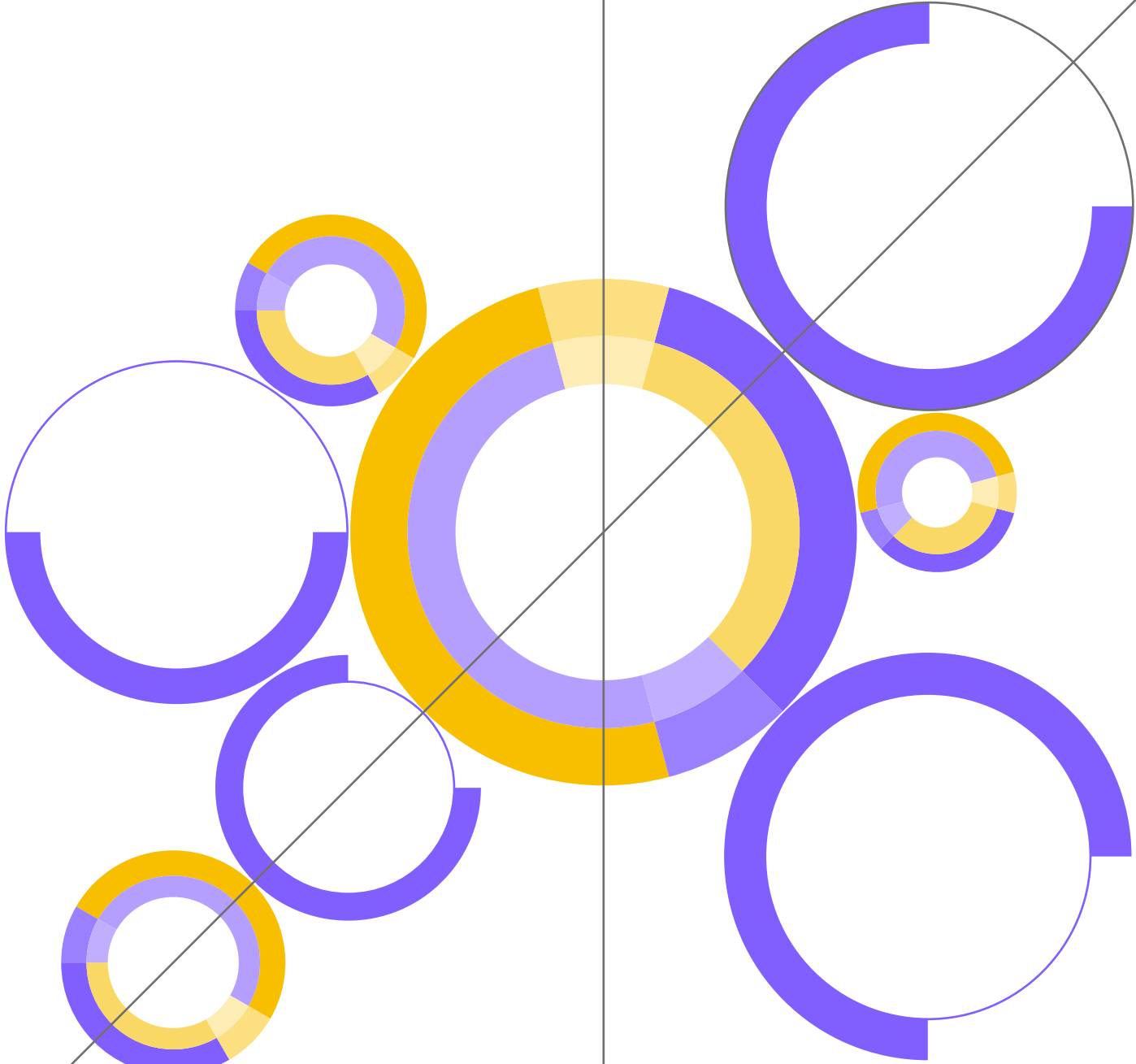


RICOH



Accelerating the Power of Information_ 2024

Industry report
on technology's impact
on **insurance**



Preface

The insurance industry plays a vital role in society, allowing people and organizations to move forward each day with confidence in an uncertain world. But how does the industry itself move forward in those same conditions? We are hearing questions like that from our clients in the insurance sector. As a leader in information management and digital services we see not only the challenges they face, but also, the solutions.

Technology can reduce the friction of silos, optimize data use, and heighten customer experience.

Our insurance solutions team has been in the trenches, helping to solve real-world business challenges for decades. They've gathered the latest research and statistics on the state of the industry today and are presenting them here, for you, in our insurance industry report:

Building the Silo-less Insurance Organization
Aligning Information, Processes and People

“Insurers know better than anyone that risk is all around us. To help our clients in the industry stay ahead of tech-savvy competitors, we are at the forefront developing solutions tailored to the unique risks they face – operational and data silos. Ricoh is bringing the power of data integration and true interoperability to carriers, brokers, reinsurers, and others.”

