

# THE IMPACT OF DIGITAL TRANSFORMATION IN THE ITALIAN INSURANCE SECTOR

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International Conference | DTS – 2024 (2nd edition)  
23rd-24th of May 2024 | Naples - Italy

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# Abstract

Leading global insurance companies have been implementing digital transformation projects for some years now, in order to effectively respond to renewed customer needs and, at the same time, seize the opportunities offered by new technologies in terms of optimisation of operational processes, automation and cost reduction, and progress in the integration of innovative channels with traditional networks. The objective of this paper will be to prepare an analysis of the diffusion of the digital transformation process, assessing its impact on the organisational processes and management of insurance companies with a view to maximising business opportunities and reducing risks.

# Abstract

The analysis, therefore, of the possible challenges that Italian insurance companies will be called to face will be conducted with reference to three levels: innovation of the service model, increase in customer knowledge and redefinition of the organisational structure. The insurance company, operating in a network structure, is called upon to continuously interact and develop a complex system of communications with numerous other players. These stakeholders include not only agents, brokers, banks and financial networks, but also service companies, other reinsurance companies (with which it manages co-insurance, reinsurance, retrocession) and, more generally, other financial intermediaries. Given the circumstance of the intangibility of the product and the very connection that it poses between product and process, it appears necessary to analyse the internal and external processes of the insurance company that are fully subject to innovation that takes place continuously over time or in "additional" terms. It appears, then, with all the evidence that insurance companies, with the intention of responding in a targeted manner to the growing needs of the insured, tend to vary the structure of the insurance product over time both in the risk coverage component and in the complementary services.

# Keywords



*Digital transformation*

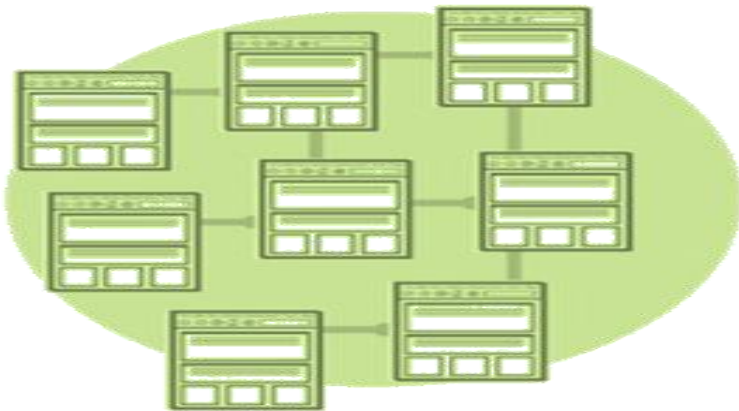
*Service Innovation*

*Insurance/Insurtech*

# Introduction

- Digital transformation in the insurance sector finds its genesis in changes in the environment and the market. The consequences that this change is generating represent real challenges for the Italian Insurance Company against which it must take a reactive and proactive attitude: detect the evolution of the external context and anticipate change. The aim of this paper is to investigate this phenomenon in order to respond to the change thrusts of the external context and to strengthen the relationship of trust between the Insurance Company and its reference stakeholders, which increasingly requires anticipation of possible future scenarios.

## Web 2.0



## Web 3.0



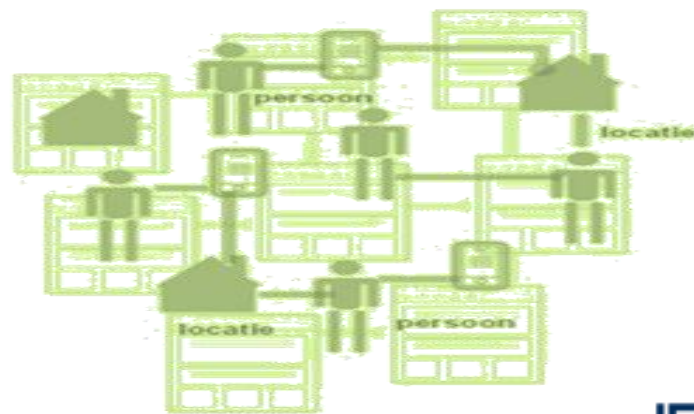
# Introduction

The main innovations are mostly related to digitalisation and the organisation of information now available in large quantities, to multi-channelling and to the definition of new organisational models. For insurance companies, therefore, digital transformation and innovation is linked to the translation of new ideas into new products and/or new processes, aimed at changing the positioning of the insurance company on the market with the objective of generating, defending and/or increasing its competitive advantage

