

# U.S. INSURANCE SECTOR IN THE POST-COVID WORLD: THE ROADMAP TO RECOVERY AND GROWTH

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**WHITE PAPER**



## The insurance industry is facing onerous and unprecedented environmental challenges caused by the Covid-19 pandemic.

The interruptions created by the pandemic have brought about interim as well as long-term concerns to humanity. Disrupted economies across the world have been influenced by changes in social habits as well as working arrangements. Like every other industry, insurance companies are also having to shift their focus toward grave matters of workforce safety, solvency, operational efficiency, and changes in regulations. However, the silver lining is that such challenges also present growth opportunities that the insurance industry can cash in on for long-term benefits.



The pandemic is taking on the role of an inducer as it is driving the insurance industry toward fundamental changes in the operations as well as strategy. Long-term operational plans of insurance companies are now emergency scenarios as insurers are forced to focus on meeting both immediate as well as future needs. Adapting measures that can make insurance operations more resilient and contribute toward solvency is very much the need of the hour.

In this discussion, we take a look at the various challenges insurance companies are combating today and their efforts to stabilize the business. The critical role of insurance process outsourcing services will be observed concerning the different challenges. This will allow insurance companies to explore the many ways in which insurance process outsourcing can be beneficial to them in these difficult times.



# Impact of the Covid-19 Pandemic on the Insurance Industry So Far



## Impact on strategy and policies

Insurance leaders are faced with the daunting task of making some tough decisions to see through the pandemic. Previously, strategy making and policy designing did not require frequent upgrades. But due to the pandemic and the unanticipated market trends, strategic planning has become far more difficult for insurers. A mindset of reinvention and revolution is pushing the industry leaders toward digitization and flexible operations. The motivation is to come out stronger by adapting to the changing times. With the changing phases of the pandemic, continuous reinvention of strategies is the need of the hour. As it is in the very nature of the insurance business to prepare for the future, customers and service partners expect more readiness from insurance companies.



## Impact on Customers

The pandemic has forced organizations to re-evaluate the way they connect with their customers. This includes assessing branches and centers where direct customer contact takes place. Before the pandemic, the customer experience was largely dependent on in-person discussions with employees regarding relevant concerns. However, now the situation demands less contact of employees with customers and yet enhanced customer service. Meeting these dual demands is anything but easy. The ability to maintain customer interaction and service standards in these difficult times is the determining factor for businesses in bringing in as well as retaining customers. The insurance industry is seeing a surge in customers willing to insure themselves against the plausible impacts of the pandemic. This has put an additional burden on the insurance companies to provide services while working with a trimmed workforce.



## Impact on Workforce

Workforce disruptions are one of the most common impacts of the ongoing pandemic across different industries. Although working from home seemed like an ideal solution to the physical and social distancing conundrum, it soon became evident how difficult it can be for people to juggle work and home when the two occur in the same space. The happenings in the daily lives of employees have in one way or another impacted their overall efficiency when viewed from the employer's lens. Shifting to remote workstations requires support and empowerment from the employer's end, otherwise, infrastructural challenges create further issues in the day-to-day operations of the workforce.



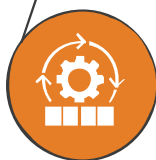
## Impact on Operations

Besides customer service, employee productivity, and strategic planning, another major area where insurance companies have taken a massive hit is operations. Decision-makers and leaders have been so caught up with managing the immediate effects of the pandemic that their focus on the development of sustainable operational transformations to prepare for future uncertainties has been diluted. The rigid structures of insurance companies are in need of a top-down transformation that's supported by technological innovations. Continual adaptation to new and improving operational strategies is essential to build resilient operations that do not become easily overwhelmed by oncoming challenges.