— Carsten Bruhn, CEO, Ricoh North America



80%

ORGANIZATIONS REPORTING DIVISIONS
LIVING IN DATA SILOS

8%

INSURERS LEVERAGING
DATA-DRIVEN UNDERWRITING

82%

FIXING MASTER DATA QUALITY ISSUES

83%

“TECH BELIEVING” COMPANIES
ACCELERATING REINVENTION EFFORTS

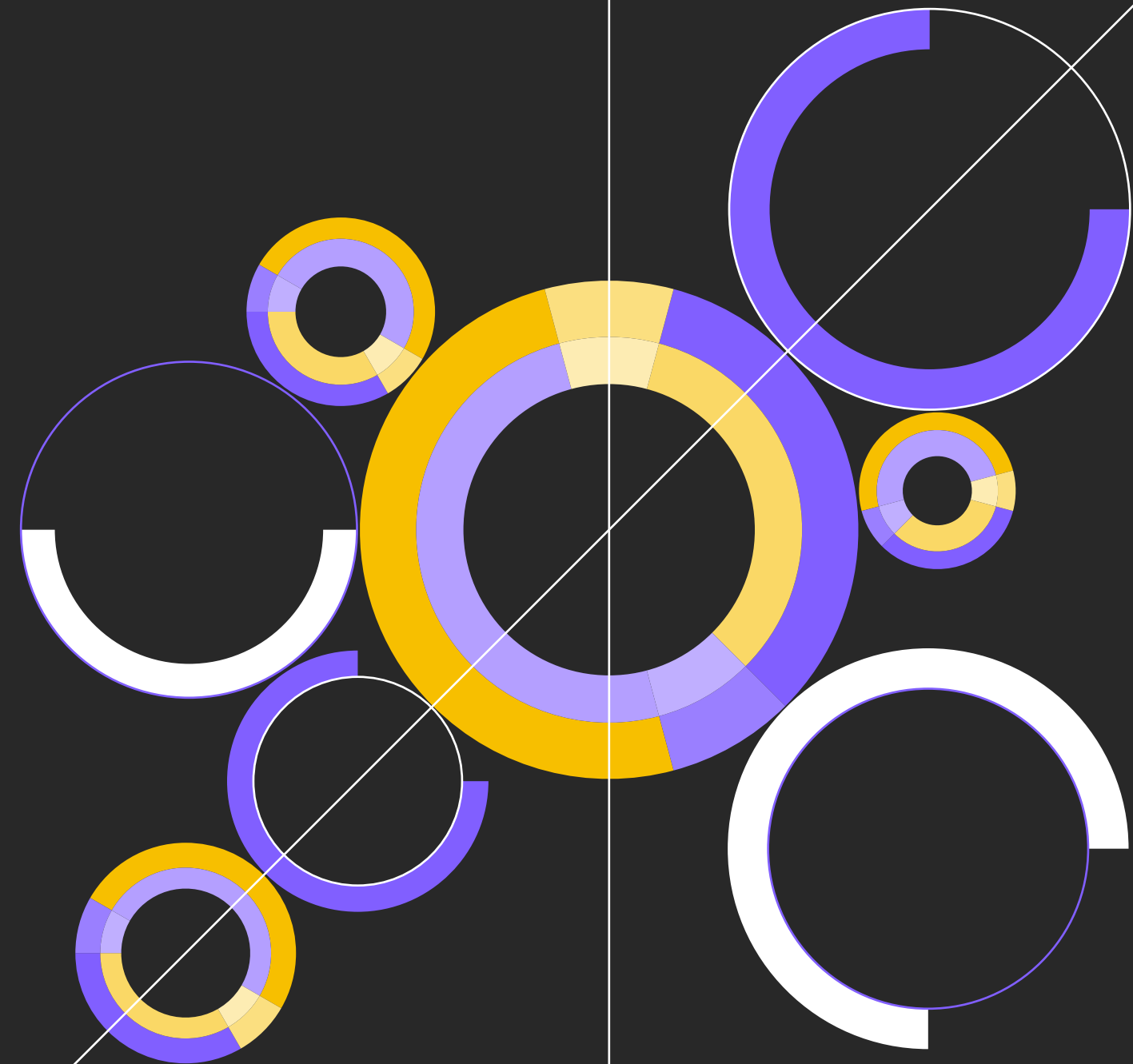
63%

DIGITAL TRANSFORMATION
PERFORMANCE INCREASES

Building the silo-less insurance organization

80%

Organizations reporting divisions living in data silos, with distinct management, practices, systems, and use*



* McKinsey Digital, *Master Data Management: The Key to Getting More from Your Data*, May 2024

Getting future ready by unlocking opportunity

The insurance industry’s rapid march toward full digitization has been fueled by the availability of new technology solutions like automation and Generative AI, as well as necessity. Improved efficiency and profitability have been welcomed, with digital transformation highlighting a facet of the industry’s siloed nature – the current difficulty in sharing and understanding data. This realization points toward the opportunity for progress – a new model for unified organizations where disjointed inputs can someday align to single sources of data truth, shared between people who can more easily collaborate with shared processes and technology.

In any industry, access to the right information has the power to reduce silos, improving efficiency and customer experience. Insurers have a special advantage though, possessing rich internal and external data sources. But for full optimization, players must have the right data strategies mapped out, supported by robust digital capabilities. Once in place and firing on all cylinders, these sources can streamline claims and billing processing, efficiently deliver retirement services such as withdrawals and beneficiary updates, detect and prevent fraud as well as deliver effective and cost-efficient stakeholder experiences. It’s important to see that data collection unto itself isn’t where cross-silo opportunity lives; it’s in turning raw data into actionable insights with Gen AI. Leveraging that opportunity comes from alignment of processes and utilizing the right technology solutions in the right places for optimal effect.

What will a silo-less insurance organization look like?

Picture an insurance business that brings data, technology, processes and people into holistic alignment using forward-looking, but currently available, solutions and partner ecosystems. Where workflows are reimaged by people and advanced technology, and solutions have been built to work together natively. That’s an organization unshackled from silos.

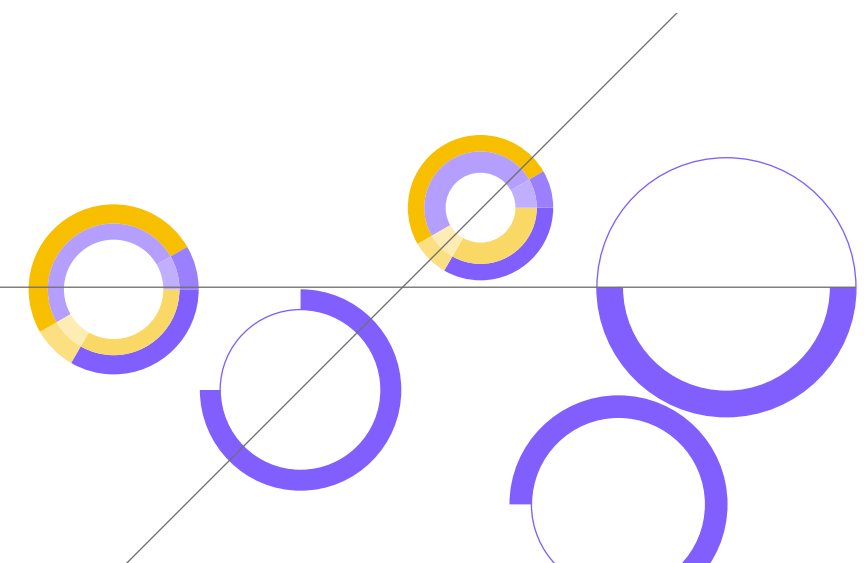


Launching Gen AI isn’t the goal. Leveraging it is.¹

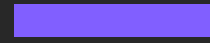
50% Executives who believe they can launch end-to-end Gen AI in 6 to 12 months

13% Those who are “extremely confident” they can effectively leverage it

¹ Accenture, *Reinventing with a Digital Core Chapter 1: How to Accelerate Growth through Change*, July 2024

