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# Insurance Digitalisation Survey

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# Contents

- Background
- Key Findings
- Conclusions & Next Steps



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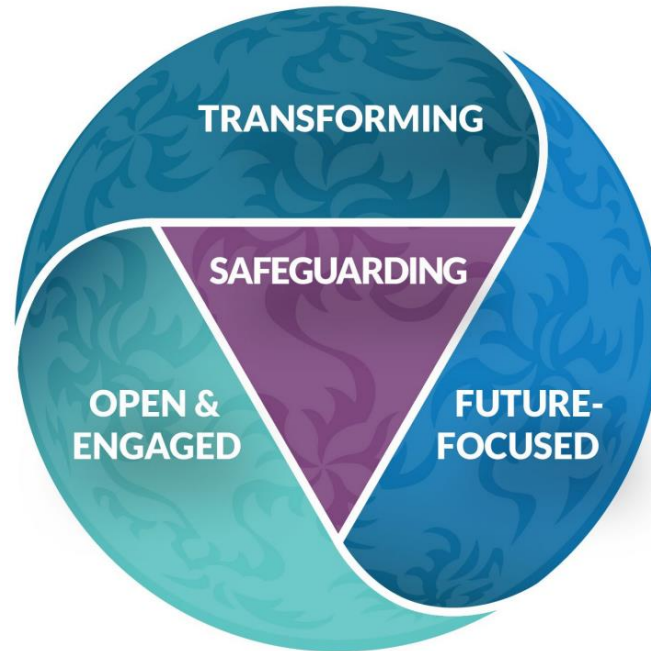
# Background



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# Central Bank of Ireland Strategy



Our strategy comprises four interconnected themes:

*The “Future Focused” element demands that we adopt a forward-looking approach – anticipating and responding proactively to changes in the economy and the financial system.*

What success will look like:

“We have developed the necessary capabilities, analysis, risk-assessment and oversight approaches - contributing to the on-going technological and business model innovation in financial services and central banking. “



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# Insurance Digitalisation Survey

## Key Objectives

- To assess the extent to which firms have **adopted (and plan to adopt) innovative technologies** as part of their insurance **value chains**; and
- To understand how firms have identified and assessed **digitalisation risks** and the measures in place to manage and oversee these risks.

## Scope

Market coverage of approx. 70% (by assets and gross premiums):

- Includes majority of H, MH and ML firms, and a small sample of low impact firms.
- Includes both Life and Non Life firms, with a small sample from Reinsurance.
- Sample selected agreed with supervision teams.

## Content

42 questions divided into 3 sections:

- Use of innovative technologies
- Impact on business models
- Strategy and risk management



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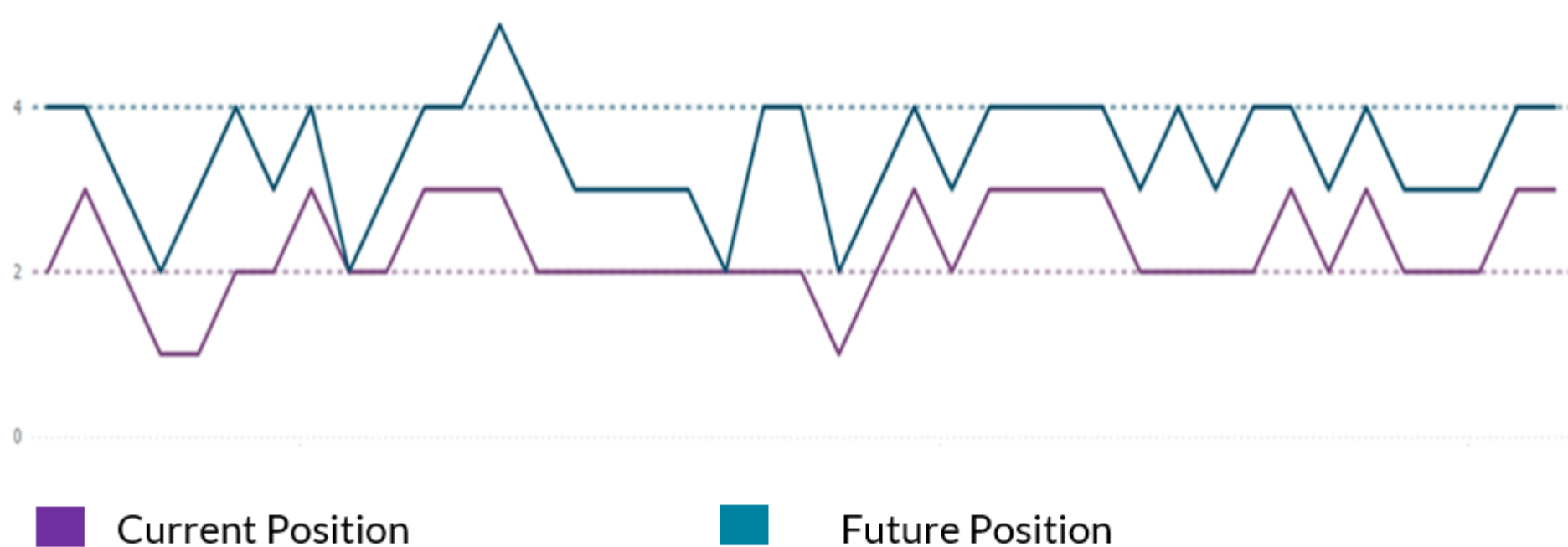
# Key Findings