## Impact on Finances

Many insurance companies are likely to face short-term liquidity challenges. Optimizing the company's performance to rebalance liquidity has been on the agenda for quite a while now. At the same time, risk assessment for future growth opportunities must also continue uninterrupted. The generation of profits and funds to invest in new ventures has to continue for sustained growth while coming out of the pandemic's influence. The impact of the pandemic is also being felt in the form of decreasing sales and increasing costs. The overall fall in revenue has made it clear for insurers to invest in technology and processes that can help them mitigate the effects of the pandemic while there is still time. For smaller insurance organizations, maintaining liquidity has become a matter of survival.



## Highlighting the Need for Technology

The technological infrastructure of insurance companies before the pandemic lacked robust IT capabilities. The pandemic has made the entire industry aware of the gaping holes in their use of technology, thus triggering a rush toward the rapid adoption of new and improved technology. Insurance companies are now trying to juggle with a range of new systems in an attempt to invest in future-ready technology beforehand. The establishment of long-term solutions is now a critical factor in prepare for future disruptions.



# Planning During Uncertain Times

Insurers are now coming to terms with the havoc that the Covid-19 pandemic is wreaking in the spheres of customer satisfaction, employee performance, ROI, and suppliers management. As the pandemic stretches on, the scope and severity of the economic threats will get more intimidating, and hence all the more alarming.



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In these uncertain times, insurers must look for effective measures and tools they have at their disposal and the ones that can easily be procured. Finding a balance between in-house resources and external assistance will significantly help insurers plan for the future. The ongoing pandemic is a crucial event in history from which they can learn valuable lessons and therefore emerge with stronger business models.



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The immediate action items for insurers include serving policy-holders in this strenuous time, managing responses to government interventions, and ensuring solvency and liquidity. Further planning for new business and sustained growth through inventive product design and distribution structures is the next mandate. Long-term plans must include a flexible and cost-effective strategy to put forth products via digital platforms to protect against future risks.

# Potential Scenarios to Prepare For

Owing to the information-based lifecycle of insurance companies, the use of incorrect or outdated data results in poor decision-making and increased risks. At present, industry leaders must prepare for three potential scenarios so that dynamic planning can be executed when necessary. These three scenarios are:



## The Scenario of Early Recovery

In the event of strong public health response, if the spread of Covid-19 can be sufficiently contained, the economy is likely to bounce back faster. The interim challenges brought forth by workforce disruptions can be satisfactorily alleviated by employing continuity planning and remote technologies.



## The Scenario of Extended Impact

Places that face more struggles in controlling the pandemic are likely to experience a recession caused by a decline in consumer spending as well as lower corporate investments. Prolonged economic lockdowns are likely to interrupt business supply chains and distribution models. Employees working remotely over an extended period can lead to a decline in productivity.



## The Scenario of Recurrence

A third scenario encompasses the recurrence of the pandemic well after the public health measures have been relaxed. Precautions and interventions applied by government bodies and investors are likely to become dampened, forcing insurers to struggle continuing operations. The wear and tear of the workforce would increase risks of operational hazards as well as cybersecurity threats.



# Corrective Measures for Insurance Companies to Recover From the Covid-19 Impact

To manage the various impacts delineated in the previous section, insurers require planning, preparedness, and the right props. Robust and resilient operations that can stand the test of time must be established for companies to maintain uninterrupted financial strength. The following are four core areas on which insurers must focus their corrective measures for a healthy recovery.



## 1. Targeting Enterprise Recovery by Customer Engagement and Strategy Changes

The best practice in responding to a crisis is a two-way approach. The first is to manage the immediate crisis and the second is the execution of future-ready precautions.

### Engaging Customers with Communication and Consistency

Immediate response to crises involves reaching out to agents, investors, and customers by setting up a remotely operated helpdesk center. Keeping customers engaged requires giving them attention and maintaining continued standards of service. Responding to existing customers and drawing in new ones requires a robust workforce, both in terms of numbers and experience. As this is not the time for insurance companies to invest in training and setting-up of a customer-service workforce; it's advisable to enlist the tools and personnel that insurance process outsourcing services already have geared and ready to use.