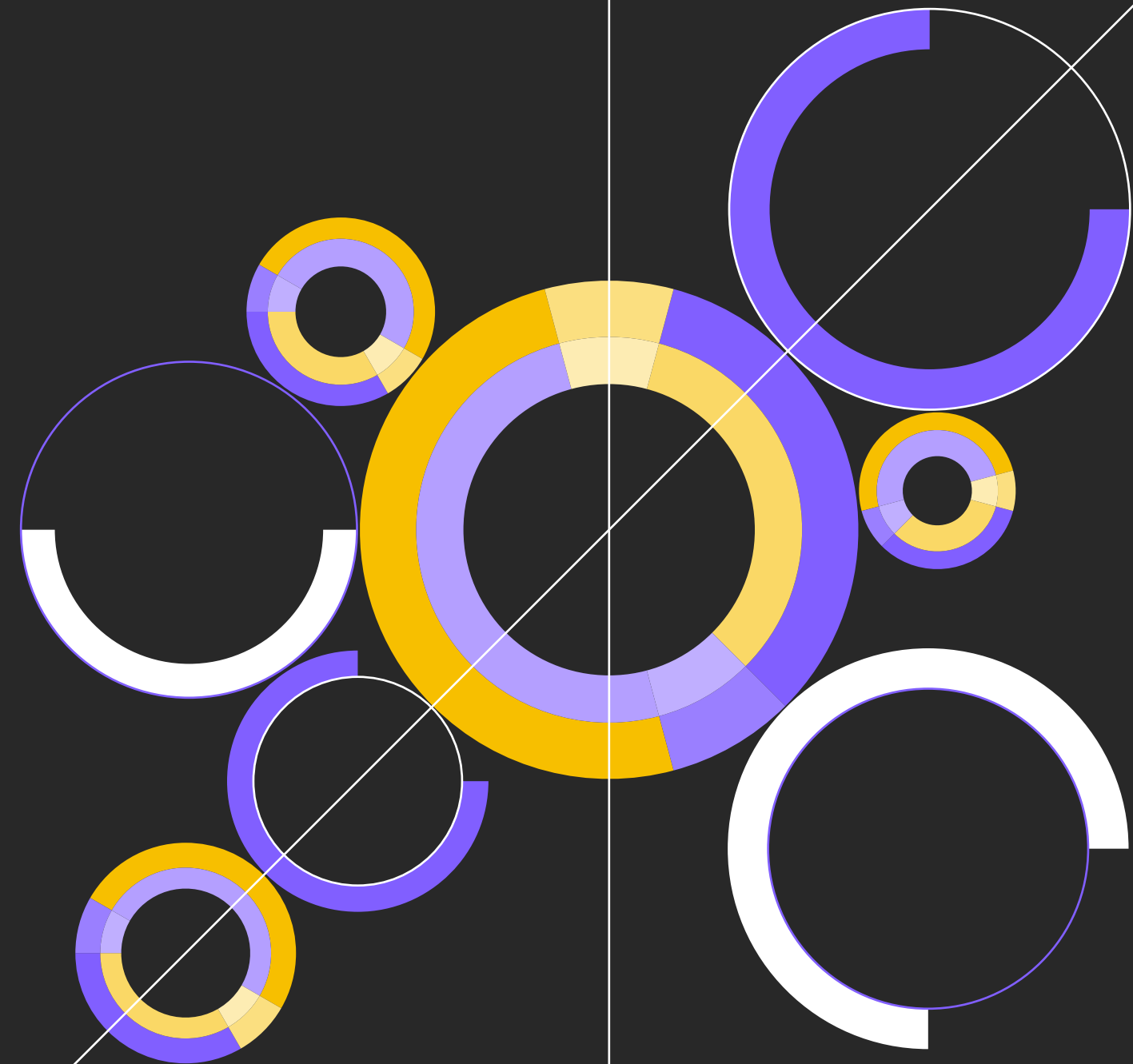


Insurers must use their data to increase customer focus



8%

Insurers leveraging data-driven underwriting enabled by advanced tech*



* Capgemini, World Report Series, Property and Casualty Insurance, Become an Underwriting Trailblazer, 2024

Where carriers – and policyholders – stand today

In its simplest description, the insurance industry evaluates and manages risk. By nature, this calls for complex decision making, creating defined, perhaps purposefully insulated business functions, each with its own requirements and reasons for maintaining the status-quo – a siloed organization. Lines of business and functions such as settlement, underwriting, adjusting, operations supporting life & retirement and administrative support operate under completely different models, objectives, and distribution paradigms based on the type of risk that each line deals with. Compliance, legal and security create further division. Add in hybrid work environments and one must ask, where does this leave insurers? With separate P&Ls and operational goals, varied processes, and cultural rifts between groups. These functional realities result in a fragmented approach to tech adoption, as business functions implement point solutions that meet an immediate or local need, without considering the larger picture. Another important question though, is, where does this leave customers?

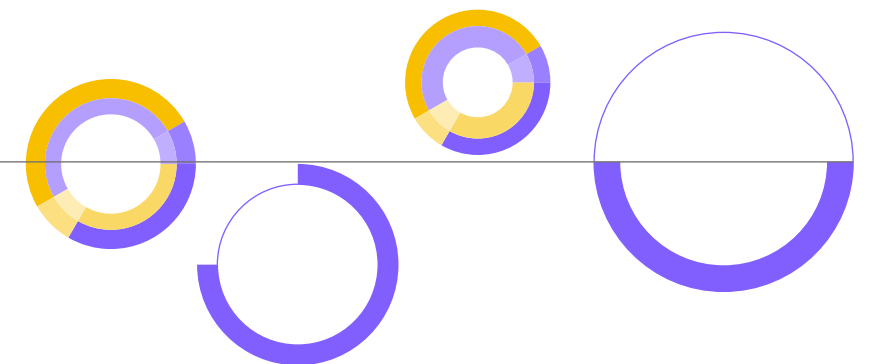
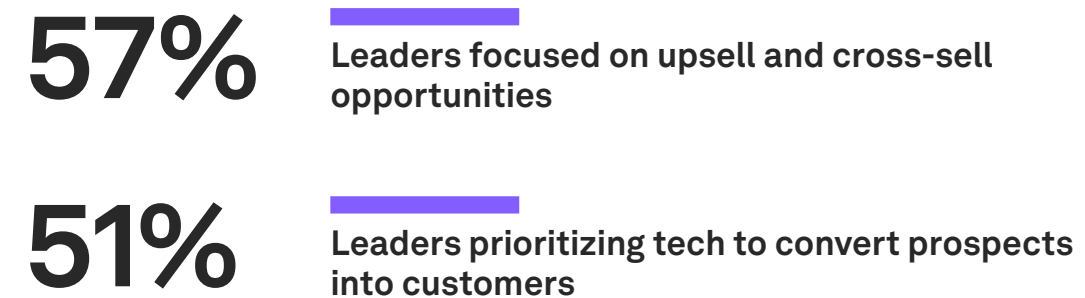


It's about policyholders, not policy writers

As expected, customers are focused on their own needs and desires, not insurers' reality. And today, that means consumers expect to buy insurance products and interact with carriers using unified utilities, the same digitally enabled conveniences they enjoy throughout their lives. When insurers take a siloed approach to tech development, they deliver partial solutions that might address a line of business' needs wholly, but not deliver tools that meet policyholders' desired experience. A simplified example: an app that allows people to renew an existing homeowner's policy, but not upload auto claim documents. Your policyholder doesn't see these two actions as two different business functions.

There is another reason the industry should up its focus on tech today – the influx of tech companies itching to become more insurance focused themselves. With consumers buying policies from these tech vanguards in growing numbers, it's no surprise that 31% of the 50 largest re-insurers are investing in Insurtech solutions. No one wants to be left behind.² Other factors on insurers' radar that should accelerate transformation timelines include rising inflation, global economic instability, severe and unpredictable weather, and the next black swan event.