## Web 2.0

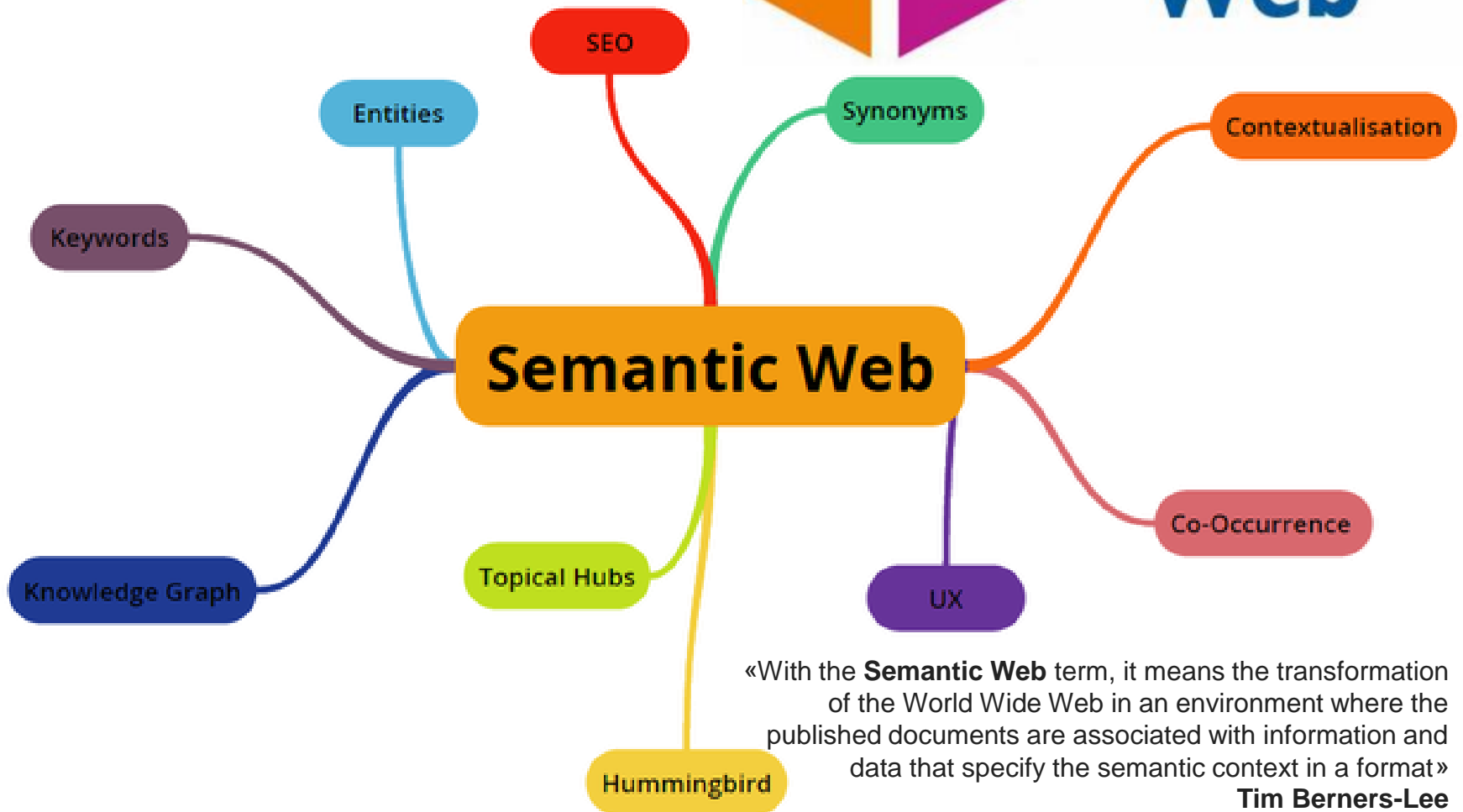


## Web 3.0





# Semantic Web



«With the **Semantic Web** term, it means the transformation of the World Wide Web in an environment where the published documents are associated with information and data that specify the semantic context in a format»

**Tim Berners-Lee**

# Web Squared

Positioning technologies (*GPS, electronic compass*) and recording (*advanced cameras*) are bringing the web to exit the confined space of the screen to meet the reality . Enhancing it to the “square”.