### Strategizing New Changes, Shifting to Outsourcing Strategies

For business organizations, the most effective way to recover from the effects of the pandemic is to strategize ways to implement new changes within the organization. Leveraging new technologies such as virtual assistance is critical to maintaining service in these changing times. Establishing relations with outsourcing insurance service providers for a stable future is quickly becoming the norm. If insurance companies had not considered outsourcing an option previously, now is the time to rethink their decisions. Collaborating with insurance back office services for agencies enables organizations to re-establish previous standards of delivery and serve their customers better.







## 2. Building Resilience in Operations and Workforce

### Staff Resilience

This is a time to review the capacities of the workforce to understand constraints and competencies. Non-critical personnel and processes must be re-directed and repurposed to meet the needs of the hour. It should be the priority of insurance companies to direct the strength of their employees toward their core competencies. Redundant tasks that do not require the skills of their skilled employees can be relegated to insurance process service providers. This helps to establish resilient staff operations as the workforce is freed from mundane action items. It also allows them to direct their attention to the other pressing workflow concerns to stabilize operational efficiency.

### Reimagining Operations in Times of Crises

The operating model of insurance organizations must be analyzed critically. The demand for digital technology in operations will compel organizations to create new and flexible operating models. For insurers, redesigning operations will lead to the optimization of the balance between internal and external service providers. Options provided by insurance processing services must be explored in-depth to determine the ones that align well with the needs of the client. Third-party support providers can help their clients to achieve burst capacity in operations and address off-shore center challenges satisfactorily. The wide array of customizable insurance processing services can be leveraged by insurers to realize the desired shift in operations.

## 3. Adaptations to Technological and Regulatory Changes

### Technological Remodeling

As the workforce adapts to remote working models, it's important to understand and assess the risks associated with this new system. Strengthening cyber capabilities is of prime importance when it comes to managing the information surrounding insurance processing. The enrichment of digital channels to adapt to such new systems requires a considerable amount of investment. Likewise, the scaling of digital services can also imply additional costs in these times. Thankfully, for insurers, the handy technological tools and systems at the disposal of external insurance processing services can be of great use in the present as well as the future. Shifting to cloud storage solutions is another strategic move that should be opted for to realize unmatched productivity and better outcomes. Automation, AI, and high throughput processing capacities put forward by well-equipped insurance service providers can help insurers to strengthen their operations in the long run.

### Ensuring Digital Delivery of Insurance Services as per New Regulations

For continuity of insurance operations, the use of digital channels is being widely encouraged. This has brought about regulatory changes to policy issuance and claims adjustment. Practices that required in-person visits are now being relaxed to meet physical distancing requirements; also, simplification or removal of paper-based claims is becoming increasingly popular with customers. Consequently, a clear understanding of the changing regulations has become a necessity for insurers to ensure smooth operations. Now they must be constantly updated with the new regulatory guidelines to maximize operational impact and profits while minimizing denials and legal troubles.





## 4. Financial and Administrative Reinventions

### Capital, Liquidity, and Investment Generation

Today, insurers are in a unique position to leverage the pandemic's lifecycle as an opportunity for further growth. In these times when there is a lot of stress around inward cash flow, insurance companies can ensure robust liquidity by employing insurance process outsourcing services. With the enhanced capabilities of outsourcing services, the overall workflow can be improved, which can lead to an increase in liquidity. While most industries are struggling to make profits, insurers can improve their profitability by enlisting insurance processing services for support and business insights. As insurance processing services thrive on commissions, they are highly incentivized to contribute to the profits of their clients. As cash flow and capital expenditure are proving to be huge operational challenges, insurance companies and insurance service providers can focus on a common goal to expand individual capabilities.