Customer-centric initiatives drive tech transformation³



² Swiss Re, Sigma: *The Economics of Digitalisation in Insurance: New Risks, New Solutions, New Efficiencies*, September 2023

³ KPMG, *KPMG Global Tech Report*, 2023

All functions must move forward, together

The risk of knowing more about less

At the moment, many insurers have trouble guarding against external factors because internally they lack interoperability between systems and people. The complexity and disparity between workflows make system integration difficult, yet integration is increasingly key to successful transformation. And there are human factors at play here too, with few employees possessing the tech skills to navigate multiple systems. The immediate result is a narrowed focus – becoming more and more specialized in one’s own area or technology. This creates lack of real-time insights that can span departments, lines of business or sales channels. Inward-looking organizations lack agility as well, with 62% reporting no well-defined process for integrating new and existing data sources.⁴

For many carriers, the extent of the fragmentation stems from where data is gathered. Research shows that 96% of organizations considered leaders in the area urge collection of enterprise-wide data. Only 59% of groups considered “less mature” prioritize the same.⁵ The lesson is simple – operating with a structured “one-enterprise” mindset is far more valuable than making due with whatever data is on hand or what happens to be collected.

Resolving core constraints reveals opportunities⁶

8% Limited by poor data access

8% Hampered by legacy systems

6% Constrained by skilled talent

Insurers can’t risk data governance silos

A best practice is enterprise-wide data gathering and deployment of tools like AI, but how should control and use of data – and analytics be governed? Through a standardized process that every line of business adheres to. As of this writing, only 26% of insurers have created a framework for the responsible use of AI and machine learning in their decision-making process.⁷ Lack of unity is a new silo waiting to spring up.

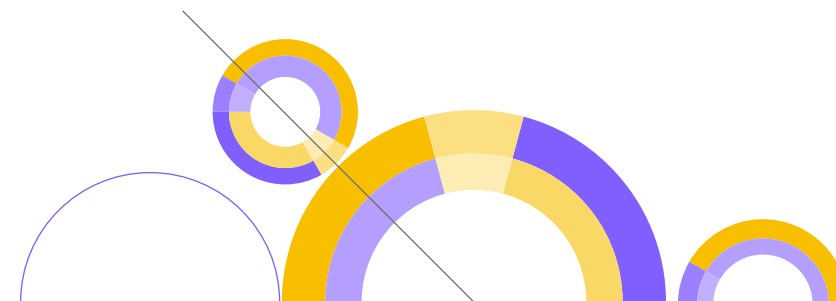


⁴ McKinsey Digital, *Master Data Management: The Key to Getting More from Your Data*, May 2024

⁵ Accenture, *Hyper-Disruption Demands Constant Reinvention*, 2024

⁶ Capgemini, *World Report Series, Property and Casualty Insurance, Become an Underwriting Trailblazer*, 2024

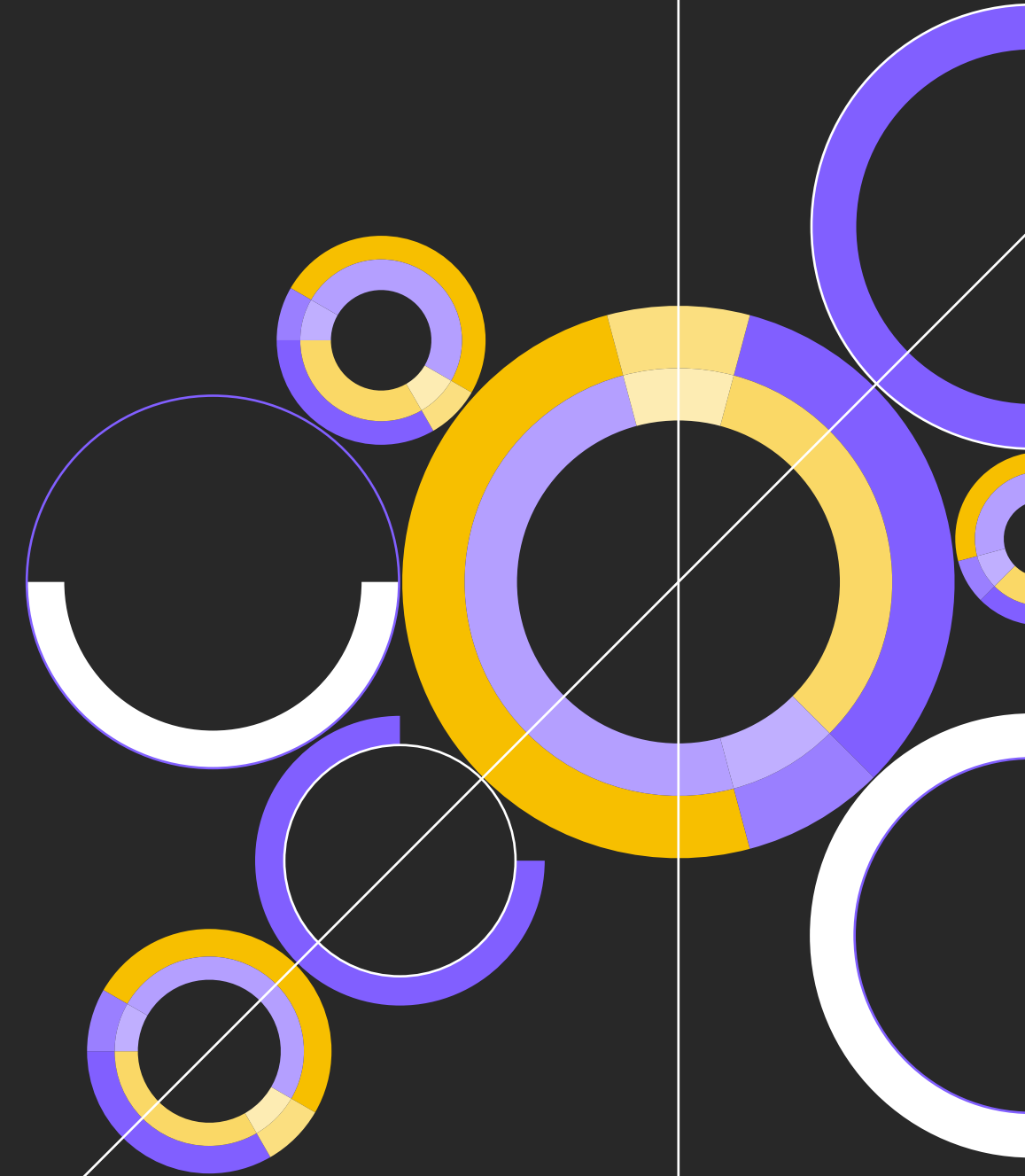
⁷ EY, *Five Areas for Insurance CROs to Focus on During Transformation*, March 18, 2024



Real-world costs, real-world opportunities

82%

Companies that spend one or more days each week fixing master data quality issues*



* McKinsey Digital, *Master Data Management: The Key to Getting More from Your Data*, May 2024

What silos cost insurers

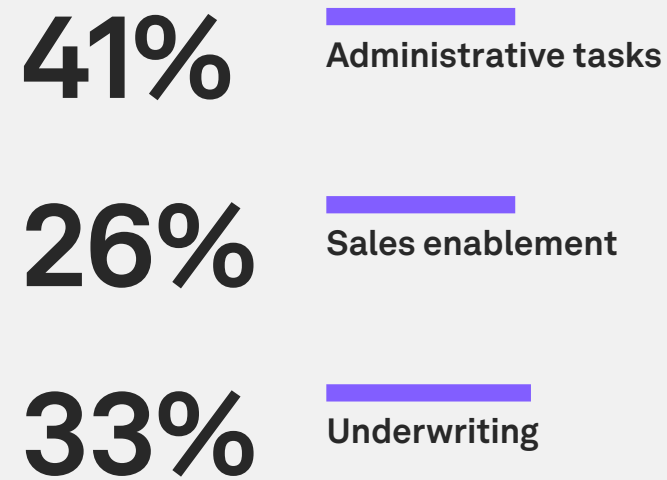
Low-value tasks rob efficiency. And job satisfaction.