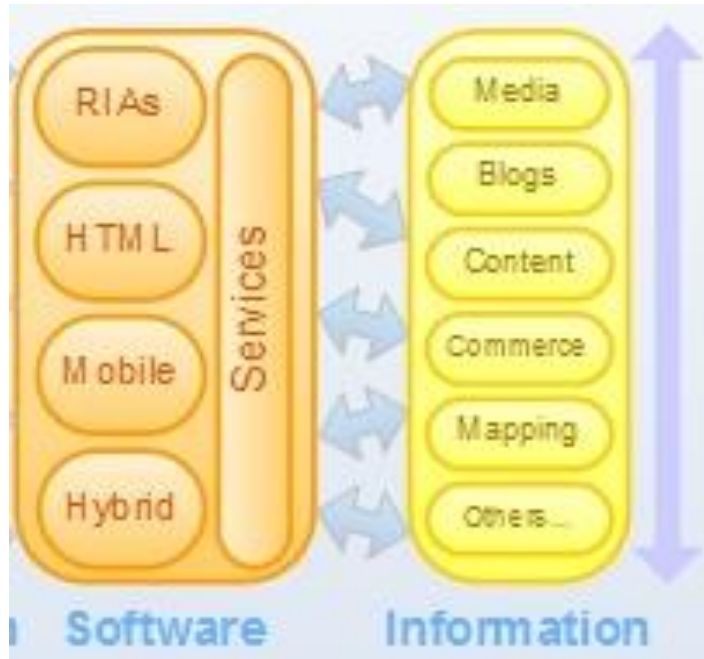


# Strategy to a technology implementation

The insurance companies that aim at being competitive are required to implement and monitor their cultural, technological and information activities.

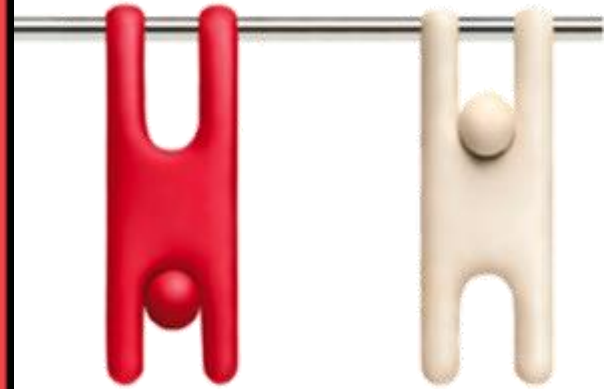
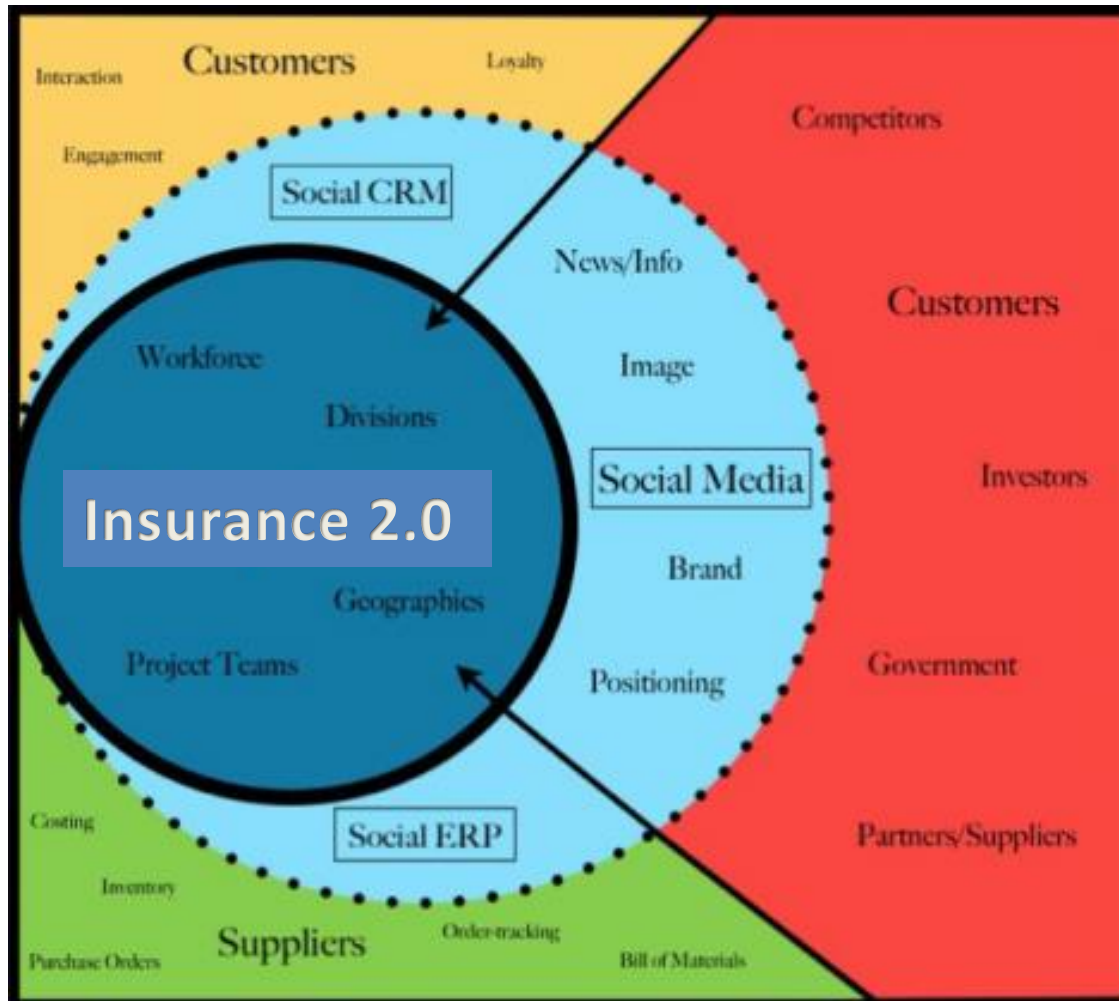
- **Input** of data resources
  - Data entry activities
- **Processing** of data into information
  - Calculations, comparisons, sorting, and so on
- **Output** of information products
  - Messages, reports, forms, graphic images
- **Storage** of data resources
  - Data elements and databases
- **Control** of system performance
  - Monitoring and evaluating feedback

