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FROM THE PUBLICATIONS COMMITTEE

Embracing the Future
by SCOTT BOWEN

On behalf of the Publications committee, we are proud to present our Spring 2019 issue of the Interpreter. The myriad of hours spent article sourcing, identifying authors, writing, editing and reviewing content, have been a labor of love for the committee, in an effort to produce a quality, thought-provoking publication. However, the time has come for this IASA tradition to evolve and move onto its next “tradition,” and this will be the last issue of the Interpreter as a stand-alone publication. Print media, like many other concepts we have become accustomed to, no longer represents the future and IASA must move forward to meet the expectations of a new generation of insurance professionals and to challenge our more seasoned members to embrace new channels and ways of learning. If you think about it, hasn’t this always been a core goal of IASA?

This is an exciting time for IASA and specifically the Publications committee, as we have an opportunity to update and refine our approach to delivering industry-critical information, reshape the look and feel of the “new” Interpreter, and make the transformative leap into digital. IASA remains committed to bringing its members original and timely educational content and will continue to do so through a new distribution platform to be announced soon.

As an insurance accountant, leading the process of publishing the Interpreter has been one of the most rewarding challenges of my career and I look forward to the task of providing our current and future readers fresh and pertinent industry information through our new platform.

Scott Bowen is VP-Publications for IASA and AVP-Regulatory Compliance at IAT Insurance Group. He can be reached for further comment via email at Scott.Bowen@iatinsurance.com
The More Things Change...

by ROD TRAVERS

ASA Brings Innovation to Elevate the Educational and Networking Opportunities

The more things change, the more change accelerates, or at least it feels that way within our industry right now, and we’re not alone. Fundamentals are changing in most industries including retail, energy, entertainment and technology. Compounding all this change are the shifts in consumer behavior and societal norms — everything from home and car ownership to the average age of marriage is changing. Each of these new ideals are in turn driving change within the insurance industry.

Insurance is not “business as usual” anymore and we strive to ensure IASA reflects this change. Here are a few projects we are currently working on:

• IASA is working to expand our alliances with other industry organizations. We have successful working relationships with the Global Insurance Accelerator, ITA, and a few others. We will build more of those to bring you specialized information around data & analytics, management practices, and developing talent.

• Part of our mission is networking and this year we are implementing the “Brella” tool at our conference to make networking easier and more effective. We also plan to enhance member features on our website so that connecting with IASA members who are seeking or who can provide specialized subject matter knowledge is easier.

• We are building additional cross-functional content into our programs as well as including content beyond finance, tech, and professional development. The functional silos are coming down, and our content is evolving to reflect that. Our 2019 OnPOINT Executive Program is a great example of this.

• You will see more content from the IASA Interpreter delivered electronically, making it easier to use and share.

As always, our programs and content will continue to have a practical, real-world focus that you can personally utilize at your very own workplace. A lot of fascinating concepts are circulating within the insurance industry right now, and IASA aims to keep you updated about these concepts because our focus is to keep it real. If there is an area of interest you would like to see reflected in our programs, feel free to drop me a line at rtravers@iasa.org.

See you in Phoenix!

Rod Travers is IASA’s Executive Director. He can be reached for further comment via email at rtravers@iasa.org.
Education is something that begins at an early age and continues well into our senior years. Sometimes it comes naturally and sometimes we must work hard. We all learn differently. Education can be through reading, listening to someone explain a process, watching someone complete a task, or actually doing the process or task yourself. It’s about how we engage.

IASA makes education fluid. We bring new and updated content to our members through local chapter meetings, webinars, textbooks, and of course the annual conference. The annual conference provides an opportunity for Accounting, Technology and other industry professionals to gather in one location to interact with each other as well as with the experts and industry peers who deliver the content. This creates an ideal environment for idea exchange and for innovation. Our members come to IASA to learn and be creative in identifying solutions and opportunities for their companies, whether it’s an accounting issue, technology, or management practices.

This year we have redesigned our executive education program based upon feedback from our attendees and the expectations on how this group prefers to engage. OnPOINT will elevate the executive experience at IASA 2019 to a new level.

Our keynotes this year will provide insights that cross industries. As you may know, we are shaking things up by opening the Conference with our first keynote on Sunday afternoon. Two other keynotes follow on Monday and Wednesday. Tuesday we are allocating time to for our attendees to network during lunch. By now you should be aware that the Tuesday night networking event has moved to an outside street venue. This will create a casual environment to connect with your peers while enjoying good music, food and conversation.

New this year at IASA is Brella, a networking tool that enables our attendees to plan ahead and connect on-site with others who have common interests, specialized knowledge, or who just want to expand their network. Attendees can also connect with solution providers to schedule quick meetings. This is yet another feature that will make IASA 2019 reach new heights.

Making the upgrades to the conference agenda is the result of all the hard work the Volunteers and the Staff at IASA have completed over the last year. There were many hours of brainstorming, putting a plan together and ultimately execution. I personally want to thank this group for all of their hard work and determination.

For those of you that have already registered, I am excited to see you and to share all of the experiences we have in store for you. If you have not registered, take a few minutes and register at www.iasa.org/conference.

Get ready for a fresh new experience at IASA 2019.
Insurance has always been referred to as a data-driven industry, even if much of the industry has thus far failed to achieve a level of data mastery on an individual business basis which would keep insurers on par with financial services firms, for example. An inability to handle the volume, velocity, and variety presented by Big Data, illustrated for many insurers the need for more talent and more technology focused around harnessing the value of the industry’s data assets.

Today’s InsurTech movement has put data in an even brighter spotlight, and insurers are now moving to hire data scientists and to invest in solutions which will rapidly boost data quality, clarify and complete paused or failed data conversions, and improve levels of data mastery.

Dr. Henna Karna became a chief data officer in the insurance industry after earning a doctorate and a master’s in Mathematical Sciences, not necessarily an intuitive move, but one that Karna argues could have been predicted all along.

“The most viable skill mathematics trains our brains on is that there are many, many ways to solve a problem and that in fact knowing all your variables and what you are aiming to equate, or balance, is of critical importance,” said Karna. “Insurance is actually quite a quantitatively-inclined industry. From its core, it is data-driven, analytically-perceptive, and frankly, the intuition-based decisions we are known for are nothing but mathematical algorithms. The industry of Insurance takes the intersection of my love for mathematics with my passion to solve complex problems and adds my drive to make the world a better place — all into one vision.”

While Karna’s career experience in the areas of cyber (security, cryptology, cryptoanalysis, etc.), actuarial science, and analytics are all helpful in her current position as Managing Director and Chief Data Officer for AXA XL, it is her background in digital strategy she relies on most often today.

“To me, digital strategy is what we need to evolve legacy industries in a bold way so that they do not lose their meaning,” Karna said. “Decades ago, we read about IBM, GE, Ford, etc., and later, we read about Amazon, Google, and Facebook. Now, there are strategic shifts happening in business models across industries from Uber, AirBNB, etc. The change is already here, and our industry must leverage a digital footprint, understand digital products, and morph quickly, and cautiously — but with courage.”
For Karna, this doesn’t mean picking a few new shiny objects off the shelf.

“When I say digital, I do not mean gadgets and mobile apps,” said Karna. “I mean a platform strategy, foundational change, where our customer touchpoints go from ‘events based’ to a ‘24/7, bi-directional’ model. That is where the art and science of a digital strategy will upend our industry for the better.”

When considering digital strategy, the way the insurance industry acquires, consumes, and utilizes data can’t be overlooked. Traditionally, the insurance industry has handled mostly structured data from a limited number of inputs or sources. Even third-party data providers delivered data in a predictable way and at a significant, but predictable, cost. Today, there are many InsurTech startups challenging the traditional model.

“There’s no question that the convergence of vastly expanded access to data and the rise in computing power to capture and analyze this data will lead to a period of much sharper decision-making throughout the insurance industry,” said Karna. “…a growing number of insurers will look to refine and tailor coverages closer to the customer/buyer needs, to develop more frictionless, and hence, efficient ways to reach and interact with buyers — moving away from only transactional relationships.”

For the executive teams of mid-size insurance companies struggling to turn what could feel like data overload into a competitive advantage, Karna recommends strictly prioritizing in order to stay on par with new digital-first competitors.

“There is always a chance that a firm tries too many things or hits an ‘analysis paralysis’ state where there are so many distributed bets that focus lags and momentum dissipates,” said Karna. “The advice that I often take is to ensure focus. Insurers can decide what is the competitive advantage they want to bet on, what will they be leading in, and truly focus on that. With that in mind, I do believe that for an insurer to think strategically about the organization’s most important asset—its data — is going to be game-changing. The first firms who can resolve the difficult questions like ‘How do we invest in data analytics?’ ‘What is data versus IT?’ and ‘Who owns it?’, and then quickly move into the actual problems to solve around the strategic value of the data they already have, will be leagues ahead. The first firms who can use their data as a power to move the business forward (know where their data is located throughout the enterprise, manage its accuracy, security and user accessibility) are the firms who will become the new nucleus of our industry.”