Silos are holding back companies and employees and creating needless frustration for customers. Some issues are significant and may require fundamental system overhaul. Others seem miniscule, yet in aggregate may be costing the industry billions. Take for instance the ripple effect of low-value tasks that rob skilled employees of the opportunity to contribute to the bottom line. It's estimated that underwriters (responsible for profitmaking and profit-breaking decisions) spend just 33% of their time on underwriting. Where's the other time going? More than a quarter of their day is eaten up by supporting sales, while 41% of their time evaporates with administrative tasks.⁸

The value of clean data

In an industry where data use has always been critical to profitability, the risk of siloed operations multiplies as data sources increase. How? Data drift. As data sets are accessed in silos, interpreted in silos, and used to validate decisions in silos, the sets can become outdated and inconsistent compared to their use in other functions. There is massive opportunity cost associated with inefficient data collection and use, including losing market share to more forward-focused leaders. InsureTech challengers have been leveraging cloud and integrated systems from their inception, while 66% of traditional insurers are handling master data manually.¹⁰

How underwriters spend their time⁹



^{8,9} Capgemini, *World Report Series, Property and Casualty Insurance, Become an Underwriting Trailblazer*, 2024

¹⁰ McKinsey Digital, *Master Data Management: The Key to Getting More from Your Data*, May 2024

Silos prevent collaboration & insights, create poor experience

The cost for employees

For companies that have invested in technology, we have seen that siloed functions, departments and mindsets may undermine any progress they've made. But for those who can manage internal alignment and investment? Sixty-six percent of organizations saw increased profitability and performance from their investments in data and analytics over the past 2 years. Similarly, 63% have measured gains from AI investment and automation.¹¹ This is the value of a holistic mindset, bringing in new technology and bringing functions together.

The cost for customers

When surveyed, policyholders who filed a claim were more likely to switch carriers than those who had not. Re-read that statistic. Your customers are more likely to stop using your service if they actually have to use your service. Of course, the dissatisfaction can stem from a claim being denied, but when asked directly, 33% consider switching based on dissatisfaction with claims handling or the simplicity of their experience.¹² This is the impetus for insurers to remove silos, focus on customer-centric behaviors and use data and Gen AI to streamline the customer experience at every touchpoint.



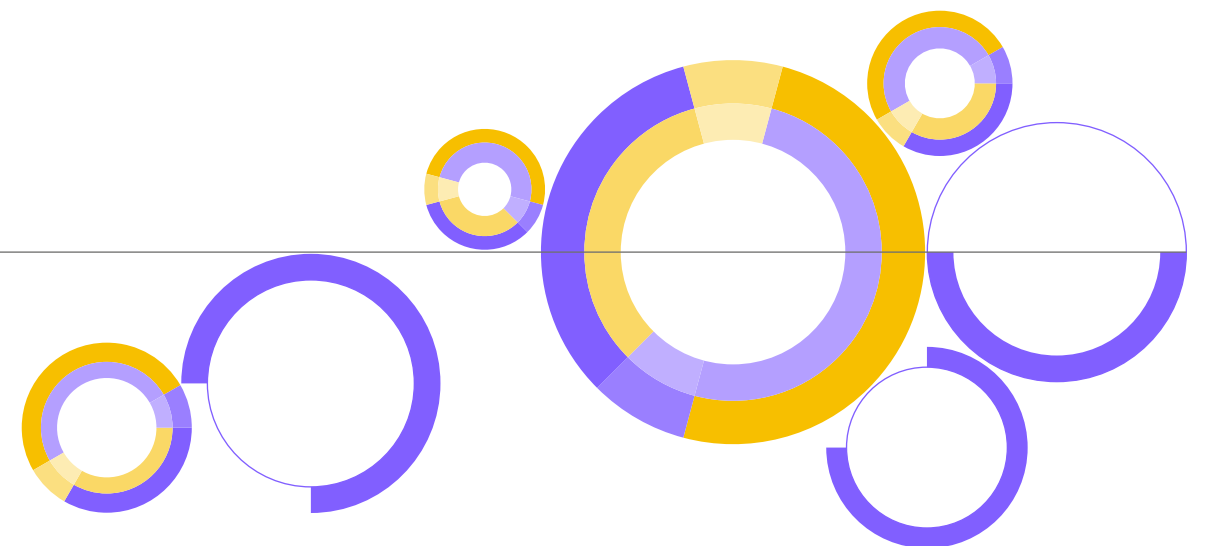
Companies with human-centered integration see quicker growth¹³

11%

Gain in top-line productivity

4%

Gain in top-line productivity, when people aren't at the center

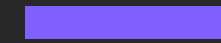


¹¹ McKinsey Digital, *Master Data Management: The Key to Getting More from Your Data*, May 2024

¹² Carrier Management, *Despite High Satisfaction Rate, Customers May Still Switch Auto Carriers After a Claim*, June 8, 2023

