment in change.

Q. Do you expect investment in these programs to change in the next 12 months compared with the past year?

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
<th>Maintain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better efficiency and cost control</td>
<td>67%</td>
<td>26%</td>
</tr>
<tr>
<td>Better customer service / experience</td>
<td>61%</td>
<td>33%</td>
</tr>
<tr>
<td>Risk and regulatory compliance</td>
<td>54%</td>
<td>38%</td>
</tr>
<tr>
<td>New digital technologies &amp; channels</td>
<td>61%</td>
<td>30%</td>
</tr>
<tr>
<td>Product / service innovations</td>
<td>55%</td>
<td>37%</td>
</tr>
<tr>
<td>Changes to workforce / organizational structure</td>
<td>46%</td>
<td>43%</td>
</tr>
<tr>
<td>Preparations to enter and service new markets</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td>Workplace transformation</td>
<td>48%</td>
<td>41%</td>
</tr>
<tr>
<td>Replacement of legacy systems</td>
<td>47%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Figure 4. Insurers’ prioritization of digital.

Q. How important have these digital technologies been to the delivery of your change programs?

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Important</th>
<th>Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big data / analytics</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>Mobile</td>
<td>27%</td>
<td>39%</td>
</tr>
<tr>
<td>Cloud</td>
<td>22%</td>
<td>37%</td>
</tr>
<tr>
<td>Social media / collaboration</td>
<td>23%</td>
<td>33%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>20%</td>
<td>39%</td>
</tr>
<tr>
<td>Digital ecosystem</td>
<td>16%</td>
<td>37%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>17%</td>
<td>30%</td>
</tr>
<tr>
<td>Robotics</td>
<td>16%</td>
<td>30%</td>
</tr>
</tbody>
</table>
With constant and increasing change, leaders are defining the new paradigm in insurance. Approximately 10 percent of the insurers surveyed are achieving much better results from their change investments, and report markedly better commercial performance as a result.

While their change investments do not always deliver all of the expected benefits, change leaders are significantly more successful than the rest of the industry in achieving the desired results. All agreed or strongly agreed their organization had received benefits from their change programs (Figure 5), compared to 72 percent of other insurance respondents.

Sixty-one percent of leaders achieved 76-100 percent of benefits and the remainder achieved 51-75 percent. This compares to 13 percent and 33 percent, respectively, of their peers, more than half of whom said they had achieved less than 50 percent of the targeted benefits.

Change leaders are also significantly more likely to boost their commercial performance through change (Figure 6). For instance, in cost reduction and efficiency programs, 87 percent reported better performance compared to 69 percent of the other insurers. The same applies to all other change investment categories, with the biggest difference being in regulatory change.

Clearly, change leaders are doing something different and getting better results. What is it that differentiates them?

Figure 5. Change leaders are significantly more likely to report success from their change programs.
Figure 6. Change leaders are more likely to achieve the benefits they set out to achieve.

Q. Did your organization achieve the change benefits it was targeting?
A. Yes

Q. Did your organization improve its commercial performance as a result of its change programs?
A. Yes
WHAT MAKES CHANGE LEADERS SO MUCH BETTER?

Three main factors appear to be at the root of change leaders’ greater success.

Firstly, they have a well-defined digital strategy, a clear vision of the changes that are required to implement this strategy, and a leadership that is committed to the successful execution of these changes.

Secondly, change leaders foster a culture that embraces change. They harness the passion and drive of their people, enabling the organization to be more agile and responsive to its customers and other market forces.

And thirdly, they have a more professional and effective change capability that delivers the required change outcomes and performance enhancement.

Together, these factors help them execute greater volumes of change at a faster pace and with stronger disciplines.

Figure 7. Change leaders are more strategic in their approach to digital.

Q. To what extent do you agree with the following statements about your organization’s digital strategy and capability?
A. Agree + Strongly Agree

- We have a cross-enterprise digital capability: 55% (Change Leaders), 34% (Other Insurers)
- Our digital strategy is long-term: 61% (Change Leaders), 39% (Other Insurers)
- We have focused our digital capability in a specialist internal unit in our organization: 60% (Change Leaders), 39% (Other Insurers)
- We partner with digital innovators & fintechs to accelerate transformation: 54% (Change Leaders), 39% (Other Insurers)
- We have carved out a ‘challenger’ insurer from our traditional business: 45% (Change Leaders), 31% (Other Insurers)
1. STRONGER VISION AND LEADERSHIP WITH A CLEAR DIGITAL STRATEGY

Change leaders in insurance are far more likely to take a strategic approach to digital (Figure 7). They are more likely to have a long-term strategy (89 percent vs. 61 percent) and to a partner with digital innovators and fintechs to accelerate transformation (86 percent vs. 54 percent). They are investing more in new types of change across all aspects of digital, and they are innovating more in a more coherent way.