Jennifer Overhulse is the principal owner of St. Nick Media Services. She can be reached for further information or comment at jen@stnickmedia.com.
Many are asking, why is digital important to insurance? Before addressing this question, we must define “digital.” It means, rethinking the relationships between information, people, and processes given new and evolving capabilities. It means, designing user experiences and workflows across channels, leveraging existing and new data sources and analytics, along with the unique capabilities of mobile to streamline processes and improved experiences.

Who wants digital? Gen Xers, Millennials, and Gen Zers—and perhaps some Baby Boomers as well. The younger generational cohorts have come to expect digital interactions for all aspects of their lives; this includes paying bills, dating, selecting cars, managing their investments, picking jobs, being involved in politics, and staying in touch with friends. Social media has had a huge impact on how we interact with one another.

Insurers understand this shift toward digital. They do not want to become irrelevant, especially since both the buyers of their products and the agents selling them are increasingly coming from these younger generational cohorts. Investment dollars are being redirected to drive enhancement of digital capabilities. The most common projects include expanding portal capabilities for self-service, extending reach to alternative platforms such as voice and mobile, and adding on collaborative and omni-channel capabilities.

Novarica estimates that approximately 20 percent of insurers’ IT 2019 budgets are devoted to digital strategies and capabilities. Digital investment is often difficult to quantify precisely, since core system enhancements and analytics investments are frequently required (and necessary) in order to prioritize, enable, and manage digital capabilities. More than 25 percent of insurers are planning replacements or major enhancements to their portal, CCM/ECM, and workflow systems in order to support their digital strategies. The capabilities included in these initiatives touch areas across the enterprise, including:

- **Marketing** — Digital marketing capabilities focus on corporate websites and the ability to engage with prospects directly online. Life/annuity insurers have several capabilities that are more advanced than their counterparts in this functional area, implementing recommendation engines at nearly twice the
rate of property/casualty insurers. Carriers are innovating with sales and marketing portals, allowing them to expand their product lines.

• **Distribution** — Digital account access and transactional capabilities for distributors are widely deployed by property/casualty and life/annuity insurers alike, but fewer than half in either group consider their capabilities fully mature. Results of successful programs are impressive. Some carriers have improved time to quote by as much as 40 percent through their portals.

• **Underwriting** — Digital underwriting capabilities focus on internal workflow and collaboration environments. Single sign-on is widely deployed in both insurer groups, but less than half of all insurers surveyed report channel collaboration capabilities. Carriers are successfully using third-party data to automate their underwriting processes, enabling straight-through processing and cutting submission times.

• **Customer Engagement** — Beyond traditional policyholder portals, insurers are engaged in active pilots to support additional channels. Nearly 40 percent have current or planned chatbot pilots. Mobile/SMS platforms are also being heavily piloted. Insurers are beginning to focus on the digitally inclined customer, investing in solutions that integrate with social media, Alexa, and other communication channels.

• **Billing** — Digital billing capabilities are nearly ubiquitous for both large and midsize insurers, but only 65 percent of life/annuity insurers have electronic billing today. More than a third of insurers are piloting omni-channel notifications. One of the reasons carriers are investing in innovative billing capabilities is to encourage policy self-service.

• **Claims** — Large insurers are significantly more advanced in digital claims. A full 71 percent of large property/casualty insurers support mobile first notice of loss, compared to less than 25 percent of midsize insurers. Some carriers are working with third-party drone image providers to modernize their catastrophe property claims, while others are focusing on digitizing paper-based workflows.

Digital investments are typically focused on improving portal capabilities, implementing content management systems, and improving workflows. Agent and consumer portals have been available for many years, but they continue to be an area of investment for carriers. Insurers are continuing the expansion of self-service capabilities, implementation of responsive design concepts, as well as a refresh of the Web design to improve user experience. Many carriers have A/B testing in place to validate changes and make improvements on a continual basis. Outside expertise is often engaged to obtain a fresh look at Web pages.

Content must now be managed across print, email, Web pages, and social media. It must also be updated more frequently. Carriers are making a significant investment to place content management in the hands of marketing or communication departments and to remove any IT bottlenecks for content publication. Content is also being delivered based on consumer preferences and is being individualized to target or customer situations.

Digital capabilities have changed dramatically over the last decade and continue to evolve rapidly. Insurers should continue to reimagine and reconceptualize their service capabilities based on agent and consumer preferences and the benefits that digitalization promises. With the workforce slated to be 50 percent Millennial and Gen Z in 2020 and more than 95 percent by 2030, the call for digital capabilities will only increase. Insurance carriers must digitize to stay relevant and to align their cost structures to the industry.

**Mitch Wein** is Senior Vice President of Research and Consulting at Novarica. He can be reached for more information or comment at mwein@novarica.com.
The insurance industry is the in middle of a seismic technology shift, with carriers adopting an abundance of new tools to drive insights on decades of customer data at their disposal.

This revolution is transparent across companies of all sizes—from large property and casualty carriers with billion-dollar IT budgets that are rolling out drone inspection programs, to smaller workers’ compensation firms looking to digitize claims or bring new policy administration systems online.

With customers also demanding more of the high-tech and hands-on experiences the likes of Amazon and banking institutions provide, innovation has become an industry mandate for carriers, as neglecting to do so will likely lead to companies’ downfall.
Some insurers have embraced this pressure so far, while others find themselves not moving quickly enough — for fear of upsetting a business model that has worked for decades. Carriers instead should be strategically implementing technology to improve consumer pain points related to claims, underwriting, and policy management, according to industry experts.

“On a high level, digital transformation means changing and rethinking business processes, not just digitizing processes,” said Dennis Vanderlip, director of insurance industry solutions at Microsoft.

Vanderlip heads Microsoft’s installation of both its proprietary technology and vendor partners’ platforms for multiple lines of business. He breaks down insurers’ path to digital nirvana in two fundamental steps.

The first is by moving beyond paper to ensure every piece of the insurance process is available online for customers. That’s followed by carriers’ creation of artificial intelligence and machine learning systems to leverage the newly digitalized in-house data, along with any information gathered from external sources, such as the Internet of Things (IoT).

“Having a platform to consume all of this helps carriers get that next level of value out of data,” said Vanderlip, adding that insurers’ embrace of AI technology can lead to reduced costs and the rollout of chatbots for customer services or machine learning capabilities that can more easily help underwriters assess risk.

“This strategy loses value at a company that doesn’t manage its own IT functions, but it is largely applicable for many tier-one through tier-three companies,” he said. “Some carriers cannot investigate AI cognitive services on their own, but may partner with someone who can.”

Innovation Hurdles

Among the biggest challenges to carriers’ modernization efforts is defining a strategy that helps them get the most out of their data, as well as getting support from c-suite executives. The largest problem, however, remains legacy systems, which are largely still in use throughout insurance.

According to a study conducted by IDG Research Services in the fall of 2018, more than half of companies’ IT transformation programs have stalled in the past, with a majority of executives (64 percent) citing legacy systems as a top five barrier to modernization.

The study also found that 44 percent of the 200 executives surveyed said their organizations have yet to make process, operational, or technological changes to support ongoing IT initiatives.

“If modernization is not part of companies’ plans, carriers will be left to the same fate of Kodak and Blockbuster; great companies that couldn’t see the future,” said Mariel Devesa, former head of innovation at Farmers Insurance, now the global head of business development at Phyn, a smart home insurtech startup.

Letting go of primary functions that have driven revenue at companies for more than a century is a
common issue for carriers looking to innovate, she added, as it can take a long time for organizational changes to make a difference on the balance sheet.

But a reliance on old IT platforms also means the organization is not agile enough to bring new products to market quickly, Devesa said. In the early stages of innovation, a new telematics program or machine learning capability can drastically reduce costs. However, she says, carriers should be wary of simply copying existing programs in the marketplace, as it can leave them hesitant to take on risks for improvement.

“Executives have the ability to leverage technology in new ways to improve both the customer experience as well as the bottom line,” said Devesa. “It’s no longer an IT solution, it’s an enterprise solution with benefits that cross functional lines.”

The inclusion of technology helped convert Argo Group’s significant supermarket underwriting losses in 2015 into profits last year, according to Rooney Gleason, the global specialty insurer’s president of U.S. grocery & retail.

“We turned a perennial loser into a winner,” Gleason said, who also serves as and director of digital business development at the company.