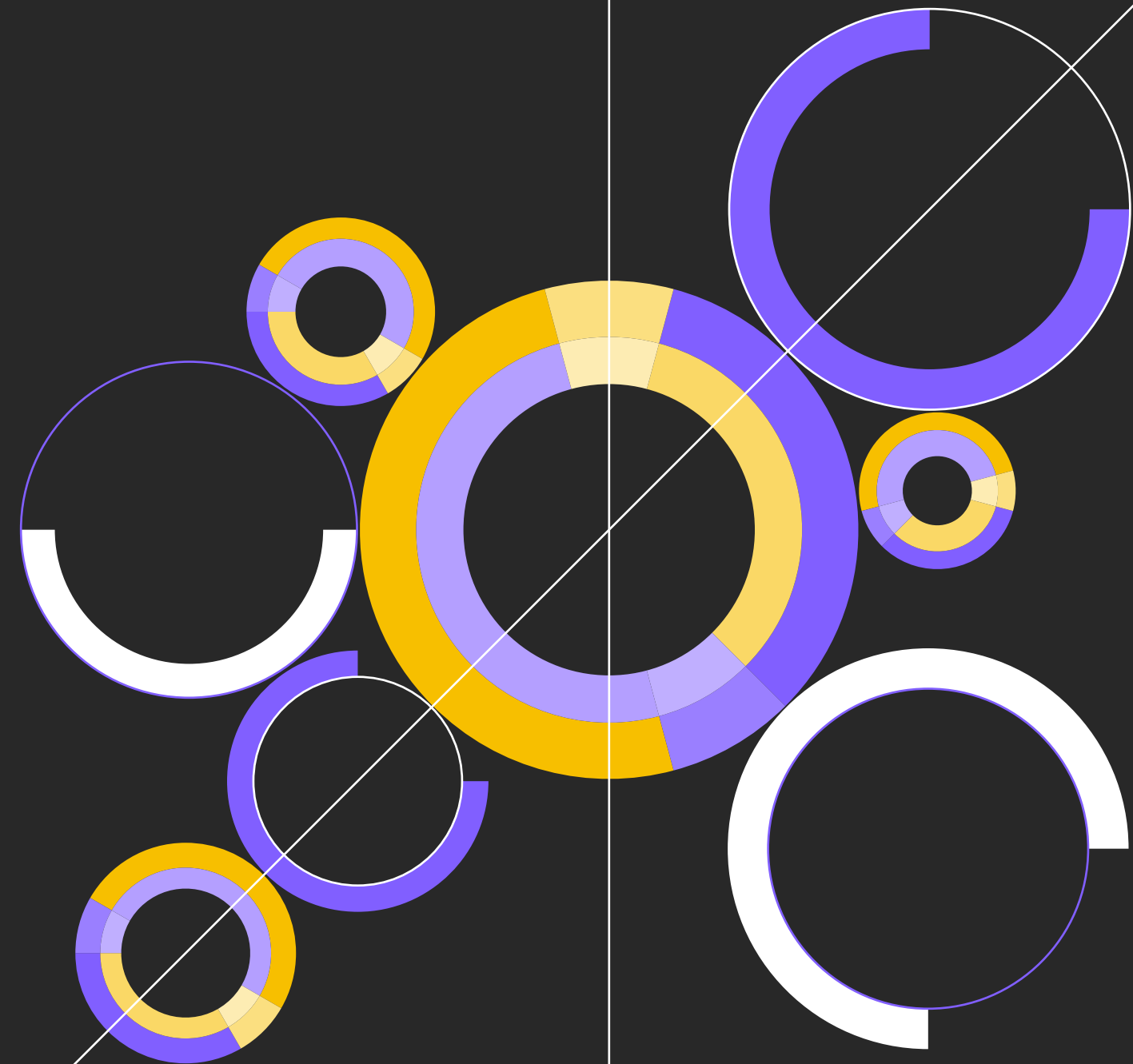
¹³ Accenture, *Reinvention in an Era of Permacrisis*, July 19, 2024

Powerful solutions exist today



83%

“Tech believing” companies that are accelerating reinvention efforts*



* Accenture, *Reinventing with a Digital Core Chapter 1: How to Accelerate Growth through Change*, July 2024

Interoperability is the missing piece that puts the puzzle together

Data's strength is the far-reaching connections it makes possible

There is work to be done all around, and while 52% of insurance leaders say AI, analytics and automation bring challenges, 93% of these leaders see new opportunities in the mix.¹⁴ To turn those challenges into opportunities – whether an insurance provider is full-speed-ahead on digital transformation, or in the early stages – it's important to go beyond operational transformation. This means having the right systems in place, all the way to extracting optimal value by ensuring the systems are talking to each other and aligned with business strategy. This silo-less mindset is enabled by real-time analytical visibility across functions and lines of business.

To accelerate the impact, start by mapping out an innovation strategy that respects the data and technology needs of all key functions: IT, operations, HR, marketing, R&D, finance, customer relations – the work that needs to get done and the people who do it. This is where organizations can sketch out a reimagined model, one that better leverages the total technology investment. Each piece adds to the others. It's the path toward increased agility, resilience, innovation and focus on customers' needs. This blueprint for interoperability outlines a deliberate trajectory in which companies design transformation on their terms, ready for anything the future sends their way. And a trajectory in which they can amplify profitability over companies operating at lower levels of technology development.

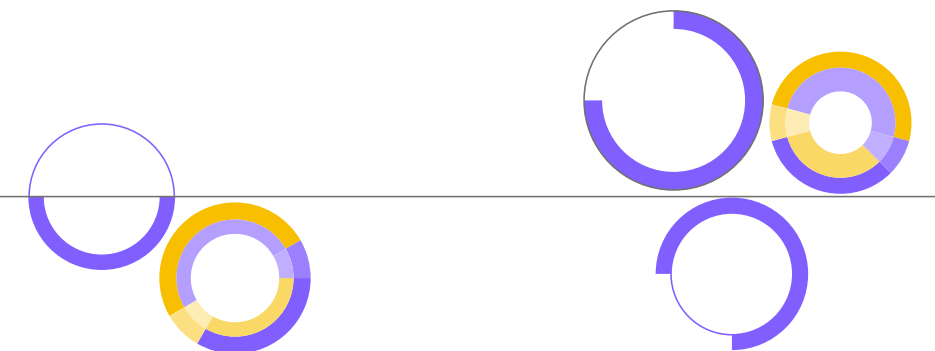
Insurance companies will know that they have achieved true interoperability when there is no perceptible gap from one application or process to another. No friction or slowdown in workflow. No loss of data integrity. Behaviors associated with interoperability include accelerated decision making without loss of confidence, and better connections between people who can align their energy toward shared objectives, rather than trying to make the process work.



