



Creating a Culture of Innovation in Insurance

Innovation
@ COUNTRY



What is Innovation?



Barriers to Innovation in the Insurance Industry



Tips to Create a Culture of Innovation

What is Innovation?

CREATIVITY is the ability to create new and potentially valuable ideas in any activity.

INNOVATION is the process of transforming these ideas into a commercial reality (i.e. testing, measuring, validating, learning & sharing).

AM Best Innovation Score



Innovation Score = Innovation Input Score + Innovation Output Score

Innovation Input Score = Leadership Score + Culture Score + Resources Score + Processes and Structure Score

Innovation Output Score = 2 X (Results + Level of Transformation)

Innovation Score Scale:

Minimal = 0-11

Moderate = 12-17

Significant = 18-22

Prominent = 23-27

Leader = 28+ - **ZERO insurers**

Poll Question #1

Culture:

The context in which we live and work, including beliefs, behavioral rules, traditions, and rituals.

Culture

EATS

STRATEGY

FOR BREAKFAST

- PETER DRUCKER -

Enterprise Innovation Goals

Goal #1: Create a forward-thinking CULTURE of innovation and rapid experimentation

Goal #2: Capitalize on emerging trends and technology to solve user-focused solutions...and own the risks associated with learning.

Insurance Innovation Culture Tips

Technology does not equal innovation



Technology does not equal Innovation

Water Sensor Example

?	Value to Insurer	Value to Customer
Why a water sensor?	Reduced claim frequency and severity	Protect my stuff, prevent hassle of a flood

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How else can we get lower risk growth and make the customer feel protected?		

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Why a water sensor?	Reduced claim frequency and severity - TEST	Protect my stuff, prevent hassle of a flood - TEST
Why does reducing claims matter?	Reduces exposure, lower risk growth - TEST	Customers feel protected
How else can we get lower risk growth and make the customer feel protected?	Ideation Opportunity	

Let Customers do the Selling to Executives

Customer feedback accompanied with foundational research (market, early-stage CBA, competitor) is THE most powerful tool in creating an innovative culture.

Note:

Insurance employees are NOT great representations of a typical customer. Get outside of our walls and into the wild!

How to Inject a Customer Focus

A customer focused strategy starting from unmet customer needs is a great start.....but not enough.

Customer focus and feedback needs to carry through into product and solution design, testing, piloting, and scaled implementation.

How?

- Design Thinking
- Lean Experimentation
- Human Centered Design
- Talking to customers!!

Innovation Process

Idea Generation



Business Challenges



Customer Problems



Strategic Opportunities

Design Thinking



Explore



Empathize



Define



Decide

Business priority?
OE, Innovation, other?



Ideate



Determination Point

Is the idea viable? Will it benefit COUNTRY? **Customer Insights, IAD, Business Partners**
Is the idea technically feasible? **ITS, IAD, Business Partners**
How might we test desirability?
Are there Intellectual Property opportunities? **OGC**

Lean Startup



Build

Prototypes, PoC, exploration



Measure

Run tests and experiments, gather feedback



Learn

What did we learn?
Will we now pivot or persevere?






Business Hand-off

A defined MVP recommendation is handed off to business areas for long-term development, maintenance, and growth.



lean Experimentation

Traditional COUNTRY Pilot

Experiment to generate learning.	 PURPOSE	Typically considered a "phase 1" roll-out.
Micro...Determine the RIGHT thing to build BEFORE we build it.	 SCOPE	Comprehensive
Low fidelity. Increase confidence in success BEFORE commitment.	 EXPERIENCE	Production ready
Observation, interviews, prototypes, Wizard of Oz, etc.	 KEY METHODS	Quantitative analysis, surveys
Inexpensive and "scrappy." Validate hypothesis cheap and fast.	 RISK	Costly and high profile



**SPRINT:
90 SECOND INTRO**

Design
Sprint

**CORPORATE
INNOVATION
THEATRE**



Stop describing how to work
differently and just DO IT.

Talk about your validated learnings.



Budget for and Measure Innovation

Budget

- Some % of budget MUST be designated for innovation, or else innovation will not win head-to-head battles against core business objectives for funding.