# The advantages of **web 2.0 context**



- Agility,
- Responsiveness,
- Employee empowerment,
- Improved sharing
- Collaboration

# Insurance 2.0



How Social Software Will Change the Future of Work

# Social media

- Social media has got a wide meaning that includes both the practice and the final result of different pieces of information created on-line by those people who were previously media consumers



# The new culture of on-line communication



*...some insurance examples*

# Social media strategy: 8 steps proces

**insurance**



# Step 1 – Team Effort

- When building insurance social media strategy, the companies need to make sure that it is down to just one person



# Step 2 – Listen

- Insurance companies have built social media strategy with their team and now its time to listen to what is being said in the social space.





# Step 3 – Have a goal in mind

- Social media strategies without an end goal will never succeed



**INSURANCE**

# Step 4 – Measuring your Success



# Step 5 – Analyze Audience

- To know what to post on social media, Insurance companies need to know their audience:



- Identify the primary audience;
- Determine audience size;
- Determine audience composition;
- Judge audience's level of understanding

**Estimate audience's probable reaction**

# Step 6 – What makes different?

- To be successful on social media and to have an engaging audience, Insurance companies need to offer something different.



# Step 7 – Humanising Social Actions

- To make sure your social media strategy is a success, Insurance companies need to be personable and approachable.