For these leaders, innovation and digital are core to their business. A greater proportion of them have carved out a ‘challenger’ business (86 percent vs. 45 percent) and set up a specialist digital capability (86 percent vs. 60 percent), and they have been particularly successful in spreading their digital capability across the organization (96 percent vs. 55 percent). They have gone from ‘digital on the side’ – as something to be experimented with – to ‘digital at the core’ of their business, at scale and generating real value today.

This entails significant transformation. Change leaders acknowledge this, and all say they have a clear vision of what is needed over the next three years – only two thirds of other insurers can say the same (Figure 8).

Their change vision is not a source of rigidity. It stems from a very clear strategic purpose and view of what the business is there for. But because it is re-evaluated continually and amended frequently, it provides direction rather than a fixed destination, and serves as a constantly renewed source of inspiration.

The importance of vision and direction is confirmed by Accenture’s extensive Change Tracking study, which has interviewed more than a million employees involved in change initiatives and has found that together these factors have a three- to fourfold greater influence on the realization of change benefits than any other.

Change leaders, unsurprisingly, have significantly stronger change leadership at all levels. Programs are more likely to enjoy the sponsorship of senior executives (96 percent vs. 61 percent) and the support and commitment of team leaders (96 percent vs. 63 percent). This latter finding is particularly important. Change Tracking consistently shows that change leadership at all levels (not just the board) has the highest correlation to business performance during periods of transformation.
2. FOCUS ON THE HUMAN FACTOR

Change leaders know that people are the key to unlocking the full potential of change and have created a flexible, responsive culture that is capable of adopting and sustaining transformation. Employees at all levels of the organization have positive attitudes towards change (Figure 9). Eighty-six percent of change leaders’ employees are optimistic, or engaged and motivated about change (vs. 69 percent for other insurers). These insurers handle more change and achieve better results – 89 percent of change leaders say their organization thrives on fast-paced change (vs. 53 percent for peers), a finding that is consistent with Change Tracking’s findings.

Ninety-six percent of change leaders are sensitive to employee engagement and performance as an internal driver of change (vs. 69 percent of peers). They also invest more in the workforce (57 percent vs. 23 percent) and transformation of the workplace (61 percent vs. 22 percent), and are growing these investments to improve the employee experience, enhance human-machine collaboration and raise performance.

This focus on the human factor is critical, as people can be one of the greatest barriers to change; Accenture’s Change Tracking research shows that five of the top seven barriers to transforming and advancing the organization are people-related. Planning or even executing cost-saving or growth initiatives requires the active support of the workforce to realize their full potential. Without emotional agreement and commitment throughout the organization, most people will resort to their old behavior. With a culture that relishes change, builds agility and properly channels people’s passion and energy, anything is possible.

Figure 9. Change leaders’ employees have more positive attitudes to change.

Q. What is the predominant feeling among people in your organization toward change?

Q. Do you agree that your organization thrives on fast-paced change?

A. Agree + Strongly Agree

Figure 10. Completion of change programs on time and within budget.

Q. What proportion of your change programs, completed in the last 12 months, were delivered on time and on budget?

Q. Do you agree that your organization has received business benefits from its change programs?

67% 47% 48%

36% 64% 22%

57% 42%

29% 27% 4% 24% 89% 53% 29% 27% 4% 24% 89% 53%

Optimistic about change Engaged & motivated by change Tired of change Thrive on fast-paced change

Delivered on time Delivered on budget

CHANGE LEADERS OTHER INSURERS

CHANGE LEADERS OTHER INSURERS
3. MORE EFFECTIVE CHANGE EXECUTION CAPABILITY

Change leaders rate their organization as being significantly more agile than other insurers do: 93 percent vs. 60 percent score it 4 or 5 on a scale of 1 – 5. As a measure of their ability to change, this speaks loudly of their current and future competitiveness.