In 2017, Argo widely implemented IoT-powered grocery store and restaurant inspection equipment in all of its supermarkets. The technology, developed by Gleason’s startup, Gleason Technology, Inc., is designed to prevent slips and falls — the supermarket and restaurant businesses’ No. 1 claim category — by identifying wet spots using IoT sensors and near-field communication (NFC) to track an employee’s progress throughout inspections.

“We got a lot of push back, and lost long-term clients who were like ‘why are you requiring me to inspect my store and document it?’” said Gleason. “In some cases, I just pulled out their own loss history.”

Currently, Argo’s clients complete about 200,000 premises inspections per day by placing sensors around stores, according to Rooney. About 24 million inspections have been recorded to date.

“We have vast amounts of data coming in,” he said. “In this industry, everyone used to think data was the secret sauce. But it is just data. The secret sauce is what you do with it.”

Company Size Matters in Results

Large insurance companies find they have different measures of success than that of their smaller counterparts when it comes to digital transformation.

For one, multi-line carriers have seemingly all adopted a fail-fast mentality, where failure is viewed more as a learning experience than a waste of resources, due to their meddling with newer technologies — cloud, blockchain, and machine learning for predictive analytics, as examples.

“If modernization is not part of companies’ plans, carriers will be left to the same fate of Kodak and Blockbuster; great companies that couldn’t see the future.”

— MARIEL DEVESA, PHYN
Meanwhile, regional or even state insurers, which cater to a smaller portion of the population, are more concerned with building up mobile capabilities, launching portals, and partnering with vendors that can quickly upgrade legacy systems — efforts already predominantly completed by larger institutions.

Mid-sized carriers may not have the same IT budgets, or hoards of data scientists and engineers to call on, but they too, have distinct advantages over larger firms. Mainly, that their size enables them to pivot quickly from strategies that are not working. There is also far less data to cope with when overhauling core systems.

“I’ve heard horror stories from large companies that will implement policy admin systems, spanning five years and multiple chief information officers,” said Brian Tague, vice president of operations at Diamond Insurance, which writes insurance coverage for healthcare practitioners in 14 states. “You come across thousands of small decisions throughout the project. I’m lucky in that I can just walk over to my boss and ask what they think.”

Diamond Insurance, based in Illinois, completed the installation of its new policy admin system from CHSI Technologies in April 2018. Thanks in part to data migration, and issues getting the new platform to properly communicate with Diamond’s existing claims system provided by MountainView Software, the project spanned just two years.

“We are close to having it where we want it in order to maximize our use of the system,” said Tague, adding that the company will introduce the client and agent portals configured into the new policy admin system this year. “We are only using the bare bones of it right now.”

In some cases, smaller insurers find they know their market better than large insurers as is the case with Colorado-based workers’ comp carrier Pinnacol Assurance.

“We have one line business focused on one state, and that’s an advantage for us,” said Kate Schmitz, the company’s chief marketing officer. “We know Colorado better than the bigger guys, and so we currently have 60 percent of the market share.”

Pinnacol Assurance’s largest innovation win to date came in 2017, with the launch of its subsidiary, Cake. The startup serves as the online onboarding option for customers that want to bypass filling out multiple forms by hand to receive a policy. The initiative was born out of a push by the insurer to serve customers on their own terms.

“I’ve heard horror stories from large companies that will implement policy admin systems, spanning five years and multiple chief information officers.”

— BRIAN TAGUE, DIAMOND INSURANCE
“Some workers want everything online, while some prefer a phone call,” said Schmitz. “Cake started as a way to make the select few happy, but we will continue to provide both.”

To continuously get the opinions of policyholders, Pinnacol also launched the Voice of the Customer program in early 2017.

With Schmitz at the helm of the project, the company conducts regular surveys for customers along each part of the insurance value chain. The measure also allows Pinnacol to produce segmented market reports on its clients, as well as more easily track the different kinds of claims it receives.

This year, Schmitz says Pinnacol is keen on automating the process by which it tells injured workers how many days or medical appointments are required before they can return to a job.

Similar basic machine learning is already used by its subsidiary, Cake, to interpret information typed in by prospective policyholders, and determine the amount of class codes Pinnacol has to insure. In workers’ comp, class codes are defined as all of the risks associated with a business.

The Right Innovative Culture

More insurers are placing an emphasis on digital transformation today than at any other point in history. This stems from increased buy-in from c-level executives, which as recently as five years ago did not have technology on their agendas.

Now, 83 percent of companies expect their organizations to increase digital investments in 2019, according to a recent study by The Economist Intelligence Unit. Of the 621 financial services leaders surveyed, 40 percent also expect those gains to be in the double-digits.

There’s a case to be made for insurers having learned current workflows from observing tech giants like Microsoft, Amazon, and Facebook or even the banking industry. But a greater possibility is that the current innovative climate was introduced to incumbents by insurtech startups, experts say, of which carriers made a total of 13 investments of over $100 million alone in 2018, in efforts to improve operations, according to market researcher KMPG.

“From my view, a significant portion of the activity driving innovation is from insurtechs,” said Brian Hemesath, managing director of the Global Insurance Accelerator. “Even in a situation where an insurance company is driving innovation from within, I would argue that the buzz and activity from insurtechs, related conferences, accelerators, and the like, are contributing factors in executive decisions to invest in innovative culture.”

According to Vanderlip, carriers will begin to buy industry newcomers outright to adopt new technologies faster over the next three to five years. In preparation for this digital future, insurers have also created new technology-focused roles, such as chief digital officer, chief innovation officer, and chief data officer, to avoid being left behind. Even existing claims and underwriting roles have become deeply entrenched in technology.

“There is much more innovation in insurance right now than in banking and capital markets,” said Vanderlip, based on Microsoft’s internal client data. “And it may be that banking is done innovating, but the fruits of what insurers have done has not matriculated yet.”

Danni Santana is a freelance reporter covering insurance and consumer technologies. He can be reached for more information or comment at dannisantana9301@gmail.com or via Twitter @enterSanDan
STEVE DISCHER: Thanks, Ed, for taking time to share your perspectives. Would you start off with a brief introduction to Westfield?

ED LARGENT: We were formed in 1848 by a group of concerned citizens here in Medina County, Ohio – a farming community concerned about the peril of fire. Fire in 1848 could basically ruin a family, a farm; and those local leaders brought in outside experts and sent one of our local leaders to Batavia, New York for 18 months. He worked inside a mutual property casualty company and learned the business. He came back and the group decided to form the company in the back of a local general store.

We were a very small business in Ohio with incremental growth as we got into the turn of the century. Obviously, the automobile showed up, so auto insurance became important and property expanded, and we slowly expanded geographically to neighboring states.

In 1952, the directors authorized $2,000,000 to build this building, and our surplus at the time was $9,000,000. I use that statistic to point out the magnitude of that decision and that the leaders of that time realized we were becoming a larger organization with further potential.

Since 1955, you can imagine the conversations, discussions, and the decisions that were made. You’ve got Korea, the Vietnam War, the energy crisis, massive recessions, social unrest, all kinds of interesting things. Technology exploded just like it is today, and then internally we continued to grow our P&C business, and we started our surety operation which is over 60 years old. Often, I think we believe we’re in this time of unprecedented change and technology advancement, and we are. But I’ll bet the folks back in 1960 were feeling the same way.

STEVE DISCHER: So how large is Westfield’s today?

ED LARGENT: Today we are at almost $2 billion in premium. We continue to grow and expand geographically. We grew substantially in the 1980s through the 1990s. We were a $450 million company in the mid-80s, and today we’re a $2 billion company fully operating in 21 states. It’s a much larger, more complex organization that spans much of the country with very, very deep roots in that legacy.

STEVE DISCHER: Walking into the building today is remarkable. There’s a total renovation and almost a renaissance going on in this office.

ED LARGENT: We recognize what’s going on in the world and with industries in the midst of major change. We’re embracing that and evolving Westfield and our capabilities.
Flexibility is a high priority for us in the culture. There’s a way to persist the culture through physical space. So anywhere you are in our facility, I want you to know you’re at Westfield. And I want you to feel our values and what we’re about.

STEVE DISCHER: Let’s talk about the recent years and how Westfield responded to changes in product or distribution or technology.

ED LARGENT: One change is how customers think, how they’re behaving, and evolving and how to meet the needs of the customer today. We’re responding to that, and I think the industry is as well. We’re an old, mature, highly regulated industry. Because of that our culture is tough to change, but we’ve embraced that in a big way. We have digital capabilities we’re rolling out that we believe will help our entire value proposition meet some of those changing needs.

Risk is also evolving and is very different from 30 years ago. There are a lot of examples: the auto line business, regardless of personal or commercial, is in a state of significant evolution, for a lot of reasons. Miles driven has increased, the country’s infrastructure is not the greatest, distracted driving, and so on. We have safer vehicles, new technology in vehicles, and we’re heading toward autonomous vehicles, but, as an industry, we’re without an exact path on how we’re going to get there. That’s a different world.