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Digital maturity is moderate. It will increase over the next 3 years but in most cases the change will not be transformational



Key: 1 = No digitalisation (legacy products and services only), 5 = Fully digitalised (digital strategy integral to business model)



## Digitalisation features across the insurance value chain, and will increase over the next three years

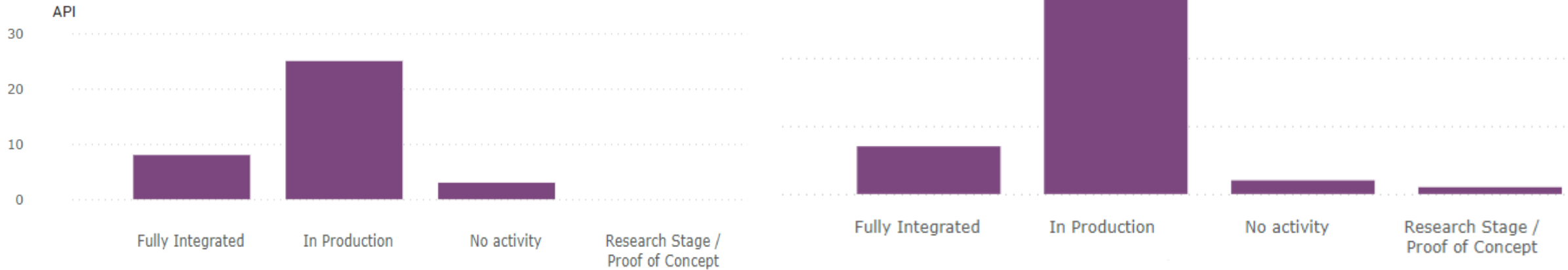
Segment	Respondents using it already	Respondents using it in 3 years	Difference
Pricing & underwriting	64%	84%	20%
Claims management	53%	83%	30%
Post-sales	59%	77%	18%
Product development	40%	75%	35%
Sales & marketing	47%	70%	23%
Fraud detection	47%	72%	25%
Risk & capital	50%	66%	16%





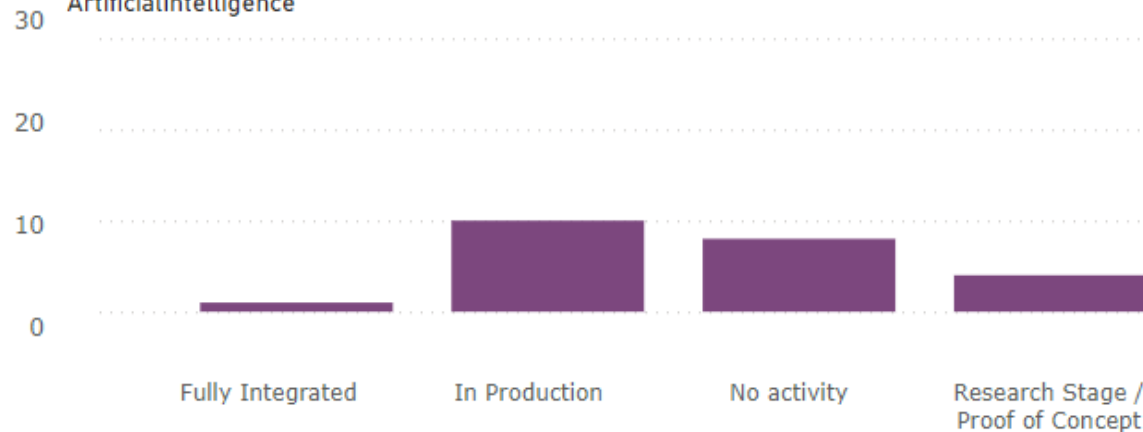
# Cloud computing and APIs are / will be particularly utilised