Innovation Specific Metric Examples

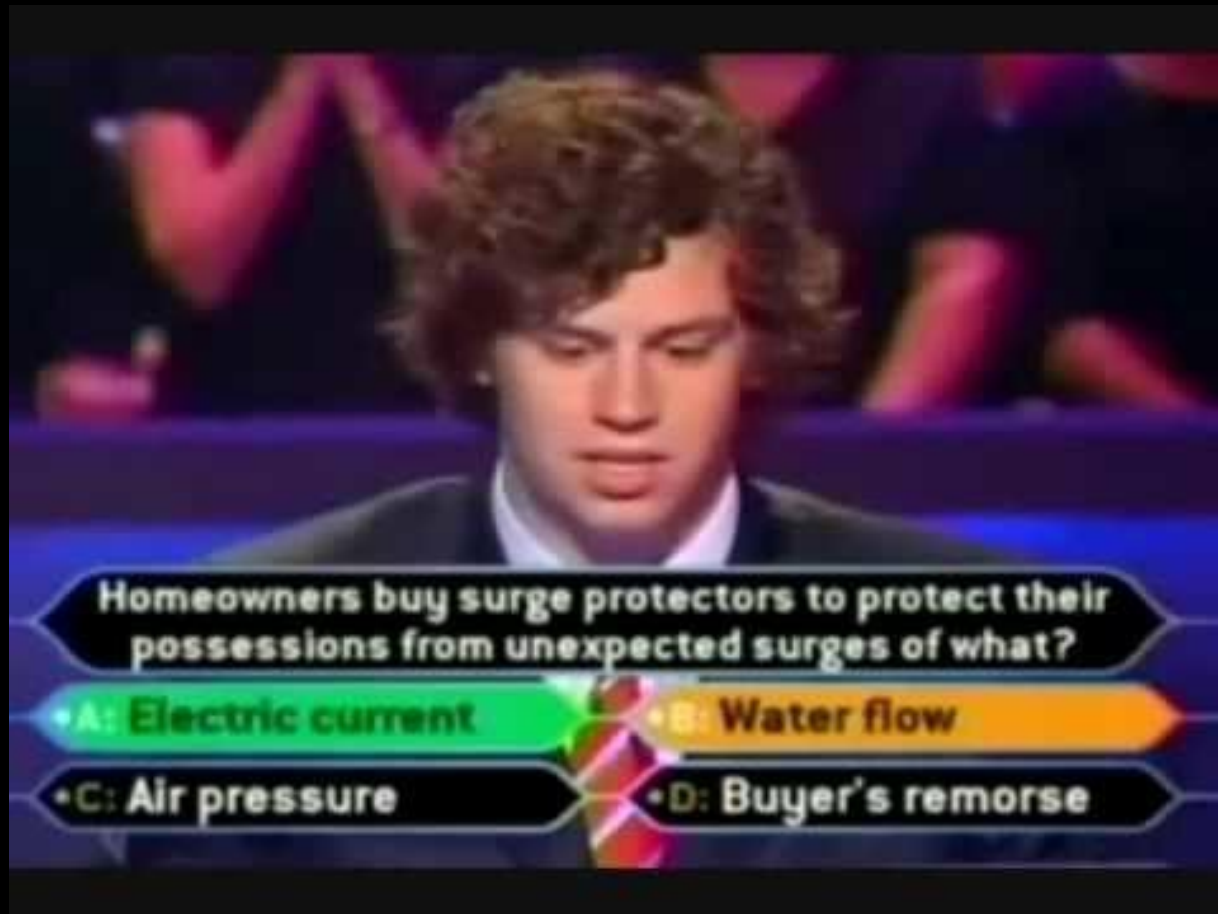
- Unmet needs identified
- Number of concepts researched
- Experiments conducted
 - Customer Desirability tested as often as possible
- Validated solutions
- Solutions that failed
- Success/Failure rate (success should be less
- Speed to implementation

De-Risk experimentation for Business Areas

How?