And then there’s cyber which, at some point, may be the biggest risk to all of us. We’ll soon be emitting huge volumes of data, and everything we look at and touch will be gathering, capturing updated information.

STEVE DISCHER: Are there a couple of technology examples that are real difference makers for Westfield?

ED LARGENT: I’d say innovation in general is being embraced by the industry in a big way. Silicon Valley did not care about insurance ten years ago, but they do now. There are some very smart folks that understand the latest technology innovations and advanced data analytics, and they’re starting to apply knowledge and skills to our business model and our value proposition.

At Westfield, we launched our innovation subsidiary, 1848 Ventures, to develop product offerings beyond conventional property and casualty insurance. We have an innovation engine that is starting to really gain momentum. We’re partnering with different people around the country and the world and it’s generating some unique and interesting ideas. We are focused on the small business customer initially. None of the ideas are scaled in the market yet, but we’re leveraging a design thinking approach that has the customer at the center of absolutely everything. In the last year, we’ve done more than 250 hours of on-site observation and interviews with business owners and their employees.
Let’s take restaurant owners. These observations are starting to generate some pretty interesting ideas about how to help restaurant owners solve their biggest business problems. One observation is small businesses don’t think about risk the way we do. We talk about risk as something to assume and transfer. They live with risks the day they invest the first dollar in their business, so it’s a different mindset.

What they’re really worried about is people showing up to work, cash flow management, customer demand fluctuations, inventory management, supplier performance, and what’s happening in and around their community. We are developing insights about these risks from point-of-sale data, weather, and other data points that start to help restaurant owners’ sense, act and learn about their business.

For every 30 ideas we throw out, there’s one that’s pretty interesting. We hear, “I’d probably pay for that,” which is helping make the Westfield value proposition more than an insurance contract.

STEVE DISCHER: Like many of your peers, you’ve got two core customers – agents and policyholders. How are you thinking about both stakeholder groups?

ED LARGENT: Our agents are our most critical business partner. I’ve been in the business 33 years, and for a long time, there are those who have been calling for the demise of agents. They were flat out wrong. Business owners want advice. How they want to receive that advice is changing, but they still know insurance is an important decision. They don’t always understand it, but if done incorrectly, it could mean their business.

A policyholder may start their research online. But before they push the buy button, the vast majority want trusted, expert advice. I think it’s amazing to watch the independent agency channel evolve. Even five years ago, there was still skepticism about whether they could evolve, but they are. You know the same 38-year-old millennial that’s running a business is running an agency now. And they’re out there digitally, meeting customers where they want to be met, and they’re figuring out how to interact with them to provide advice in a different way. They’re doing it in a traditional way as well. They’re more flexible and nimble than they’ve ever been. The leading agencies are investing in those capabilities, they’re investing in analytics, and the channel is evolving. They’re not going anywhere, and the partnership is stronger than ever with us.

STEVE DISCHER: For the last ten years, we’ve had a strong economic cycle, and who knows when it will end. What is Westfield and the industry doing to maintain resilience in the future?

“\n
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”
**ED LARGENT:** You’re right. It’s not about Westfield, it’s about our industry. I’m extremely proud of this industry. It’s amazingly strong and resilient already. We went through the biggest recession since the great depression, and we didn’t miss a beat. We didn’t see an increase in insolvencies. We didn’t need bailouts. We are literally built to handle that stuff. There’s not some dramatic change that needs to take place.

For Westfield and the industry, the toughest years are due to natural catastrophes. That said, we pay claims and continue to serve our customers while growing.

Separately, around Insurtech and potential disruption, there’s a lot of smart people who are thinking about the customer experience, distribution, and how to make our business model more efficient. All that said, the insurance model globally to support risk is rock solid. And I think that’s going to be here for a long, long time.

**ROD TRAVERS:** You mentioned the Insurtech phenomenon. What’s your take on the future of Insurtech, considering you have an innovation subsidiary?

**ED LARGENT:** I think, just like the agencies, if you aren’t doing something in the Insurtech space, you’re probably sitting around the table with your team asking, “What should we be doing?”

That Insurtech space is not going away. The efficiency opportunity alone in our industry is massive. How we provide customer service compared to Amazon is a big gap. There’s a way to fix that. The innovation and the brilliant minds that understand customer experience can help us with efficiency and distribution. I think those opportunities are still there.

**STEVE DISCHER:** What about talent? What’s the elevator speech for why people want to come to work here at Westfield?

**ED LARGENT:** It starts with working in a noble industry that literally helps society, families, and business owners, and it employs people. We don’t exist for any reason other than our customers. So that purpose-driven mission is very important. It’s important to me personally, and I think it is a good starting point for the attraction.

Then it’s the diversity of the career opportunities within Westfield. There are more kinds of roles than ever in our organization. You can be a data scientist, an actuary, in marketing, underwriting, claims - and all of those areas are evolving. There’s more technology, data, and analytics, diversity of experience that you can get at Westfield. Ohio is a tremendous insurance state, and I give our state regulatory scheme part of the credit for that. We’re a thriving part of the economy and the insurance industry is the third largest employer in the state.

Lastly, I would say Westfield puts our people first and puts our money where our mouth is. For our people, that’s development and developmental experiences; that’s Westfield University and the programs we offer to help develop people and bring their best self to work.
Compensation and benefits are always part of the puzzle. We still have a pension plan that’s healthy and we’ve got a 401K plan as well. It’s a total rewards and development package. But it all starts with us being here for a noble purpose.

**STEVE DISCHER:** What are the one or two company accomplishments you’re most proud of?

**ED LARGENT:** I mentioned being involved in change since the mid-90’s. For a 172-year-old mutual, embracing change the way we have for the last 20 years and successfully executing large initiatives is something we’re very proud of. I’ve talked to our board of directors about successful execution; there is no substitute. It’s easy to lay out a plan, but actually getting it done isn’t easy. And our people are good at that.

We have an aspirational opportunity at Westfield, and it should be an industry aspiration as well with respect to diversity. There’s a lot of us in this industry who look similar and come from similar backgrounds. That needs to change. What I share with our team is that diversity is not optional; it is a business imperative. More diverse organizations outperform less diverse organizations. And that runs through all aspects of diversity -and through all levels of the organization.

It’s easy to say but very hard to do. It’s not just hiring different people but literally evolving our culture so that it is accepting, safe and comfortable for a diverse team.

**ROD TRAVERS:** IASA sees a blurring of functional lines and the silos continue to come down. How is this affecting Westfield?

**ED LARGENT:** The Center for Creative Leadership has statistics that says only 20 percent of leadership teams are ready for what’s needed in the 21st century business environment. That’s compelling. Living in your functional silo, doing your thing, and magically hoping all the pieces come together doesn’t work. The problems are more complex. Add technology trends and advanced data analytics into the mix, and it absolutely doesn’t work anymore. We need constant cross-functional collaboration; and tapping the energy, knowledge, and experience of literally everybody is needed to solve those problems and to be successful.

It’s part of the reason we’re redesigning our physical space. We don’t want you to have the opportunity to find a silo. Physically you can’t do it. You’re literally going to collide with everybody. That’s different from when I grew up, which was a lot more functional.

You can’t sit in your functional silo and become an expert anymore. You can master skills in your area, and that’s great. But that alone is not going to make you successful. The way forward is to collaborate and learn from those down the hall and on different floors. Experientially that’s how you learn, you integrate experiences into whatever your role happens to be. Which is why I think collaboration and flexibility are so important.

**STEVE DISCHER:** Could you talk about the changes to the Westfield brand?

**ED LARGENT:** We felt there was an opportunity to more clearly articulate who we are and what we’re all about. It’s not different. We’ve been around for 170 years, and there’s a core of what we’re about that’s
always been there and is still there. At that core is authenticity in caring, which may sound cheesy, but there is no substitute. Part of our differentiator is people who authentically care about you, and that doesn’t just happen when it’s convenient - it happens consistently.

There’s the expertise we have to help families and businesses thrive. Articulating that message is an opportunity. The brand you see today is simply “Westfield.” We don’t want to only provide a contract related to risk transfer to a business. We want to do more. We want the market to think of us more broadly than the word “insurance.”

Insurance has an interesting connotation in our country. We’ve done a number of focus groups with Westfield and non-Westfield customers. As soon as you put the word “insurance” on the table, their perspective and frame narrows. They don’t want to involve their insurance company outside of the contract. That’s the reaction. So, the brand and the name are Westfield, not Westfield Insurance. There’s a reason for that. We want to get away from the narrow perspective and broaden how the customers think about us.