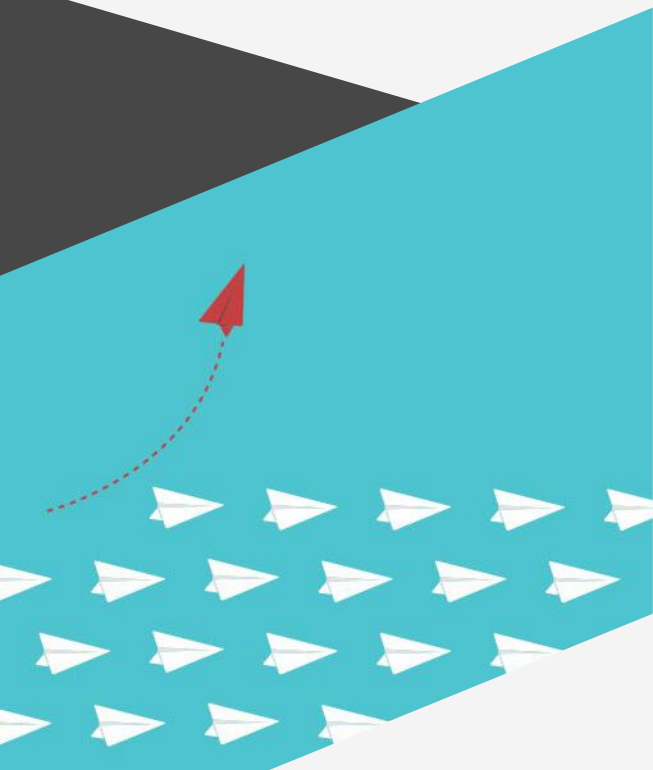
### Reducing Administrative Burden

The focus of insurers at this time should be on the delivery of service to policy-holders. But the additional burden that they carry of supporting the measures to contain the spread on the virus and managing a remote workforce is an unwanted drain on their resources. Hence, cutting back on supervisory activities and administrative tasks should be opted for. The administrative tasks of insurance agency management can be expertly handled by insurance processing service providers with sufficient experience. Additionally, insurers get access to detailed analytics from service providers to help them in the decision-making process. Claims and denial management tasks can also be made much easier with the legal expertise offered by outsourcing insurance BPO services.



## The Changing Face of the Insurance Industry

It cannot be denied that the Covid-19 disaster has radically changed the world and its dynamics. To ensure business continuity, insurers must also evolve in accordance with the times. The tools that insurance companies have, must be employed all out, and new resources must be acquired as well. At this time, the need to collaborate with insurance process outsourcing services is at its peak. Such collaborations enable insurers to fulfill their critical purpose of providing protection to customers in unexpected scenarios. In the upcoming days, it will not be sufficient for insurers to provide specific coverage for pandemics alone, it will also become indispensable to expand coverage toward loss prevention and other risk anticipatory services.



# Valuable Outsourcing Services to Aid Insurance Agencies

The following are some of the services that insurance process outsourcing companies are known to provide to their clients. In times of surging operations or decreased manpower, insurance BPO services can readily help their clients while adhering to the best industrial practices for optimum results. Processes that are deeply incorporated into the insurance processing procedures, yet mundane in nature can be easily passed onto the capable hands of outsourcing services.



## Policy Checking Services

A clear and concise understanding of insurance policy documents requires years of expertise. The policy checking process can become mind-boggling for employees when there is a seemingly endless number of policies to be reviewed. Outsource insurance processing and insurance verification services can ensure completeness and correctness of all policy-related documents and record any variance that's observed.



## Billing and Accounts Receivable Services

Accurate and timely delivery of invoices to their respective carriers is a desirable practice among insurance service providers. Constant follow-ups for timely collection of payments can significantly contribute to successful billing. Setting up of premium installments on a policy as per the requests of the customers can be taken care of by insurance processing services to further aid the operations. A well-annotated indexing and archiving system for bills and A/R management can be a boon to insurance companies.



## Insurance Agency Management Services

In addition to the services listed above, a top insurance BPO company can ramp up the efficiency of insurance agencies. External management of insurance policies and claims can be of significant use to companies and an effective way of reducing operating costs. Repetitive tasks such as insurance eligibility verification, insurance accounting services, and insurance legal services can all be delegated to reliable firms to make the day-to-day operations of the organization smoother and less burdened.



