

COVER STORY



Distributing Insurance in post-COVID world

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MACAW ENABLES INSURANCE DISTRIBUTORS TO SELL

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Let's face it, everything changed on 31st December 2019 when WHO was informed formally of cases of pneumonia of unknown causes. One by one, every economy in every country faced the pandemic, suffered the worst, and each business dealt with the challenges in its own way. Globally, insurance industry's losses and IBNR reserves are being estimated at approximately US \$ 35B as of April 2021. Some sectors within insurance have suffered more, like Health Insurance, and some sectors have suffered a little less. We continue to live in interesting times.

This is not going to go away in coming few quarters, and the external influences are going to have long-standing impact on the way insurance is marketed, distributed and processed. Relatively newer products like consumer cyber protections will become popular in order to protect the digital fort of peoples' home; new distribution strategies will replace physical solicitation by digital research and proactive nurturing of opportunities; new processes will evolve to assess the losses; there are more such possibilities, some of which are already in action, some of which will evolve over next year or a couple of years.

In this “new normal”, the insurance distribution model's key success factors include:

- The ability to retain customers – it costs less to retain than to acquire a new customer. The



retention would become more difficult, considering the fact that some of the key influencers in customer's decision making like location preferences and physical meetings commanding less importance; it would be possible to strike rapport and develop business over digital channels anywhere within the state, and possibly outside the state as well.

- The ability to sell and service remotely – face-to-face interactions, integral to the process of solicitation would be missing. Distributors should allow customers to reach digitally across different channels, and then to allow the customers to complete the sales or services transaction digitally across multiple and secured channels.

- The ability to manage the operations without paper and without meetings – while it appears to be an easy bit, every month's carrier reconciliation is a effort intensive process for every distributor, and unless the infrastructure is good enough, the drag will be tremendous in this tough quarters.

Nest Innovative Solutions have been providing business solutions for selling insurance in United States and globally. Nest believes in a need-based,

fully-automated, connected insurance architecture that can deliver all that it takes to achieve a lower cost per policy. Nest's solution is fully digital, reasonably secure, cloud-based, and connected. Nest is very good when it comes to providing product-based transformation solutions for brokers and managing general agents who have the vision and the grit, with a tech-savvy ambition and a limited budget.

The company, the journey

Nest Innovative Solutions was founded by the end of 2011, with an aim of applying innovative technology to create business solutions for insurance service providers with ten times agility and one-tenth of typical market price.

For the first few years, Nest created several solutions and components around different parts of insurance workflow, addressing the needs of mobility in distribution, pay-as-you-go products for automobile insurance; easy settlement of automobile insurance claims using the interface between the insurance company, surveyors, garages, and customer; customer self-service for health insurance claims – each being classic problem areas for insurance workflow. Nest



Avijit Ghosh
Co-founder and
Global Head of
Service Delivery

WE RESEARCH AND APPLY EMERGING TECHNOLOGIES TO DELIVER BUSINESS BENEFITS FOR OUR CUSTOMERS.

implemented these in emerging markets.

Over a period of time Nest's focus gravitated towards a niche area of distribution of complex personal and commercial insurance products for matured markets by brokers with underwriting authority. Nest created a platform called Macaw Agency Management System for the same. Over last five years, Nest has implemented this work-from-home, end-to-end solution encompassing all workflows and processes of brokers and managing general agents and program managers. Some of Nest's customers do not even have any physical offices.

Going forward, Nest's plan is to enable this state-of-the-art solution for the lower end of the markets in a SaaS model.

As the company was founded, Nest faced typical challenges that every insurtech does. Nest created a lot

of innovative, small, result-oriented point solutions around digital distribution that it could not sell because insurers in many segments in emerging markets believed that the trend would never ever "demand" or "force" digital selling. It was tough to convince the decisions makers to try new concepts and solutions. Nest's extremely cautious approach in marketing and rigorous & quality-conscious product release process added to the challenges. These challenges are prevalent even now, and Nest's growth and sustainability comes from innovative products, superior services and finally, customer's goodwill.

The products offered by Nest Innovative

Nest has a team of industry experts who have decades of combined experience and skills, making sure that the company is always a step ahead of the learning curve and



positioning offerings that are highly appreciated by their customers and the competition in the market alike.