Another add to our brand is to be a carrier of distinction in commercial lines. We’ve always had a foothold in small commercial. We’re making a massive investment in a completely new platform for commercial lines that will begin to hit the market later this year. It will involve the latest products, pricing sophistication, and technology coupled with process efficiency. We have more than 400 people working on that right now. It’s a big investment.

STEVE DISCHER: The pillars around the brand are authentically caring and bringing the expertise to deliver broader value. How’s it being received?

ED LARGENT: At Westfield, we care for our customers and give them a real edge – protection plus practical ways to grow and achieve their dreams. With our new brand, it’s more than just a new logo, it’s shaping our culture and identity. I say this to our entire team: our behaviors and actions are what make the brand.

The logo’s nice and people are excited about it, but it’s how we act and deliver that brings it to life. We made a video about changing our logo and what our logo actually means. You can view it at https://youtu.be/b2rW8nBValk

STEVE DISCHER: What about Westfield in the local community?

ED LARGENT: Helping people and communities during times of need is at the core of what we do. It is a big part of Westfield; it’s a big part of the industry and another reason I’m proud of this industry. Our employees are extremely active. A high percentage of our employees are personally active in a community effort. We have a foundation which supports several things including disaster preparedness and recovery, family stability and safety. We donate roughly $3,000,000 a year back into the community. When you add all our employees’ personal passion and effort on top of that $3,000,000, it’s a big impact.

STEVE DISCHER: Ed, thank you for sharing the Westfield story and your thoughts on the evolution of our industry.

To learn more about Westfield, visit westfieldinsurance.com and be sure to watch their latest video.

STEVE DISCHER is Executive Vice President at Nolan Consulting. He can be reached for further comment via email at steve_disher@renolan.com.

ROD TRAVERS is the Executive Director for IASA. He can be reached for further comment via email at rtravers@iasa.org.
THERE IS STILL TIME TO REGISTER! WWW.IASA.ORG/CONFERENCE

IASA 2019
educate | elevate | innovate

JUNE 2-5, 2019 • PHOENIX ARIZONA

CONFERENCE PREVIEW

KEYNOTE SPEAKERS

DUFF GOLDMAN
JOEL COHEN
DAYMOND JOHN

NEW IN 2019: Peer to Peer Networking with Brella
EXHIBIT HALL HOURS

SUNDAY, JUNE 2
• 5:00pm - 8:00pm Opening Reception in Exhibit Hall/Dedicated Exhibit Hours

MONDAY, JUNE 3
• 9:30am - 3:00pm Exhibit Hall Open
• 12:15pm - 1:15pm Lunch in Exhibit Hall

TUESDAY, JUNE 4
• 8:30am - 9:45am Breakfast with Exhibitors
• 8:30am - 10:45am Exhibit Hall Open
## EXHIBITOR LIST

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Across all lines of business, global spending on cybersecurity products and services are expected to pass $1 trillion from 2017 to 2021, according to CyberSecurity Ventures. Cybercrime damages will cost the world $6 trillion annually by 2021, up from $3 trillion in 2015. Breaches by Target, Equifax and even government agencies have brought the risk of personal information to awareness in every home in the country. Every day new threats are revealed, resulting in the continual change of policies and procedures to address risks in all aspects of our processes and operations. Patches and updates occur almost daily to keep our devices protected from malicious code and cyber theft. Cyber insurance rates are rising as incidents increase and the coverages required to maintain business relationships with customers are increasing.

With the daily pressure to build and deliver efficient services for customers and continually react to cost pressures, how can insurers, and their service providers maintain the high standards necessary while absorbing the costs that are rising at alarming rates? How do we manage our business through these conditions while minimizing the risk and exposure of our customer’s data? How will expanded state, federal and international regulations change our operations and liability risks?

As I attend industry conferences and meet with companies that face the same challenges, we often speak of key points:

• Not all data is the same.
• As the sensitivity of data increases, so should the charge.
• We don’t want to house the data, process it and then destroy it.
• We need a better understanding of what is in the data that we are receiving and processing.
• How quickly can we react to regulatory changes that are not just within our borders, but extend globally.
With all of the challenges with providing secure processing environments and the liabilities associated with them, it is critical that we deploy solutions that minimize the risk to the organization. I believe some best practices have emerged that should be considered within the IT infrastructure of organizations.

Developing strategic business relationships with firms that focus on assurance, compliance and security can provide stewardship navigating through the rapidly changing regulatory environment in which we operate. Recently two regulatory changes demonstrate the expansion of regulation. New state DFS cybersecurity laws and the European Union’s GDPR privacy regulations represent examples of how service providers’ responsibilities and liabilities are expanding. Organizations that can tap into the expertise and up-to-date knowledge base of a strategic partner, aid in evaluating risk, securing our logical borders, and maintaining compliance with regulations.

Managed Security Service Providers (MSSP) provide dedicated resources and expertise in maintaining a secure operating environment for the organization. These service providers not only provide the connectivity, but the all the supporting infrastructure, patch management and system monitoring 24 hours per day, 365 days per year. In addition to services and infrastructure, they provide specialized consultative services to firms faced with decisions needed to support new business or infrastructure requirements.

Secure Cloud Service Providers extend the resource support to include processing and storage infrastructure. Again, dedicated security resources focused on maintaining patched and updated security perimeters, coupled with the ability to have flexible processing environments, offer cost-effective solutions minimizing capital investment. Often the cloud carries the stigma that it is an unsecure operating environment; I would counter that when you look at the security and the processes in place to support these environments, your opinion will change.

Often overlooked, education is probably the most important preventive measure an organization can deploy. Educating all employees on the importance of maintaining a secure operating environment—both digital and physical—is critical. Training employees on how to respond when they suspect a mail message that looks suspicious, maintaining a clean desk policy, and ensuring that perimeter doors remain secure, are often simple things that raise one's consciousness and can prevent or detect an impending issue. Because we cannot see the faces of the cyber criminals, the seriousness of the crimes these people or organizations are committing often goes unnoticed, until it happens personally to us.

Finally, contract with a professional security auditing firm to review and audit your systems and controls. Conduct penetration tests and identify vulnerabilities that require hardening or patching. Perform social engineering testing to ensure information is not flowing from your organization through employees.

To successfully navigate these turbulent waters, our philosophy is to surround the organization with as many qualified professional organizations as possible to assist us in awareness, management and prevention of cyber security crime.

“New state DFS cybersecurity laws and the European Union’s GDPR privacy regulations represent examples of how service providers’ responsibilities and liabilities are expanding.”

John Slaney is CTO of Content Critical Solutions. He can be reached for more information or for comment at john.slaney@ContentCritical.com.
There is a lot of jargon out there relating to digital transformation, innovation, automation, bots, artificial intelligence, but what does it really mean for your insurance organization? How can you leverage it to enhance your business? And what do you need to do to get started in evaluating your options?

This article explores automation technology and Robotic Process Automation (RPA)- commonly referred to as bots, with the purpose of helping you understand what it is, how the insurance industry is using it, and how you can begin evaluating its effectiveness for your organization.

Automation technology explained

As the term suggests, the technology “automates” the activity that was previously manual. Typically, we refer to the software automation as “automation robots” or “automation solutions.” Automation technology replaces manual (human keystroke) activities associated with a standardized/routine business process Those automation solutions are either “unattended” or “attended” robots. Unattended refers to an automation solution where the process is 100% automated; the robot automates the entire process, without interruption. Attended refers to the robot pausing for some degree of human intervention during the course of the business process. It is the more commonly implemented automation solution.
A simple example is a RPA solution automating the entry or updating of contract information from renewals. The robot completes the process instead of the employee manually going through every account to update the renewal information.

**Leveraging RPA in insurance companies**

Insurance companies are facing intense pressure to increase labor productivity, reduce costs and strengthen customer experience. Robotics Process Automation (RPA) is one strategy which companies can incorporate to help them reach their goals and continue to operate profitably. Benefits include:

- **Labor:** Many people automatically assume that an RPA will reduce the number of staff needed specifically that it will take human away jobs, yet that is not usually the case. RPA are better seen as a way to reduce the amount of low value, repetitive tasks employees have to complete, helping free up time for higher value tasks. This can be viewed as a step toward future proofing the workforce for an overall skilled worker shortage in the future.

- **Costs:** Some RPA implementations may help reduce resource needs, including the amount of time and actual cost of tasks. Companies may look at high volume tasks if they are looking to have a long term impact. However, while most companies approach RPA for cost savings, organizations should not always assume there will be an immediate tangible savings from the implementation of a bot. If the existing manual labor (current staff) is retained in the organization and simply shifted to higher value added work (which is often the case) then the benefit will more likely be time savings resulting in higher level productivity versus hard cost results.

