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WORKING FROM HOME: THE EXPECTATION FOR TECHNOLOGICAL TRANSFORMATION

The Covid-19 pandemic has forced huge numbers of staff to work from home and businesses to rapidly adjust to continue to operate and deliver services to customers in a very different environment. This large-scale move to remote working has pushed the insurance sector, along with many others, to innovate and deliver digital and remote solutions in order to maintain operational resilience and avoid business interruption. The drive towards digital transformation and meeting customer and regulatory expectations is not without its challenges, but those who can navigate the issues arising now will surely be well positioned for the future as the pandemic subsides.

The current environment has undoubtedly highlighted the need for, and accelerated firms' progress towards, the development and use of digital solutions and innovative technology to deliver services, and more personalised services, to customers. Not only are insurers needing to rely on technology in order to conduct their daily operations and provide essential services to customers, but Covid-19 is also contributing to changing customers' views towards the way in which they expect to be able to purchase products and interact with brokers and insurers.

Customers are requiring not only the ability to purchase online but the digitization of all stages of the customer journey, from distribution channels and points of sale, to claims submission, to complaints handling. It is clear that the insurance sector, now more than ever, is aware of the need to innovate and use technology to transform the development, delivery and administration of products to meet customer expectations now and in the future.

The drive towards technological innovation to support customers during this time has also been supported by regulators. Indeed, the recent regulatory focus on operational resilience appears more pertinent than ever, as the FCA has recently highlighted as well as expressing that it welcomes "firms taking initiatives going beyond usual business practices to support their customers".

It is clear that investing in innovative digital solutions is crucial for continuity of business and will continue to be relevant in a post-Covid world, but this move is not without its risks and challenges. And, as the industry adjusts and responds to the demands placed on it by remote working and remote customer interaction, there is increasing expectation from regulators that firms be cognisant of the risks posed by this greater reliance on digitisation and technology. Charlotte Gerken of the PRA noted recently that there are a number of lessons that can be learnt on operational resilience from the lockdown phase and that the PRA encourages firms to reassess the impact of cyber and other IT-related risks on operations.

Operating remotely and delivering digital solutions no doubt increases the risk and impact of cyber-threats and IT failures (indeed this is evident in all industries as the demand for cyber security insurance continues to rise). Insurers will therefore want to avoid being too dependent on individual technology or infrastructure systems and providers in order to mitigate and address any concentration risk arising. Firms will need to be aware of the new risks to which they are subject and ensure their systems are resilient with robust cyber-security procedures in place to respond to increased security threat.

Those firms that are able to respond and innovate to deliver the digital transformation required during the pandemic whilst balancing this with the need to ensure that any new infrastructure is suitably sound and robust to mitigate the risks introduced will inevitably be in a competitive position compared with others. Building stronger capabilities now will enable firms to be best placed to continue to meet both customer and regulatory demands and expectations in the long run.

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