Some of their products are:

• **Macaw AMS:**

This is an Agency Management Solution for Brokers, MGAs, and Agents. Built around a customer-centric model, Macaw AMS supports end-to-end processes for Insurance Agency or Managing General Agent. Pre-sales, sales, servicing, and back-office operations are facilitated in a web-based 24X7 environment. With Macaw AMS, the traditional problem of reconciling across policies and financials can be addressed effortlessly. With a strong focus on campaigns and opportunities, it is very difficult to lose an opportunity. Document management, workflow, analytics, and reporting are all available in one place and are fully automated. A comprehensive customer portal allows 24 X 7 support without any additional effort on the part of the insurance agency.

• **Macaw CRM:**

This is a CRM solution for Insurance service providers, i.e., it covers the typical Insurance sales flow where quotations and illustrations are most important, and renewals require a special focus. The prospects lead into the opportunities, then to quotes, and then finally with payment to the policies. The

underwriting and rating engines can be integrated if the insurer wants. Internal, as well as external salesforce, can be deployed, monitored, and compensated. The policy servicing and claims tracking are built-in. The “digital” pieces are built-in as different portals and mobile apps. Document management and analytics are built-in. With underlying workflow capabilities, the insurance service provider just needs to fit its processes without worrying about the typical challenges of adopting a generic CRM for the insurance context. Integration with legacy is usually a must, and that’s achieved by the pre-built adaptors that can be used to control the data flow.

• **Macaw Operations:**

Macaw Operations is a back-office solution for general insurance to enable the strategies of insurers towards business growth, cost optimization & ease of doing business. It supports many insurance products across personal and commercial lines of business viz. Fire, Motor, Marine, Engineering, Miscellaneous Liability, and Miscellaneous Non-Liability. It supports end-to-end processes through loosely coupled components viz. Customer Information Management, Quotation, Underwriting, Policy Issuance, Policy Servicing, Claims, Accounting, and Reinsurance. A strong supporting layer is made available by horizontal components like Workflow, Rules, Security, and Document Manager. Technology-wise, Macaw is designed to utilize the innovations around new and



“Teamwork divides the task and double the success.”

emerging technologies. With a lightweight platform stack, it has a deployable thin-client responsive app in the front-end and a J2EE compliant, service-oriented back-end. The screens are responsive and mobile-enabled.

Apart from these Nest Innovative provides a whole range of other components and solutions, making them a one-stop for all the requirements of distributors that are selling insurance.

Nest provides services for the implementation of their products and supports after the customer’s operations are running in the production environment using Nest’s products. The services include the following:

- Transformation Planning.
- Requirement Analysis.
- Configuration and Customization.
- Functional Testing.
- Performance Testing.
- Penetration Testing.
- Trainers’ Training.
- Production Support



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“ With Nest and Macaw the Customer gets an extended IT arm that delivers through the thick and thin. ”

Like all successful leaders, Nest believes in continuous improvement, and owing to this habit they are always exploring ways to improve and enhance their services and products. Nest delivers new versions of its products according to a well-researched roadmap that refreshes underlying technologies and includes new capabilities to improve automation and to reduce time to market. Nest has been working on a component paradigm for a few quarters now. Once released, this will allow their prospects and customers to pick and choose what they want to use from their product. It is expected to make it easier to address specific business problems.

Why Nest Innovative is a class apart?

A little less than 30% of product-based transformation initiatives related to replacement of back-office software are shelved in insurance industry due to various reasons. Nest is proud of the fact that till date it has never had such

an experience. Once Nest takes on a project, it goes live and Customer derives the benefits.

The product and service differentiators of Nest can be outlined as follows:

- Cost per Policy: Typically one-third to one-fourth of the competition.
- Flexibility: Their offerings are configurable, so they can support the specific needs of a distributor for their special products and special workflow. This usually results in better automation and lower time to market.
- Support: Over the years, they have always received positive feedback from all their customers about their willingness and capability to support them in their hour of need.

Going forward, Nest's plan is to enable this state-of-the-art solution for the retail insurance distribution market in a SaaS model. 🇮🇳