- **Customer Satisfaction & Loyalty:** Many organizations are looking at client facing interactions which can be enhanced by a bot. Areas where this can be especially helpful generally fall under operations, that would have previously been painful and lengthy for the customer providing the data to the company; including; claims processing or initial account creation. Additionally, the internal employees that see time savings from repetitive tasks removed from their workload can benefit from increased engagement with the company, resulting in better retention.

**Example use cases**

Some of the most common operational areas for RPA implementation are:

- **Accounts receivable:** AR is a common area companies are able to automate for clear and measurable time savings. RPA can automate the entire invoicing process from a trigger point in the company’s process. Many companies begin by automating portions of the invoicing process as they enhance standardization across their organization of the inputs needed for invoicing to be completed accurately.

- **Accounts payable:** Many organizations are using RPA to scan incoming vendor invoices and complete a portion of the process that is heavily manual and time consuming. The RPA can receive the invoice, scan it and populate fields in a centralized system. It can also prompt notification of a waiting invoice for allocation.

- **Financial close:** Many insurance organizations have multiple departments that are required to consolidate and report on their ledgers, usually requiring them to go through a lengthy process of reconciliation and transfer of entries from one system to another. RPA can pull the data directly from the input system, consolidate and create a report.

- **Claims processing:** Claims processing is a highly manual and lengthy workflow that can create issues in both customer service and operations. RPA helps the insurer easily gather data from multiple sources to be used in centralized documents, resulting in faster and more accurate resolutions and distributions.
• **Regulatory compliance**: Insurance companies are subject to a vast array of changing compliance requirements every year. Because of the continual change, many employees find it challenging to meet the requirements correctly. Bots can be trained to update compliance standards as the requirements are changed — reducing noncompliance risk and ensuring up to date systems.

• **Claims data management**: Bots are being utilized for data mining, curation, ETL, and reporting of key performance indicators and metrics around claims, underwriters, matter management and customer risk profiling. This use case relies on both attended and unattended bots, displaying data on a platform of choice (e.g., Tableau, Power BI, Pivotal, Qlik, etc.).

**Evaluating RPA for your organization**

Automation technologies should not be approached from a one-time project view. The organization should evaluate the potential for RPA to enhance the organization for the long term. To do this effectively, companies should assemble a cross-functional team dedicated to identifying use cases, building the business case for automation, optimizing total business process management, evaluating vendors, assisting in the implementation process and assisting in the iteration process.

Numerous business functions will be affected by the organization’s use of RPA technology. The challenge is to ensure that the impacted departments and teams are changed for the better. Successful RPA integration will require communication, training and deep engagement between the RPA stakeholders and core areas affected.

Taking on an advanced technology like RPA may seem daunting, but consider the end goal and start with a few easy wins. Find a highly manual, simple task that requires a large amount of time to complete. If you can successfully automate that task to a few minutes, your team members and stakeholders will be able to see the value to the organization.

An outside strategic advisor can help your organization find the full value of automation by helping your teams come together, architect the journey, clarify the end goal and interpret between your stakeholders and developers. This can be key in determining the success of the project and your overall digital transformation strategy.

Remember, automation is a journey of continuous improvement — once you begin it can open a wealth of opportunity!

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Innovating the Education of Today’s Workforce

COMPANIES THAT INVEST IN UP-TO-DATE, ONLINE, ON-DEMAND TRAINING REAP THE REWARDS OF RETAINING THEIR TOP TALENT

by NIKKI DUGAN

In today’s technology-driven world, there is a perpetual need to learn new skills, acquire knowledge, and gain qualifications that are relevant in the thriving digital economy. Persistent change, challenged assumptions, and disruption are now the norm, rather than the exception, especially within the InsurTech vertical. As technology continues to create new roles and opportunities, more organizations are recognizing the value of investing in their employees’ education and skills training.

As businesses themselves become more digital, incorporating agile, experimental, and customer and employee focused approaches, they are beginning to rethink employee development as the proliferation of these technologies transforms the way organizations work. Instead of seeking to fill transformative roles with new candidates who possess specialized skill sets, more companies are mitigating a widening skills gap by ensuring their training remains updated and relevant in an ever-changing marketplace.

In a competitive and time limited marketplace, professional learning opportunities that are diverse, customizable, and supported by the latest technologies are enabling companies to augment their employee’s development. Digital education and online learning experiences designed to reach and engage today’s professional — anywhere, anytime — are becoming more prevalent in today’s workplace. In fact, in a recent Gallup report, 87% of Millennials prioritized professional or career growth and development opportunities in a job, while 69% of non-Millennials said the same.

With more professionals becoming keenly focused on organizations that will invest in their development and help secure their future in a digital, data-driven economy, online courses, cyber classrooms, internet workshops, webinars, e-learning applications, and videos all serve as viable platforms. Continued learning and training programs add substantial value to current skill sets, broaden horizons, and increase proficiencies without the constraints of high costs, time, or location. 24/7 access to training materials, collaborative tools, online courses, and other learning resources has ensured that professional growth is no longer limited to the hours of the work day.
Industry trends began to indicate that training had shifted to align with job relevancy and the lack of critical digital skills would soon impact businesses. PWC, a global professional services organization, increased their training investments strategically to focus on developing and improving the performance of their talent. The multinational organization built an extensive internal training program to improve performance through learning. Their strategic, agile, easily consumable and engaging programs help drive desired goals at all levels, to enable corporate learners to grow and progress.

Other companies, like my own workplace, EIS Group, also incorporated digital learning into their organization’s culture. Our “culture of continued development” encourages continuous learning and believes that each role provides continued opportunities for education and experiences. Since constant learning elevates an individual both professionally and personally, it enables everyone to transform continuously for the better. From the use of a centralized wiki, which serves as a repository of information from employee resources, technical documents and training guides—to our EIS University, a dynamic, interactive and creative e-learning solution and performance support tool designed to assist with onboarding, training, and upskilling, the on-demand or instructor led courses allow our employees to improve their knowledge, performance, and job satisfaction. This year, the curriculum will offer additional courses to help balance our globally diverse workforce. For a consummate learner like myself, it’s the perfect resource that I am able to access, on my own terms, time, and inclination, for my company, it enables me to hone my skills, expand my product and process knowledge, and remain relevant.

Alternately, for those whose companies may not have programs or platforms in place, there are still options available via the wonderful World Wide Web, to encourage skill development and elevate one’s education. For more than a decade companies such as Coursera and Udemy have partnered with top universities and organizations to offer courses online, providing universal access to relevant, and in-demand educational content and materials. Classes are taught by top instructors from the world’s best universities and educational institutions. Course offerings include recorded video lectures, auto-graded and peer-reviewed assignments, and community discussion forums. But as their platforms grow in popularity, so does the competition. For instance, a quick Google search directed me on how I could “Learn new technologies using real environments right in your browser” with Kata Koda (good to know in the event I ever want to expand my software development skills).

By 2020, eLearning is expected to deliver revenue of more than $37 billion dollars. This trend is not only growing in popularity, but it may also soon be the main way that learners attend school, receive training, and participate in ongoing training to keep their knowledge and skills current and relevant in today’s fast-paced business world. Learning provides you with the skills needed to succeed. Therefore, the more tools you have in your tool belt, the more equipped you are to seize upon an opportunity that presents itself. As for me, I echo Michaelangelo, “Ancora imparo” (I am still learning).
IASA Virtual Roundtable on Digital Transformation

Because all insurers are using some form of digital technology, we can agree that Digital Transformation is less about the technology itself, but more about the way insurers are innovating to solve their business problems. That said, digital transformation refers to any use of digital technology that enables new types of innovation to enhance and support processes that make the solving of those business problems easier. We asked three insurers from the life, specialty property and casualty and workers’ compensation lines of business to share how digital transformation is impacting their businesses.

Ann Mengelson-Clark
VP of Transformation & Technology
Kuvare US Holdings/Guaranty
Income Life

Chris Dowler
SVP/CIO of IT and Operations
IAT Insurance Group

Tyler Nielsen
VP of Operations
Utah Business Insurance Co.

OUR RESPONDENTS:

1) Describe the impetus for starting your digital transformation: Where was the need greatest and why?

ANN MENGELSON-CLARK: We needed the ability to launch new products and features beyond the capabilities of our legacy technologies, accelerate growth, create ease of use across the board — both internally and externally, integrate and disseminate valuable business information and intelligence, and reduce our operating costs, specifically our issue cost per policy. The greatest needs have been to improve our internal efficiencies and make it easier for our producers and policyholders to do business with us. We are streamlining back office systems and workflows across our platform of companies to spend more resources on the areas where we can truly differentiate ourselves, like product innovation and making customer transactions more seamless. We see every touch point as a transformative opportunity — doing business with us needs to be a simple and friendly experience, and there will always be room for improvement.