CloudComp

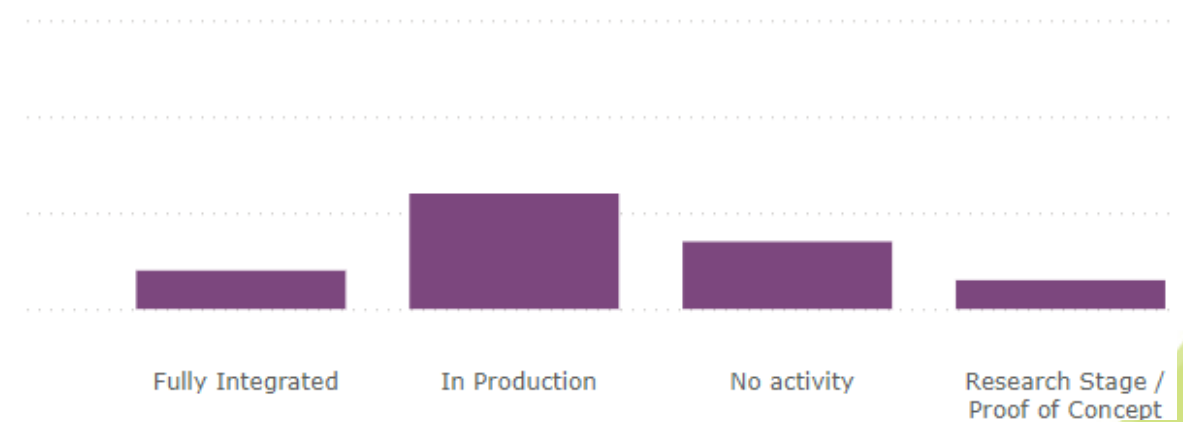


## Compared with, for example, AI and Big Data

ArtificialIntelligence



BigData



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The main risks or challenges associated with innovative technologies relate to **cyber security, data management, skills shortage, and operational resilience.**



*Data points closer to the edge of the radar circle represent more significant risks and challenges*



# The main opportunities relate to **efficiency** and **customer experience**



*Data points closer to the edge of the radar circle represent more significant risks and challenges*



# Governance & Risk Management

Whilst some good practices have been highlighted, further work is required in some firms to incorporate digitalisation risks into governance and risk management systems.

- Most respondents (74%) indicate that there is a digital strategy in place.
- However, there is a significant reliance on group and/or third parties to deliver digitalisation.
- Most respondents (75%) included an assessment of digitalisation risks within their most recent ORSA process, although fewer (55%) had completed a more detailed forward looking assessment of this risk
- Board engagement on digitalisation issues was indicated by the majority of firms (73%)
- However, in over a third of firms no digitalisation training had been provided to board members and / or senior managers in the last two years.



# Conclusions & Next Steps



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# Conclusions

- The information captured through the Survey has provided valuable insights in relation to current and expected future digitalisation across the insurance value chain.
- Overall, the Survey results clearly indicate that digitalisation will increase over the next three years. The majority of respondents are undertaking, or plan to undertake, initiatives to digitalise business models.
- However, the Irish insurance sector, on average, appears to be at a relatively early stage. Digital maturity appears moderate and somewhat concentrated in more established digital technologies.



## Next Steps

- At a sectoral level - key findings summarised in a report “Digitalisation in Insurance” – published in May of this year. The Central Bank will reflect on the implications of the survey results for supervisory strategy.
- At individual firm level – follow up engagement to develop deeper understanding of the impacts of digitalisation.

