Recent global events have businesses of all sizes, types, and sectors scrambling to keep things moving during this period of uncertainty. While it can be tempting to fear the worst, we believe there is a case to be made for optimism in insurance.

Although the immediate list of challenges can seem overwhelming, most insurers are successfully managing through immediate worries, including: migrating to a largely virtual workforce; dealing with complex core processes and systems strains; and managing service center and claim functions facing increased inquiries.

In the weeks ahead, carriers will be managing through the new reality which includes: sustaining business for those that rely on traditional distribution channels (e.g. face-to-face, broker network, antiquated systems); dealing with longer term challenges such as increased exposure to cyber risk; and reacting to changes in customer behavior.

The underlying health of the industry, however, currently remains robust:

— Most insurers expect to continue to be well capitalized
— Strategies to deal with a long term low-interest rate environment have been battle tested
— Competitive pressure and upcoming regulatory change have already pushed many into transformation programs to upgrade, improve and (for some) revolutionize their business

Historically, as time has passed with similar industry shocks, insurers have responded in one of three ways:

1. ‘Shift in Place’ – a tempting approach which involves staying mired in the tactical and letting the urgent crowd out the important. This has included: deferring or abandoning business improvement work; focusing on spend and workforce reduction; and focusing on the ‘essential’ work to protect vs. expand the business. Companies that fall in this situation due to circumstances outside their control (such as time and resource constraints) have typically emerged competitively challenged.

2. ‘Wait and See’ – dealing with immediate change and then pivoting to the perceived safety of the familiar. This approach has typically involved: pushing back on regulators and regulatory deadlines, slowing down and reducing spend on initiatives to transform the business, and moving back to business as usual as fast as possible. Insurers that have approached change this way have endured stagnation, erosion of market share and systemic morale challenges in the workforce.
3. ‘Seize the Moment’ – leading through change. In similar times of uncertainty, some have quickly recognized changes to the macro environment for their employees, their customers, competitors and suppliers. They projected optimism and resolve, dedicated teams to capture lessons learned and market intelligence, pivoted strategy to capitalize on new opportunities, and accelerated transformational change and growth. These leaders have energized their workforce, strengthened their market position, and future-proofed their business model to be able to better withstand shocks and market headwinds.

In facing this choice, it is important to remember that the need for insurance services is stronger than ever. In recent weeks we have seen insurers take brave steps to ‘Seize the Moment’ by easing the burden of economically impacted customers, by looking out for their employees during a transition to virtual work, and by continuing ‘full steam ahead’ on programs to transform their business and create additional value for their customers over the long term. Insurance plays an important role in our collective safety and security, and we are hopeful that many will embrace leadership and transformative change to thrive together in the years ahead.

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