CHRIS DOWLER: Over the years, we acquired many businesses with fragmented processes and underinvested systems. The processes were largely manual, slowing our speed to market and limiting our ability to introduce new products and collect data to make the most informed business decisions and
compete in the market place. After analysis, we evaluated our existing systems and determined that we should invest in an end-to-end digital transformation that would better position us for the future.

Outdated and overly complicated processes and systems made it difficult for us to effectively support our customers, agents and employees. Our larger agencies are investing in technology to help manage their business. We needed to be able to integrate with their systems to help strengthen our relationships and grow their business.

TYLER NIELSEN: Technology is core to what we do here at UBIC whether that is in trying to streamline the process for payment to policyholders, provide access to policy documents to agencies, or run up-to-date dashboards. We also leverage technology to increase the ease of doing business with us; our agents can get rapid indications on policy premiums. We use technology to assist underwriters in identifying risk and speeding up the process of binding business. Our technology is focused around providing our customers a continually improved experience.

2) How has your digital transformation journey affected your infrastructure and at what cost?

ANN MENGELSON-CLARK: We see opportunities in achieving a balance of on-premise and cloud solutions using a hybrid approach, and connectivity is the key. As we move through the process, we are also finding a need to acquire new skills as an organization, and to modify our approach to include more partners for various elements. Although new initiatives are touching areas that have not changed in decades, our CFO takes comfort in the fact that we expect our spending patterns to shift, rather than increase. We see many good opportunities to integrate and optimize as the transformation expands across the platform.

CHRIS DOWLER: Our infrastructure is being totally redesigned to support our new digital capabilities. We are moving to cloud-based systems for many of our application needs and transitioning to a converged hybrid cloud infrastructure to support our portfolio of applications. Our run cost is already at affordability levels for our business, making it challenging to make the needed investments. We have redesigned and are rebuilding our entire infrastructure to run at a lower cost, allowing us to support the investment needed for our new digital capabilities. We established a transition period for our team to retool the infrastructure and fully develop the appropriate run rate.

TYLER NIELSEN: For a company of our size, we invest significant amounts of resources in various products that help us to be more effective and efficient, and the IT budget is our largest departmental budget in the company. So, we have made a concerted effort to focus on scalability in our infrastructure. As we have migrated away from a mostly on-premise solution to more cloud-based solutions, we have prepared our organization for future growth and for the changing workforce. This transformation provides greater flexibility both in terms of what we can provide to our teams and to our customers.

3) What misconceptions or unexpected issues affected your tech journey and if resolved, how?

ANN MENGELSON-CLARK: Various stakeholders are at different stages of expectations and adoption. For instance, some producer groups are ready to embrace new technologies, and others are more hesitant to change. One consistent misconception we have encountered in internal discussions is the notion that “the cloud” can solve every problem. We find ourselves resolving these disconnects by having ongoing conversations about the pros and cons of XaaS (anything “as a service”) solutions. Another challenge in adding capabilities through vendors is discerning which offerings are completely
functional and which are “vaporware” that may or may not materialize as a capability. Much of our transformational journey has consisted of projecting where we will be in a few years and predicting which vendors will be leading the pack (in capabilities) when we get there.

**CHRIS DOWLER:** We didn’t fully anticipate the extent to which we’d have to modify how we do business, but found that we basically had to rethink how the business operates. All of this work proved to be valuable - helping us understand where we are differentiated in the market and where we are not. One of the key success factors in a digital transformation is to closely align the business and systems processes. This allows for better data capture and helps increase the value of investments in new capability. In many areas, this was relatively straightforward, but in certain areas, we had challenges trying to get them to align as closely as we would have liked. We took a phased approach establishing a framework to work toward alignment over time, minimizing the impact on our agents and customers.

**TYLER NIELSEN:** We are moving more and more to the approach of a minimum viable product and then iterating from there. That’s helped me with a number of implementations. I’ve seen cases where trying to launch the final product from the outset delays projects too long. It’s important to get a workable product implemented to start gaining value from it and then build from there.

4) What role did corporate culture play in the transformation?

**ANN MENGELSON-CLARK:** Culture played a vital role; we could not effectively transform without a flexible, candid, and supportive corporate culture. We are fortunate that our leadership team works well together and has a leadership style of trust and candor. Key stakeholders champion innovation and understand that it does not happen by accident or without funding. This support and collaboration are critical, and we work side by side across all levels and departments, because we know that there is really no difference between IT and “the business” — we are all the business. Transformations can be very difficult, especially for the individuals on the receiving end of many simultaneous changes. Our greatest successes have included improving efficiency, listening carefully to each other, and being as candid and specific as possible every step of the way.

**CHRIS DOWLER:** Corporate culture played a big role. We have a collaborative culture where all levels of the organization work together to develop solutions and feel ownership in the transformation. We seek employee and agent feedback to make sure our decisions support all parties impacted by the transformation. Our sponsors’ guiding principles helped provide a framework for decision making and investments. We established clear ownership of the various processes to ensure accountability for key decisions. We either created new roles, or in some cases, reorganized parts of the organization in advance of having the new digital capabilities in place. For larger decisions, we leveraged a steering committee representing all areas affected, and established a change management function to ensure we had a well thought-out approach for communicating and introducing changes across the organization.

**TYLER NIELSEN:** Culture is key. Without the support of the board of directors, CEO, and executive team, major transformations could not happen. Not only has the leadership of our organization understood the importance of preparing for the future, they have been instrumental in reinforcing that belief throughout the company. Our CEO regularly encourages our company to look for innovative ways to solve problems and review processes. Everyone understands that just because we have always done something a certain way does not mean it is the most efficient method. This knowledge and understanding create and sustain a culture that is willing to embrace change.
5) Where are you expecting to see the fastest ROI? The largest ROI?

**ANN MENGESELON-CLARK:** ROI is expected to vary as we move through different stages of our growth, but we anticipate the fastest ROI in the areas that improve ease of doing business, both for our employees and our customers. The largest ROI is likely to come from making our back-office systems more efficient, gaining scale, and improving our capacity to handle the inevitable peaks and lulls in the influx of business. We also look for other ways to gauge achievements. While a certain amount of overall ROI is needed to keep the lights on, multichannel measurements, such as brand reputation, time to complete a transaction, and engagement, are also key to measuring our success in digital transformation.

**CHRIS DOWLER:** Our fastest ROI will be in our ability to make better and faster underwriting and claims decisions. Having access to more data, streamlined processes, and the ability to invest in needed capabilities will help us improve our ease of doing business. This should help us expand existing agent relationships and help create access to new markets and distribution. Common processes and roles will increase our ability to leverage scale across the enterprise, improving process quality and efficiency. Our digital investment in new capabilities will help us manage our variable costs, improving our expense ratios as we grow, allowing us to focus on work that adds value to our agents and customers.

**TYLER NIELSEN:** The fastest ROI we expect is the implementation of our online quoting system. That system has allowed our network of independent agents to rapidly receive pricing indications on business applications. This enables the agent to more quickly serve their client and helps us to be more competitive in the marketplace. The largest ROI we expect is in the implementation of predictive models. We currently employ multiple predictive models within our organization that serve different purposes. As we look to the future, we will continue to look for ways that predictive modeling can better serve both our organization and our customers.
Do you have a Facebook, YouTube or Instagram account? Given that there are 3.773 billion internet users worldwide, chances are you already belong to the steadily growing digital community of 2.789 billion active social media users.

Gone are the days when companies are able to treat social media as an afterthought, or as a supplemental marketing channel. Now, every part of the organization is subject to new expectations, competitors, channels, threats, and opportunities. It has transformed the way we communicate, learn, have fun, and even affects how people choose to purchase products, even insurance.

Today, social channels are where a business has an opportunity to consistently demonstrate its value, reinforce its voice, and most importantly, connect with their customers. Social networks are the go-to platforms where customers ask questions, offer accolades, and air complaints. No business can ignore the significance of its social media presence, because it influences how people perceive its brand, especially as social media continues to undergo its own digital transformation.
Social media continues to transform using such innovative, digital technologies such as Personalization, Artificial Intelligence (AI), and Augmented Reality (AR). AI is seeping its way into the user experience on social platforms, creating a better journey for users in the process. AI’s footprints are all over Facebook, from neural networks learning to tag, to image recognition making it easier to find friends. Most of those signed up to the site would be surprised to learn that AI influences much of what they do.

AR technology continues to take mobile devices by storm. With the increasing technical capabilities and convenience of mobility, social channels are also now leveraging AR. Utilizing the pre-integrated hardware components such as the GPS receiver, camera, screen display, magnetometer (compass), and accelerometer (the thing that auto-rotates your screen), companies are able to interact with consumers, delivering engaging, realistic, and unique customer experiences.