Interoperability that fuels collaboration enables...¹⁵

6X Faster revenue growth

2X Achievement of organizational goals

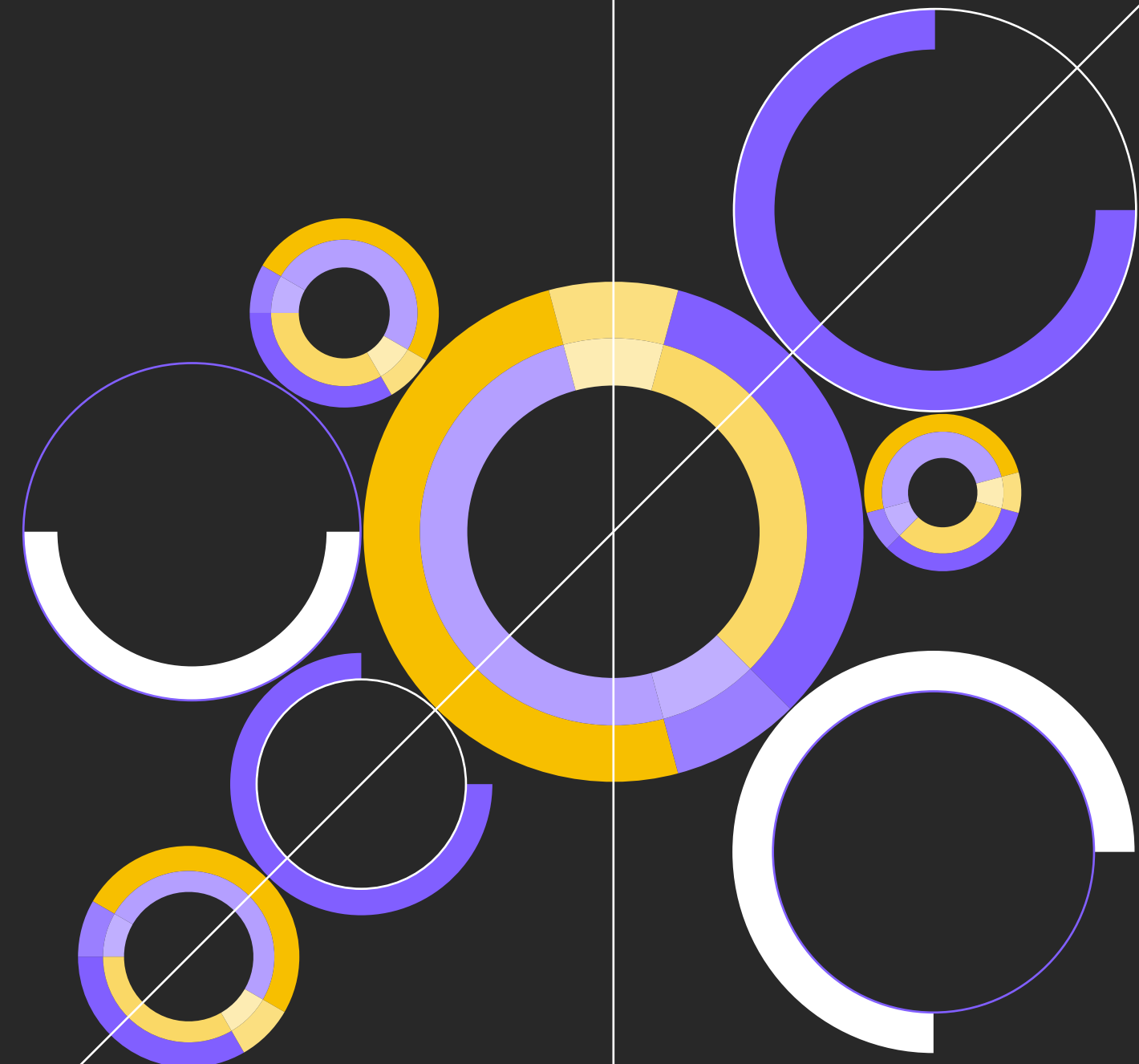


¹⁴ Marsh McLennan, *Business Insurance Trends Overcome the Current Climate of Uncertainty*, 2024
¹⁵ Accenture, *Reinvention in an Era of Permacrisis*, July 19, 2024

Three fundamentals for a silo-less organization

63%

Tech leaders who see digital transformation performance increases*



* KPMG, KPMG Global Tech Report, 2023

Technology adoption is risk mitigation

Building a foundation to withstand uncertainty

Given the industry’s current state, challenges on the horizon, and InsureTech competitors with head starts, now is the time for all insurance companies to push toward a more holistic business model. There are three core components: a singular innovation roadmap, free-flowing data, and incremental technology transformation. Of course, collaboration is essential, choosing key strategic partners and ensuring the desire to come together exists from leadership to lines of business to individuals.

Fundamental 1: Create a singular IT roadmap to break operational silos

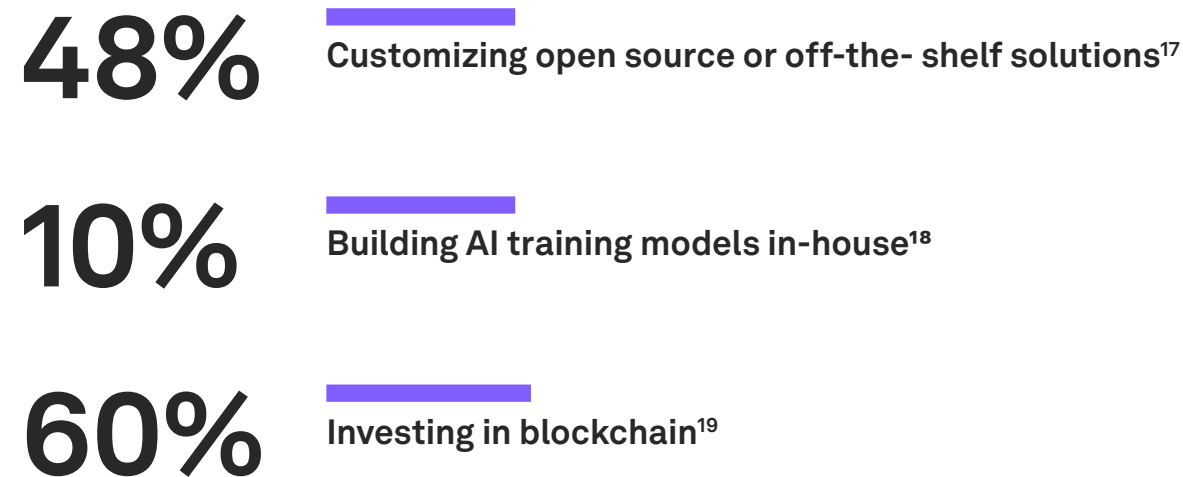
While many industries have taken piecemeal approaches to digital transformation, it may create more entrenched silos for insurance carriers because of inherent business architecture. So, when IT is the only function steering infrastructure development department by department, solutions may not align with overall business strategy set by the C-suite. Creating a singular IT roadmap can remove functional silos. It is built through joint governance and stakeholder alignment and guided by business objectives. This deep

collaboration between IT groups and business leadership drives measured decisions. Without this partnership, one risks disjointed transformation initiatives that can’t come close to their full potential. In fact, 87% of companies say intelligent products and services are crucial to their business strategy.¹⁶ Building these intelligent products and services requires advanced technology, the likes of which can no longer be held solely by those in IT roles.

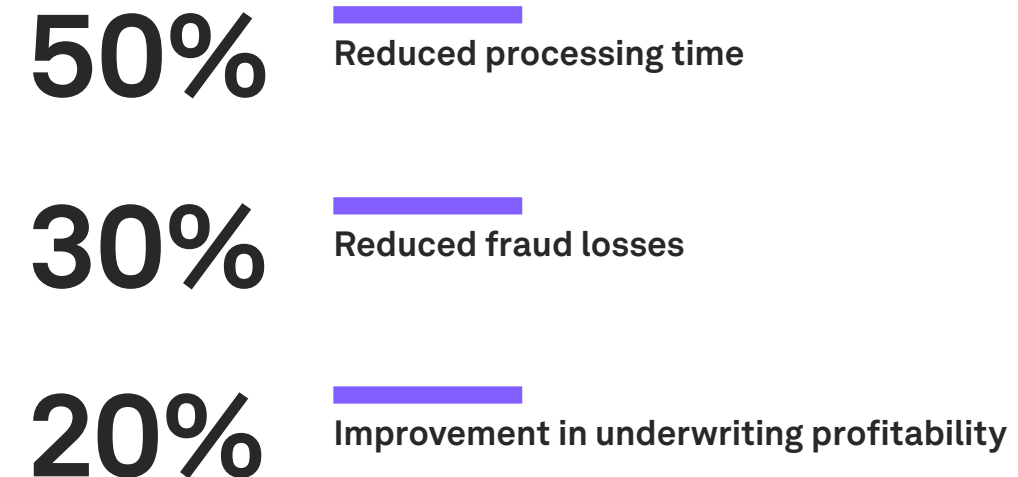
Fundamental 2: See data as the strategic asset it is

If insurers have troves of rich internal and external data, shouldn’t data be regarded as one of the industry’s most valuable strategic assets? Free-flowing, optimized data eliminates data silos – the most critical silo to break down. The absence of data silos brings heightened intelligence to decision makers and supercharges technology investments, accelerating the removal of other silos. And as part of a well-defined strategy, data reveals high-value opportunities, activating operational efficiencies and improved customer experience, while safeguarding against market swings. This is the rise of powerful new analytic tools that can help organizations anticipate new challenges and root out systemic inefficiencies.