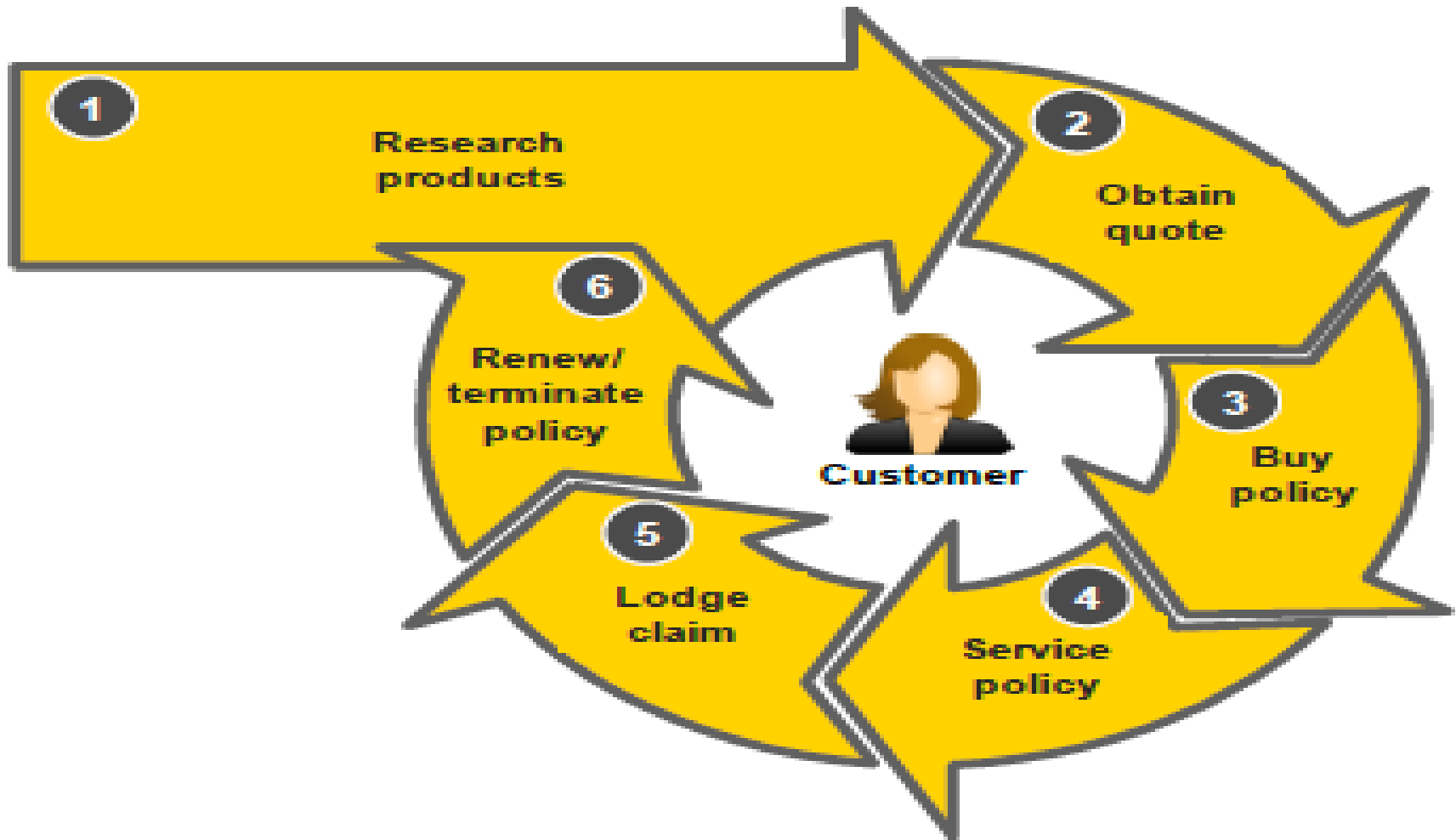


## Step 8 – Create specific social network plans

- Once you have sussed your overall social media strategy, Insurance companies can then turn attention to specific networks.



# Social customer



# CONCLUSIONS

- Also for Insurance Companies, innovation is to be linked to the translation of new ideas into new products and/or new processes, aimed at modifying the positioning of the insurance company on the market in order to generate, defend and/or increase its competitive advantage. For these companies, and in particular for their management peculiarities, innovation must be correctly framed in order to grasp its characteristic features.





# CONCLUSIONS

The study was able to highlight that for Italian insurance companies, the strategic priority is product/service innovation; the organisational areas in which the main innovations are concentrated are known to be Sales, Marketing and IT (Coviello 2023). In the course of the research activities, it was found that the main innovations can be traced back to multi-channelling, digitalisation and the definition of new organisational models. It was thus possible to outline that, for insurance companies, Innovation is a strategic priority; furthermore, although it is implicit in all company activities (even if not formalised), the role of Communication must be defined in the operational plans of insurance companies. However, the design of Innovation and Change in Insurance certainly represents an ambitious programme that requires a careful focus on the critical issues and innovation needs of the insurance sector, which cannot be separated from the development of an action plan for change management.



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