This is supported by other findings that show they are better at executing change. Change leaders complete more of their programs on time and within budget (Figure 10), although being an effective program manager is relatively imitable. More importantly, these leaders truly understand the dynamics and challenges of making transformational change happen.

Almost all change leaders have a dedicated change function, and are developing professional change capabilities and disciplines to help them lead the way (Figure 11). Probed about their change capability, they demonstrate a diverse range of professional change skills and capabilities (96 percent vs. 61 percent), a consistent set of change management methods and tools (93 percent vs. 59 percent), and strong governance and transparency (93 percent vs. 64 percent). Change leaders are also more likely than their peers to prefer strategic change partnerships to tactically buying support (82 percent vs. 55 percent).

Agile methodologies are key to their change capability – change leaders use them much more than other insurers and apply them with more discipline. They use agile for 62 percent of their change on average and are increasingly using it for larger programs.

Change leaders are notably better at making agile work – and they give it credit for better change outcomes, faster delivery of outcomes, better collaboration and innovation, improved stakeholder engagement and greater change efficiency (Figure 12). This is most likely due to the way they use agile, emphasizing frequency and consistency of the basic disciplines such as release planning, participation / prototyping, playbacks, product owners and multi-disciplinary teams.

Data and advanced analytics also play a key role in change leaders’ capability. They are more likely to apply the insights derived from analytics to make better change decisions. Ninety-three percent of them (vs. 59 percent of other insurers) believe their leadership have the change data and insights to make the right decisions. This, combined with a more agile approach to change, means they can quickly learn and adapt.

While their focus is clearly on financial benefits (96 percent), change leaders also look at a much wider scorecard of success measures than their peers. In particular, they use non-financial goals such as customer service metrics (93 percent vs. 59 percent). This broader approach to delivery measurement – which includes behavioral changes over time – gives insurers a better understanding of what is working and helps them inspire workers to embrace continuous improvements and innovation.

“I don’t think the hardest thing for insurers is to get the need for change. It’s much more about where should they focus their investments. And then of course effective execution, which they’re finding really hard.”

John Cusano, Global Insurance Lead, Accenture
Figure 11. Leaders have stronger change disciplines and capabilities.

Q: Do you agree with these statements about your organization's competencies in managing change programs?
A. Agree + Strongly Agree

We have strong governance & transparency of change program execution 93%
We use a consistent set of change management methodologies and tools 93%
Our change leaders have the data to navigate successful change 93%
Our change teams are centralized 89%
We increasingly seek strategic change partnerships vs. tactically buying external support 82%
We have a diverse range of professional change capabilities & skills 96%

Figure 12. Change leaders get better results from using agile.

Q: Agile methodologies have delivered the following benefits for my organization.
A. Agree + Strongly Agree

Better change outcomes & benefits 93%
Faster delivery on projects 96%
Increased collaboration & innovation 96%
Improved stakeholder engagement 89%
Lower costs & more efficient change projects 96%

CHANGE LEADERS
OTHER INSURERS
As the disruption of the industry increases, insurers face a multitude of choices. Change is inevitable, but the prioritization of change investments is a challenge. At Accenture, we believe insurers need to optimize and transform their existing business models while actively exploring new models that will be better suited to the emerging digital economy and will create new value for customers and the organization alike. We call this ‘pivoting to the new’: transforming the core business to reduce costs and maximize growth, and then using the funds released in this way to create space for investments in new business models and innovative digital ventures. As these new ventures mature and confirm their potential to generate real value, the organization prudently shifts its focus from the core and scales up ‘the new’ (Figure 13).

Whatever change strategy you adopt, your change capability will be critical to the outcomes you achieve and the service provider you become. Here are seven steps you can take to thrive in ‘the new’.

Figure 13. Pivoting to the new.
1. LEAD CHANGE WITH VISION

Ensure the organization has a clear understanding of the change that is required. If this is lacking, it may be necessary to challenge its existing orthodoxies and explore its future direction. Develop a flexible roadmap for heading in this direction. Strive to deliver outcomes and value more rapidly, and accept that your vision and roadmap will evolve constantly as you learn from your experiences and as the world changes around you. Spend time with leaders at all levels, building their commitment to this vision. And where leadership is weak or trust is broken, take action quickly.

