



Commercial Insurance Industry Clouded by Manual Methods

Lack of Tech Adoption Costing Both Time and Money





Process, Not Premiums, the Real Pain for CFOs Managing Risk

The commercial insurance industry exists to protect businesses, including owners and employees. Since no two businesses are exactly the same, insurance programs for each business will differ based on the business type, location, number of employees, years in business and a host of other factors. And that complex process of insuring businesses understandably multiplies with the complexity of market conditions, financial influences, weather, competition, and on and on.

The commercial insurance industry is on a notable growth trajectory. What was a \$730 billion industry in 2017 is expected to reach \$900 billion by 2021.¹ This growth is creating mounting pressure to modernize and, like most industries today, to leverage specialized technology solutions to help meet the demands endemic to rapid expansion.

But even with that obvious pressure, the commercial insurance industry is struggling to keep up with digital transformation trends rampant in many industries and to glean value from digital initiatives. While efforts exist to improve the customer experience through data analytics or the adoption of new insurtech solutions, the commercial insurance industry remains mired in a cycle of legacy workflow systems driven by Excel spreadsheets and PDFs that take months to see through from start to finish.

Highwing surveyed 225 chief financial officers from various industries to gain insights into their commercial insurance processes. With ever-growing scrutiny on all aspects of company operations – including and maybe even especially financial operations, CFOs have leaned heavily on emerging and specific technologies. But Highwing found that risk management and insurance processes are lagging in adopting technology point solutions – software and tools designed for specific business functions – and are still largely beholden to manual processes. The survey uncovered just how cumbersome the commercial insurance renewal process can be, how pervasive manual methods are in the process, and how potential solutions could improve business operations.



¹<https://www.insurancejournal.com/news/national/2018/06/08/491629.htm>

Manual Processes Still Dominate Commercial Insurance Renewal

63%



63% of CFOs said they use manual processes (spreadsheets and PDFs) via email to procure commercial insurance.

55%



55% of CFOs said they use paper documents via mail/fax to procure commercial insurance.

The process of renewing commercial insurance coverage each year is time-consuming and therefore costly, only made more difficult because of the manual methods most brokers and insurers employ. CFOs and their risk management teams are still turning to processes such as spreadsheets and PDFs via email, or paper documents via mail/fax throughout the process. The result is increased time and money being spent on renewing their plans.



Insurance and Risk Management Need Solutions to Combat Backlog of Manual Processes

13%

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Only 13% of CFOs said that risk management and insurance departments are successfully using technology point solutions or software to manage their functions and operations.

The commercial insurance industry leverages long-term relationships as the foundation of the policy negotiations and renewal processes. Beneath that foundation are renewal systems and processes weighed down by manual processes. CFOs say the industry is in need of solutions to help make the process more streamlined and efficient, but CFOs are not seeing the industry take advantage of the technology point solutions available. This is in contrast to technology point solutions and/or specialized software being embraced by other business functions, like accounting and finance, to help manage their own functions and operations.

Nearly half (48%) of CFOs said the risk management/insurance department could benefit from technology point solutions or software to improve their business functions.



48%





Technology Point Solutions Could Improve the Process

Despite the overall low usage rates, an overwhelming number of CFOs – nearly all in the Highwing survey – recognize the business value in dedicated technology solutions for the commercial insurance industry.

Perhaps more telling (and near and dear to the hearts of CFOs) is the fact that most agreed risk management and insurance could be more cost-effective.



98%

98% of CFOs said the risk management/ insurance would operate more efficiently with dedicated technology solutions.



83%

83% said departments are more cost effective when they use dedicated technology solutions for a number of reasons.



CFOs agreed that technology point solutions would benefit risk management and insurance in other ways as well:

63%

More real-time information

66%

More efficient time management/time savings

62%

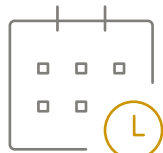
Better integration with overall business management systems at the organization

CFOs know their businesses, and they're more suited than anyone to know where cost efficiencies can be uncovered. But, as time goes on, they are left to deal with an industry that is behind the times in investing in the solutions they need to get the job done.



Renewal of Commercial Insurance Coverage Proves Cumbersome

52%



More than half (52%) of CFOs said it takes a month or more, from start to finish, to complete a commercial insurance renewal for their organization.

When it comes to the renewal of commercial insurance coverage, manual methods compound the already time-consuming process. On top of that, CFOs are responsible for supervising the renewal of multiple lines of coverage per year.



5-20

CFOs reported renewing between 5 and 20 policies a year.

A majority of CFOs are finding that it takes their organization – from start to finish – a month or more to complete these renewals. And when these CFOs are having to spend an equivalent amount of time managing renewals, it can add to the clumsy nature of the process.

In addition to lengthy timelines, CFOs say this coverage can be costly.

26% 

Nearly a third (26%) of CFOs reported they spend upwards of \$1 million annually on premiums.

57% 

More than half (57%) of CFOs spend more than \$100k annually on premiums.





Technology Point Solutions Can Enhance Processes

Commercial insurance lacks a central hub for data processing and storage, opting instead for manual methods to piecemeal the process together. The use of spreadsheets and PDFs to manage negotiations and deliverables means that often months can go by between the start and finish lines in renewing a commercial insurance policy. On top of that, workers spend hours upon hours sifting through paper documents to compile information needed to complete negotiations and contracts.

The industry is still relying on human labor to scale its operations. This approach is unsustainable and could lead to problems at any point throughout the transaction.

Insurance and risk management are in need of solutions to help pull the renewal process away from legacy, manual systems to efficient and streamlined business operations. The complexity of the commercial insurance renewal process, coupled with the industry's expected growth, means new solutions are needed more than ever.

From renewing coverage to closing a client deal, technology point solutions can create a more streamlined, data insight-driven workflow. These solutions can enhance existing processes and allow more time for brokers and carriers to forge stronger relationships, improve client service, and create an engine for sustainable growth.

METHODOLOGY: Highwing surveyed 225 chief financial officers (CFOs) in various industries in August 2019. The survey was completed online and responses were random, voluntary and anonymous.