Where is insurance investing?



The case for algorithmic underwriting²⁰



¹⁶ Capgemini, *Intelligent Products Boost Customer Experiences but Companies Should Be Careful How Data Is Used*, February 2024

^{17, 18} Insight Partners, *State of Enterprise Tech*, 2024

¹⁹ BCG, *Insurance Is Ready to Leap Forward with Blockchain and the Metaverse*, November 2023

²⁰ Accenture, *5 Areas of Algorithmic Underwriting Advantage*, August 6, 2024

Accelerating the pace of the journey to interoperability

Fundamental 3: Choose powerful technologies that can break down silos

Technology transformation can radically change how people work individually, and how they work as a unit. AI, Gen AI and automation are helping to revamp insurance carrier performance and resilience. AI has incredible promise tomorrow, but even today it can unlock the value of other technology investments when democratized throughout the company. It empowers workers with superhuman insights and allows them to work more efficiently.

By applying Gen AI at more customer intersections, like smarter chatbot conversational assistants and more robust auto-fill forms, teams can dramatically enhance moments along the customer experience continuum, from accelerating the creation of risk profiles to shortening purchase cycles for instant or near-instant-issue products. AI's ability to quickly process multiple data streams enables usage-based insurance (UBI), customized to particular needs. Underwriting happens with higher levels of confidence, deriving more leverage from those previously mentioned stores of internal and external data.

Who should own AI decisions? Those who own business strategy.²¹

59% Insurers who want top-down enterprise innovation

30% Gen AI heads who report directly to the CEO when there is no dedicated AI team

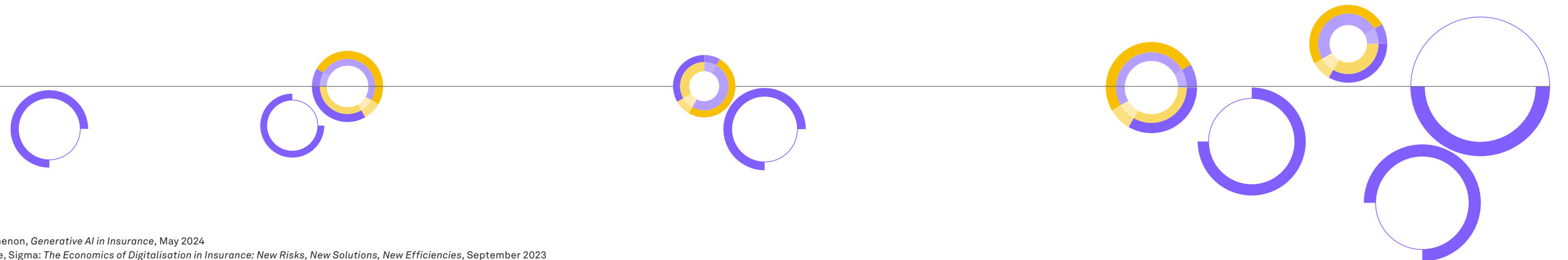
Automation improves efficiency and reduces human error. It can assist in fraud detection and increase lead conversion. It will simplify claims reporting in P&C and claims settlement in Health. It will speed Auto policy recommendations and Life contract cancellations. Across all lines, it will improve rating, pricing, and quoting.

AI and automation reduce costs²²

3-8% Loss ratios

25% Loss adjustment expenses

20% General expenses



²¹ EY Parthenon, *Generative AI in Insurance*, May 2024

²² Swiss Re, Sigma: *The Economics of Digitalisation in Insurance: New Risks, New Solutions, New Efficiencies*, September 2023

Automation and interoperability for insurers: results we're bringing 3 customers

Interoperability eases bottlenecks for Physicians Mutual

The Challenge: Physicians Mutual, a national provider of health, life and retirement products, lacked software that could have eliminated manual data entry. The reporting was cumbersome, and staff had limited visibility to project status.

The Solution: Ricoh brought in workflow automation and integrated hardware and software solutions to help drive efficiency. To deliver substantial savings, the team incorporated business intelligence, production planning, shipping, and billing into one platform.

“Working with Ricoh to transform, automate, and modernize our hardware and software was priceless.”

— Aji George, Assistant VP of Document Processing & Imaging

The Results: Workflow process improvements resulted in 98% time-savings in running reports, automated processes that saved 2-hours daily for a department head, a 56% decrease in operating hours, and 28% of employees reallocated to focus on higher-value work. All of which was done without compromising security.

\$500,000–600,000 annual savings



Helping a \$40B global insurance company scale growth

The Challenge: With inefficient workflows and processes, this century-old company was unable to quickly process receivables. Outsourced and internal staff were expensive yet could not solve the underlying issue through their manual effort.

The Solution: The Ricoh team prepared a multi-year roadmap detailing our insurance industry expertise, market insights and trends. Our solution included experts in advanced workflow, digital imaging, managed services analysis, global coordination, project management, and process improvement consulting.

The Results: With an innovative managed service model, the insurer streamlined its workflow efficiency for significant cost savings, as well as a 50% reduction in on-site staff. The model provides necessary business outcomes based on volumes, so they only pay for services they use.

40% lower costs for critical business processes

Modernizing a Fortune 500 managed healthcare insurance provider

The Challenge: As one of the nation's largest providers of Medicare and Medicaid and commercial healthcare programs, this insurance provider handles millions of documents monthly. And as with other Medicare and Medicaid providers, they must deal with contractually required SLAs.

The Solution: Ricoh created metadata files to easily ingest into the payer's AI platform. We also revised SLAs for high-volume, non-claims documents such as appeals and grievances. The automation solution includes full redaction process and creation of dozens of customized reports.

The Results: The insurer operates a far more modernized, automated and accelerated system, with better adherence to CMS oversight requirements.

RICOH

Where tech, people and opportunity come together

The insurance sector has always been about more than managing risk for shareholders, it's built on its unique ability to bring confidence to policyholders. As our world evolves, insurers must continually re-invent themselves to address society's latest concerns. In doing so, the industry must adopt new tools and work out new processes to provide the needed comfort. Today, digitalization, automation, Gen AI and other advanced solutions create opportunities to protect what people hold most dear – more efficiently and effectively. The challenge for many is how to integrate what's new into the bedrock fundamentals.

We are accelerating the power of information in insurance today.

Accelerating digital transformation.

Accelerating operational efficiency.

Accelerating human-centered technology.

For insurance, this means that we are accelerating the...

Power to leverage deep data resources.

Power to supercharge decision making.

Power to reduce functional and data silos.

That's how we accelerate the power of information.

Ricoh, turning information into advantage

At Ricoh, we're revamping how businesses around the world collect, use and share information. To us, there's no such thing as too much information. And there is no such thing as too many ways to unlock its power. Partnering with our clients, we're harnessing the insights within information to help teams work more collaboratively. It's how we're using technology to unleash the full power of people.

Our team of insurance experts is ready to help transform your information into greater competitive advantage.