2. PRIORITIZE INVESTMENTS IN ‘THE NEW’

Balancing change investments across the core business and ‘the new’ can be challenging. Increasingly, these investments are converging, moving from ‘digital on the side’ in a standalone unit or internal challenger, toward investments that both benefit the core business and build the new business for the future. The change portfolio intended to realize these two goals should be re-prioritized continually, and new change should be initiated all the time. Balancing resources between ‘run the business’ and ‘change the business’ is a key leadership responsibility, but leaders also need to make sure that ‘change the business’ activities are not just enhancements at the margins of existing business models but instead are actually creating new robust and sustainable value streams.

Make sure there is sufficient funding for both goals. In ‘the new’ there is a need for greater balance between larger programmatic investments, seed funding for innovation and tranche funding for continuous change. These need to be made and managed in different ways. For instance, applying lighter business case disciplines and governance to seed funding allows innovation and reduces time to value.

There will be significant inhibitors to change. Large incumbents, in particular, must overcome the complexity of customized legacy systems and data – most new entrants have flexible technology and better access to high quality data.

A two-speed approach to change can help you slowly sort out your legacy, while application programming interface (API) layers allow you to move more rapidly to digital. This will become even more important as cloud becomes widely accepted across the industry, for both platform as a service (e.g. Amazon Web Services) and software as a service (e.g. WorkDay).

“We wanted to leapfrog what others in the industry were doing and go all in. Our operating model is completely different now. By transforming to the cloud, we now have service-on-demand, as well as collaboration across all our businesses. All of our employees are connected. We’re better able to serve our customers, and we’re able to start looking ahead to what else we need to do to make Towergate the force it should be.” Gordon Walters, Group CIO, Towergate
3. INNOVATE AND SCALE FOR VALUE

As the deluge of emerging technologies grows, it is essential that you undertake innovation for the right reasons. Experimentation and scaling thrive in the right culture, with the right funding, talent and infrastructure. Being able to execute proof of concepts and pilots quickly is essential to understanding potential value. Many insurers are doing this, but are struggling to scale innovation and join up innovations around new customer propositions and value-chain plays. Where there is no clear value or the innovation does not work in your new business model, stop quickly, learn from the experience, and shift your investment of time and money elsewhere. Where there is the potential for real value you need to increase the investment and clear obstacles to iterate rapidly and scale the innovation to drive real business and customer value.

While some insurers innovate on the fringes, in experimentation labs or in partnership with insurtechs, others are working to transform the organization in its entirety, embedding innovation throughout the business. Both approaches have their pros and cons, and the choice need not be binary – a fit-for-purpose model may well produce the best results.

4. MAKE CHANGE MORE HUMAN

Many insurance executives confuse program management with good change management. Program management achieves on-time and on-budget delivery; the right change management can deliver adoption, increased performance and greater benefits. Change leaders approach change management in a different way: it is more participative, frequent and human. Agile change and new technologies create greater opportunities to engage people earlier in the change, to co-create ideas and test changes earlier. Participative techniques, such as design thinking, prototyping and customer experience design are powerful when done well. Agile change also creates more frequent releases or iterations for customers and colleagues. While this frequency of change can be very positive for high performing groups, and breaks down big behavioral changes into smaller micro-changes in behavior, it also demands different, more fluid approaches to release planning, communication and enablement.

A more human approach is particularly important as the industry shifts to ‘the new’. Most digital change displaces, automates or augments human work.

To avoid fear and job insecurity you should create an inspiring vision and a supportive culture that fosters innovation, increases security by tolerating failure, and nurtures a positive attitude to change. By putting people at the heart of the change you remove many of the barriers to transformation, while allowing employees to acquire new digital skills and creating space for creativity.

5. BE OPEN TO CHANGE FROM OUTSIDE

The growth in insurtech and ecosystems has made insurers significantly more open to change from outside. You need to consider what role you will play in the industry ecosystem – especially your contribution to the customer experience and meeting customer needs, whether you will continue to hold the customer relationship, and whether you will be a platform for best-of-breed services or be a niche player. Integration becomes more important and APIs will become a key part of growing your brand. As this happens, data privacy and cybersecurity concerns will grow, so you need to navigate these challenges without impeding progress. Insurers will decide which partners to work with and invest in. As you collaborate more with insurtechs you will need to develop more sensitive ways of working with small startups.