According to Gartner, 100 million people will be shopping with AR by 2020. Much of AR’s popularity is due to Snapchat and Instagram, although gaming apps are also creating impact. It’s not just Instagram and Snapchat who are using AR to enhance the user experience, but Facebook as well.

Digital transformation offers organizations an opportunity to engage modern buyers, and deliver on their expectations of a seamless customer experience regardless of channel or place. Digital technologies have caused a shift in customer expectations, resulting in a new kind of modern customer — one that’s socially engaged, constantly connected, app-native, and aware of what they can do with technology. As consumer connections continue to occur at the speed of digital, with social media, now, every business has the power and potential to digitally transform.

“Previously, social networks were a place to show off your brand and build a following. Now they’ve become more crucial because it’s where customers are engaging on a variety of levels, looking for information, sharing their experiences, and connecting across multiple arenas.”

Nikki Dugan is the Director of Culture and Communications for EIS Group. She can be reached for further comment via email at ndugan@eisgroup.com
VOLUNTEER SPOTLIGHT:
Claire Burke — the Fearless Introvert

The Interpreter likes to showcase our National Volunteers who are making a significant contribution to the IASA. This issue, we highlight, Claire Burke, Vice President, Finance and Compliance Management at Dearborn National. Claire is the current IASA Vice-President of Executive Education and responsible for putting together our new On-POINT education offering. On-POINT is the reimagined Executive Roundtables for all C-Suite titles and job functions, optimized for networking with sessions that break down the silos and appeal across all executive functions.

1. How did you get started in the Insurance Industry? I started at CareFirst BlueCross BlueShield while in grad school as a financial analyst. I loved the people I worked with, the company, and the work I was doing — so I have stayed in the Blues my entire career (Dearborn National is a part of Health Care Service Corporation, which is the second largest Blue Cross Blue Shield plan).

2. Was there a person or event that impacted the direction of your career? If so, can you share a little bit? One of my former bosses, who was our CFO at the time and my mentor, took a big gamble in promoting me ten years ago to the Controller’s position. While I am a CPA, I had little experience with the position since I had spent most of my career in financial planning and risk management — not accounting and financial reporting, but after a month-long campaign I was able to convince him to take a chance on me. Or maybe I had completely worn him down at that point! That leap of faith by him led me to where I am now (which is his old position!). It was truly a turning point in my career for which I am forever grateful.

3. How / when did you first get involved with IASA? I officially began volunteering in the fall of 2015 when Darin Reffitt and Ray Hazel reached out to me. I joined both of their committees — which is funny since I had not wanted to volunteer up to that point because I thought I didn’t have the time. So what did I do? I joined two committees.

4. How do you typically get your work day off to a good start? I start the night before by catching up on email, prioritizing my to do list, and prepping for meetings the next day. I then spend my morning commute enjoying my coffee and listening to either a podcast or music. My drive can be rather long, but I take advantage of it by relaxing or thinking through issues at work. Both of these tactics usually get me off to a great start!

5. Is there a certain song on your playlist that gets you motivated? My go to song that gets me pumped is The Only Way I Know by Jason Aldean, Luke Bryan and Eric Church. This song was especially helpful when I was doing triathlons. You can never give up!

6. What would you consider to be the biggest benefit your company gets from your volunteer participation in IASA? I am exposed to so many bright individuals at IASA, which helps me leverage their knowledge to solve issues I face within my organization. It also allows me to see things from different perspectives. I also learn more about the insurance industry through interactions with other volunteers. All of this enables me to bring more to the table in my position.
7. **What is the biggest benefit you get from being involved as a volunteer with IASA?** I absolutely love the fact that I get to do something that is completely different from my role at Dearborn. There is a lot of personal satisfaction in playing a role in putting together the annual conference. I also learn a lot from my fellow volunteers. While we are in the insurance industry, we are a diverse group. I benefit greatly from being exposed to different ways of thinking and approaches to solving business issues.

8. **Do you have any hobbies that could affect your personal insurance premiums?** I’ve toned it down a bit, but I do enjoy whitewater rafting (class IV and V are the best, of course), riding my horse and competing in horseshows, traveling to remote areas, and basically anything that gets my adrenalin pumping. I usually won’t turn down partaking in any exciting activity!

9. **What is your favorite way to relax after a particularly stressful day in the world of insurance?** I go to the barn and spend time with my horse. I have ridden my entire life, so just being at the barn is a source of comfort for me and a place that I can forget about everything. No matter how bad my day has been, once I am at the barn I am extremely content.

10. **What do you believe is the biggest challenge currently facing your company?** Prioritizing all of the initiatives that we want to do. We have a lot of major projects that we want to do, but as with any organization we have a finite amount of funding and people resources. Trying to find the best staging of these projects to effectively support our strategic business plan is a challenge.

11. **How is your role with IASA evolving as we move into a new year, and what are you looking forward to the most?** I want to remain focused on my role as VP, Executive Education, but as my knowledge about the IASA organization expands, I also want to add value in other areas where I can. I am super excited about our OnPOINT program at the annual conference in Phoenix this year. We have reimagined what used to be the Executive Roundtables and are rolling out a very different type of program. I am also looking forward to catching up with everyone in June. The IASA volunteers are like a family, and it is so much fun to see everyone at the conference — like one big family reunion!

12. **Can you name one thing most people would never guess about you when they first meet you?** That I am extremely shy and an introvert.
Before you answer, let me share a quick story...

When I sat down to write this, I was originally going to select one IASA Chapter and share with you highlights and success stories from their meetings this past year. Once I looked back, I realized very quickly, there were several Chapters I could choose from. We had so many positive things happening within our Chapters and I was excited to share all of it.

Then it hit me....

If you attended a Chapter meeting this year you have witnessed firsthand all the great things going on and what made your experience by attending special to you. Me talking about another Chapter and their successes wouldn’t provide much value to you.

On the other hand, if you have never attended a Chapter meeting, then this would most likely provide zero value to you.

Then it really hit me....

There are IASA members who have never attended a Chapter meeting. What? I just kept saying it over and over. For someone who has attended 6-8 Chapter meetings a year for the past 10-12 years it was crazy to even imagine that.

That’s when I realized I needed to shift gears and share some other thoughts. I need to focus on people who have never attended a Chapter meeting. They’re the ones who are missing out!

Let me start by saying, if you haven’t attended a Chapter meeting because you find it easier to receive your CPE from a webinar or your company provides speakers internally, you’re not only missing out.... You’re missing the point!
It’s true…. Chapter events exist for the purpose of providing educational content and updates to Insurance professionals at a local level. This is IASA’s core offering and that will never change. So, if all you expect from attending is to sit in on a few sessions and fill some gaps in your CPE, then a webinar would be a suitable option.

Let me digress and share a few numbers that may shock you about the local Chapters. There are 24 active IASA Chapters across the country that held 41 events last year. Roughly 4,000 people attended those events. That number has increased steadily by 25% over the last 10 years. Another interesting fact to know is there are 194 volunteers that make up the governing board for those 24 Chapters. These Insurance professionals are sharing their knowledge and giving back to the industry in which they work by volunteering for their local IASA Chapter. I applaud each of them!!

I shared those numbers with you to get back to my point. IASA members continue to attend Chapter meetings at an incredible rate because they see the value and benefit gained, both personally and professionally from networking with local leaders within their Insurance community. I also want to point out that they too, were once like you...they had never attended a Chapter meeting and they had no idea what they were missing out on!!

The IASA National Conference theme this year is Educate, Elevate, Innovate. If you enjoy attending the conference and plan to Educate and Elevate yourself through the incredible educational and professional development opportunities or expose your company to new Innovative solutions in Phoenix, I will see you there. It’s no secret this is the premiere event for IASA members every year.

But…. If you can’t make the trip in June, I would strongly encourage you to reach out to me or a local Board Member and find out when your local Chapter will be holding meetings and plan to attend. They will offer you the same great benefits you enjoy at the National Conference, but they do in a smaller, more personal manner, right in your own back yard. My email is below and you can find your local Board Members on the IASA website at iasa.org. Click the Chapters tab.

And remember.... New faces bring on new ideas. Sharing your knowledge while learning from others is what IASA Chapters is all about. Well… except for the golf outings, tailgates, bowling matches, luau’s, dinner parties, pub crawls, casino nights, baseball games…. I could continue, but I think you get the point. Stop missing out… Meet some incredible people, learn while giving back, and have a little fun in the process. It’s all waiting for you at your local IASA Chapter!

Allan Leonard is the Director, Business Development at Gabriel Group
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"IASA members continue to attend Chapter meetings at an incredible rate because they see the value and benefit gained, both personally and professionally from networking with local leaders within their Insurance community."
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