- Empower an Innovation Team to propose, frame, conduct, and measure tests of innovative solutions.
- Success KPIs created in partnership with the business area.
- If an experiment shows high likelihood of success, the validated concept is handed over to the business area for implementation.
- If the experiment fails, the empowered innovation team covers the costs and bears the major brunt of “wasted” hours.
- Think Big, Start Small

Let's Talk about Failure

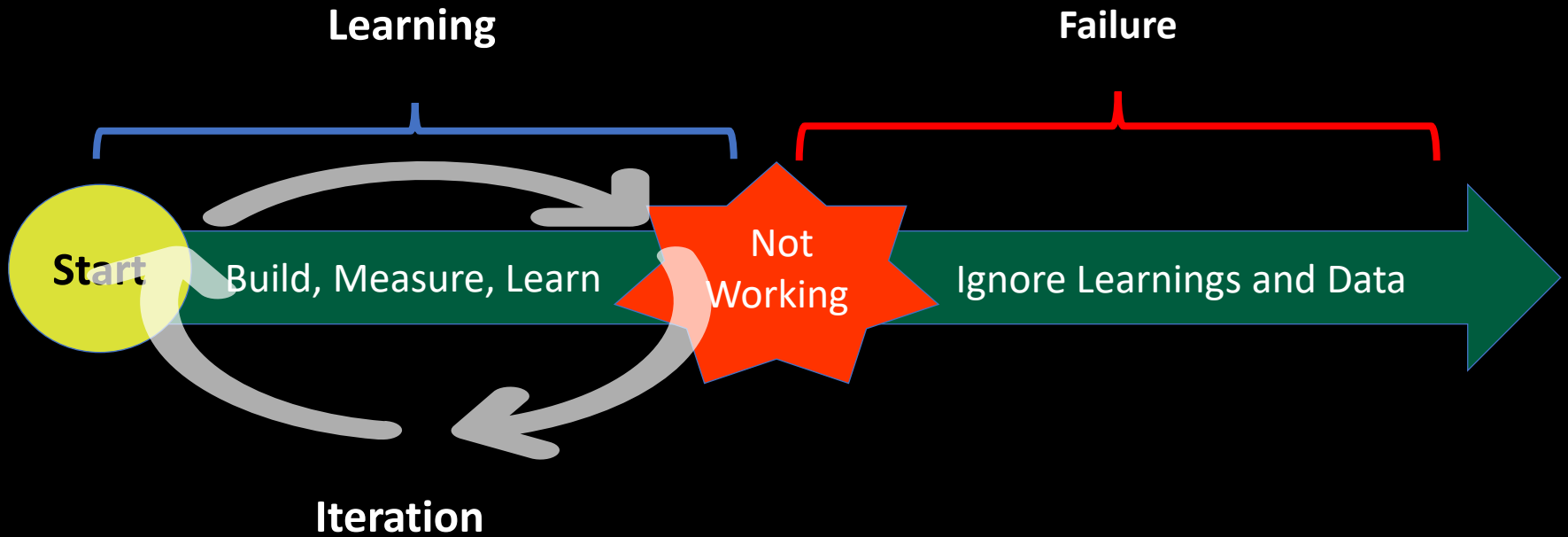


Poll Question #2

Failure – Electronic Medical Records

Key Performance Indicator	Expected Results	Actual Results upon test conclusion
Hit rate (providers within [REDACTED] network)	At least 70%	67%
Client connections	At least 30%	36%
Data utilization	At least 50%	28%
Total processing time	Under 31 days	Processing time from order to issue was on average 13 days. Average turn-around time from order to receipt of records was 5 days, reducing APS turn-around time by 20 days.
Life policy placement and wastage	1% increase in placement/decrease in wastage	TBD, this data is not accurate until 14 weeks post decision.

Redefine Failure



Experimentation is the new planning!

Roadmaps should be a series of decision points informed by experimentation, aligned to a common strategy, and aspiring to meet defined success metrics.

Involvement & Communication moves Culture

Innovation coach - an employee that we train in innovation and design thinking methodology that is embedded into a business area to help their teams think and work differently.

Greenhouse Group - a cross-functional influential group to provide input on innovation initiatives, champion the innovation process, and help them share best practices with their peers.

Innovation Newsletters and **Microsites** with transparent list of current efforts , results, design thinking tools, interesting trends, etc..

Microsoft Yammer, Intercompany message boards, etc. – ex. March Madness idea tournament.

Idea Submissions from Employees – give people a voice

Thank You