“It’s easy to think digital ecosystems are reserved for the giants of technology. The fact is, today, every company needs the collective ingenuity and collaboration of ecosystems ... Achieving digital high performance requires a strong ability to cast a network with collaborative partners, including startups, universities, and even competitors.” Omar Abbosh, Chief Strategy Officer, Accenture
6. BUILD TRUE AGILITY

Agile change offers many benefits, especially speed to value and learning through iterative change. However, true agility involves much more than applying a new method. It offers traditional carriers a competitive advantage that is hard to beat.

It balances pace and stability – adaptability and speed of reaction on the one hand, and effective decision making and strong disciplines on the other. This is confirmed by Change Tracking’s Agility Index, which shows that organizations that strike this balance are twice as likely to achieve superior financial performance.

A culture of risk aversion and resistance to transformation is not the only impediment to agility. Others are complex legacy systems, fragmented business divisions, time-poor product owners, workspace and lack of collaboration tooling and legacy organization structures rooted in old ways of doing business. For many insurers these are serious obstacles, but they must be addressed to deal with constant change.

7. PRIORITIZE AND DEVELOP YOUR CHANGE CAPABILITY

To be able to handle constant change, especially larger transformational change, you must develop your professional change capability. An understanding of the change capabilities that are needed depends on a clear change vision and portfolio.

Key operating model decisions can then be taken to develop and apply this capability. This change capability should include the right internal teams, methods, tools and governance appropriate for a range of change programs and continuous change scenarios. It also requires relationships with the right external change partners.

“We are on a journey of accelerated transformation. As we go ‘from payer to partner’, we need to be more innovative, more agile, more focused on customer behaviors – and, of course, more efficient.” Magali Marcel, Global Head of HR, Communication and Corporate Responsibility, AXA Technology Services

BECOME A CHANGE LEADER

18
Building change capability in a global insurance transformation

A global insurance broker with four main business units had highly decentralized and inconsistent processes. After an assessment of the opportunities to eliminate non-value-adding activities, processes were streamlined end-to-end and standard tasks automated. Lower-complexity and lower-client-value activities were moved offshore to reduce the cost base.

At the heart of this program was a central ‘people & transition’ change team that worked side-by-side with the HR leadership and program management to effect a timely and collaborative decision-making process which engaged key parts of the organization and helped embed the change.

To ensure a smooth transition to the new operating model, integrated change teams were established across the four business units. These teams used proven business-readiness and change-transition methodologies to ensure a smooth knowledge transfer to the new operating hubs.

The insurer selected high-performing individuals within the business to be the change leads within these teams. After being coached and led by its implementation partner through the first two transition phases, the insurer took the lead for the remaining transition phases. This approach ensured its change capability was expanded throughout the program, leaving it with a team of capable change managers.
WILL YOU THRIVE IN ’THE NEW’?

The future of insurance is one of continuous, accelerating change. Some carriers remain confident that capital and regulatory barriers to entry will protect them for some time to come. Most are concerned about the economic compression of their traditional business, shifting customer expectations and the emergence of serious new competitors. The majority recognize that their traditional business models are unlikely to endure.

It follows that insurers need to develop the ability to change continuously. This will include constant small changes and adaptive moves inside their current business model, as well as large-scale transformation that changes ‘who we are, what we do, the customers we serve and the way we do things around here’.

Most players in the industry have embarked on a process of simplification and cost reduction. This has bought them some time, especially while dealing with increased regulatory change. But it is not a long-term solution for growth and competitiveness.

Insurers need to choose their destiny. They need to make explicit choices about their future business model, form a clear vision of how to develop it, and then execute it boldly and with discipline. Wise decision making and change investment are essential. Those that shrink from this, or opt to wait and see, risk having these decisions made for them by external forces.

Whatever path you choose, change will be inevitable and continuous. The change leaders have shown the way. They are comfortable with rapid, non-stop transformation, and they are generating the change outcomes their shareholders demand. They have the future in their grasp. Other insurers could do worse than pay attention to what they do, so that they too may thrive in ‘the new’. 
Contact

To find out more about the Financial Services Change Survey or to join our FS Change Directors Forum, please get in touch with Andy Young, Financial Services Talent & Organization Change Lead andrew.s.young@accenture.com, @andyyoungACN

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Further Reading

Professionalizing Change in Financial Services

Time to Join the Revolution: Agile Change in Financial Services

Join the Race or Be Left Behind: How Change Is Changing the Competitive Landscape in Financial Services

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