## Certificate of Insurance (COI) Service

The process involved in receiving and issuing a certificate of insurance can be an arduous task for insurance agencies in these times. This process can be easily taken over and executed by an experienced insurance BPO services firm. It can be refined by efficient communications with third-party services and the task of processing revised certificates during policy renewals can be deftly handled.



## Documentation Services

Insurance agencies that are willing to outsource their auxiliary tasks must be able to trust the documentation practices of insurance processing service providers. A uniform and harmonized documentation practice is to be expected from a service provider that takes on the task of indexing and filing the vast number of documents associated with insurance processing.

# The Growth Trajectory of Insurance Process Outsourcing in the Post Covid-19 Era

As the world population settles into the new normal, BPO services for insurance are putting in thought and effort into doing all that they can to support their clients. The expansion of alternative working environments is being explored while maintaining a balance between flexibility and security. The following are some of the actions that ensure that the dependence on outsourced services will progressively increase in the coming times.



## Thriving in the Post-Covid Period

The pandemic has once again underscored the need for insurers to support customers and their own business models in the evolving social and economic scenario. In addition, insurers are expected to support communities and external bodies through their special role in serving the economy. Achieving these requires insurers to build a strong ecosystem with other industries to meet the demands of a customer-centric economy. By adopting aggressive digital transformation measures and collaborating with seasoned insurance process outsourcing businesses for adaptable systems and processes, insurers can thrive even in the face of the pandemic.



## Flexibility and Preparedness of Insurance BPO Services

The current scenario has shed light on how flexible insurance service outsourcing partners have been assisting their clients in accommodating the rapidly surging operational demands. Insurance BPOs services in the US are well-prepared to adapt to the remote workforce model and this has been the primary factor behind their success in maintaining resilient operations throughout the lockdown period. The foresight to invest in digitization has helped insurance processing services to reduce their reliance on people for critical and high volume processing. This has led to a fundamental improvement in their business agility in responding to crises.

## Tapping the Potential for Top-line Growth

When the collaboration between insurers and BPO insurance services is based on the confidence to leap over technological hurdles, both sides can achieve greater heights in maintaining effective operations. Innovative payment models such as 'outcome-based support' might make a resurgence or gain popularity as they offer the flexibility needed in uncertain times. Transformation models that had previously encountered roadblock to execution owing to lengthy processes giving way to non-traditional models which are faster to deploy. Insurance companies are now ready and willing to adopt unconventional models to deal with unconventional times and upcoming challenges.

## Key Considerations That Insurance BPOs are Prioritizing

For insurance BPO companies to stay relevant after the pandemic, they are focusing on driving revenue maximization for their clients. As part of the process, enterprise data and analytics are being harnessed with co-innovation options while time-driven and feasible automation services are being added on board. Outsource service providers are putting a lot of thought and effort into continued information security and feasible pricing models while maintaining remote working capabilities.



## Final Word

The growing challenges induced by the Covid-19 pandemic have put an undue amount of stress on the insurance industry. Every aspect of the business has been impacted in one way or another, forcing industry leaders to shift gears and plan for future uncertainties. The corrective and preventive actions that insurance companies are employing rely heavily on focusing their strengths on their core competencies. Supporting them in this cause are the insurance process outsourcing services that have readily stepped up their game to keep the insurance machinery running. Keeping pace with the new world, insurance processing services are putting forth the best of practices in combating the operational challenging of their clients. The current industry trends clearly suggest that the reliance of insurers on insurance BPO services for agencies is not going to dwindle anytime soon. Insurance companies are thus shifting to a model that strikes the right balance between internal and external resources to maximize productivity and bottom lines.

## Who We Are And Why Count On Our Insurance Expertise

At Insurance BackOffice Pro, we put forward a combination of high-end infrastructure and proven insurance back-office support processes. Our extensive experience in the insurance field allows us to maintain high standards of quality and work ethic while delivering first-rate services. We leverage our expertise and digital competence to offer significant benefits to our clients over the services provided by our competitors. We invest in streamlining the end-to-end insurance process to reduce the turnaround times and cost overheads to deliver the most cost-efficient services to our global clientele.

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