O5 Case Study Reports

Intensive Programme “Advanced Topics”

O5/A3 Case Study Report 5

“Advanced Topics in Insurance Management”

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Overview

This report summarizes the results of the case study used within the intensive programme (IP) offered at the University of Economics in Katowice (UEK) in March 2017, within the framework of the International Project **INTQUANT** – "Creating an International Semester for Master Programmes in Quantitative Finance", Funding Scheme: Erasmus+ Strategic Partnerships (Key Action 2).
The case has been elaborated by UEK in cooperation with Accenture and is part of the intensive course "Advanced Topics in Insurance Management".
The case study approach offers international teams of students from four master programmes in finance and risk management from the INTQUANT partner universities (UAS Vienna, UNIBO Bologna, UEK Katowice and UAIC Iasi), an opportunity to solve a real-life problem experienced by the local industry partner - Accenture, and also to benefit from the networking opportunities created by the interaction with other students, faculty, and industry professionals from various European Union countries.

The case study report consists of three main parts:

- **case provided to students**;
- **teaching note for the lecturer;**
- **brief overview of the key outcomes from the case study onsite learning**

The case study report includes also the following appendices:

- **the example of the final case report** provided by the winning team of international students that analyzed the case;
- **the structure of the evaluation forms** for the final case report and the onsite presentation of the international students team report.

1. Case

1. Synopsis / Executive Summary

A larger and longer living global population creates an increasing demand for insurance products. What is more, progress in technology and easy access to information have improved a global consumer's knowledge about the risk and, as a consequence, his need for protection and insurance. The global financial crisis highlighted the need for insurers to comprehend how consumers perceive the world and to identify factors that influence their decisions. The insurance enterprise has to understand a behavior of potential clients and build its policy as a fully customized and adaptable to the individual customer's changing needs.

The aim of the case study is to involve students into insurance management project, which focuses on the construction of a fully customized insurance portfolio with an emphasis on multi-channel insurance offer of non-life products as well as the management of this portfolio by an insurance company.

The case provides in-depth analysis of the processing, investing, and evaluation of risk management in insurance industry. It covers the process by which insurance is sold and how individuals and organizations manage risk via insurance products. Students will explore the contractual aspects of insurance policies and attempt to understand how claims come into existence and are managed shown through case studies presented by the guest teacher from Accenture. Attention will also be given to social insurance and uninsurable risks. Industry representative will be able to show types of applications of risk management as well as analyze each kind of insurance product within the current marketplace.

2. Short history and company overview / Background

Accenture is a global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders.

Accenture began as the business and technology consulting division of Arthur Andersen in the early 1950s. In 1989, Arthur Andersen and Andersen Consulting became separate units of Andersen Worldwide Société Coopérative (AWSC). Throughout the 1990s, there was increasing tension between units ended in August 2000, when Andersen Consulting broke all contractual ties with Arthur Andersen.

On 1 January 2001, Andersen Consulting adopted its current name, "Accenture" (derived from "Accent of the future") that represents the will to be a global consulting leader and high performer. Accenture's banner hanging on the New York Stock Exchange (NYSE) building for its initial public offering on July 19, 2001.

With approximately 401,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

3. Body of the analysis

The case to study can be described as follows:

1) Introduction

Insurance company „Ubrella Ltd." is a non-life insurer operating in the UK. It is part of the financial group 'Umbrellas United" , headquartered in Zurich and operating in EMEA. In 2015 Umbrellas United released project 'woo-hoo!' to consolidate and unify Ops and IT for all their European subsidiaries. Project is due to finish in Dec 2018. Part of group's IT processes will be outsourced to India. Claim services will be outsourced to Slovakia, actuarial services and underwriting services will be outsourced to Poland. All existing IT system will be replaced with a global one, the same of all European subsidiaries. It is developed by the external provider 'Insurance systems S.A' based in Poland as part of project 'woo-hoo!"

Initially it was expected to unify product offer of all European subsidiaries. However this decision was voided after extraordinary CEO and Marketing meeting in April 2016. Customers in different countries expect different products, features of the offer must follow customer's need and countries differ by level of insurance digitalization and customer expectations. There are also some local requirements for compulsory insurances. Even if it was agreed to allow local subsidiaries to build their own product offer, the CEO of the Group is still not happy with this approach and suggests that local practices should be more flexible to make it possible for the group to manage the offer and IT system requirements in a more efficient way.

2) Personalities

Umbrellas United

CEO: Antonio, 63 yrs old male, Italian, based in Zurich 3 days a week and in Milano 2 days a week, strong 'can do attitude', formerly head of Ops at a local Bank in France, choleric, extravert, doesn't like long meetings, wants clear and short messages, doesn't like 'all the Marketing wizards', doesn't like consulting companies, is not familiar with UK market, very often changes the topic of the meeting adding 'I don't care, just do it!, a very moody person. No wife, 3 grandchildren (2,4,6 years old). Loves Italian cuisine, skiing, swimming. Doesn't like runners and cyclists.

Umbrella Ltd:

Product Head: Katrine, 37 year old woman, German, based in London, married, 2 children (twins, 14 months), just returned after her maternity leave. Moved to London in 2010, leaving a German subsidiary of Umbrellas (Regenschirm AG) to join Umbrella Ltd and has been working for Umbrella Ltd. since then. Just before her maternity leave she was promoted to Head of Products leading team of 8 product specialists in the UK (4 senior managers, 2 managers, 2 juniors). 1 of the senior managers is her deputy and was responsible for the team while she was away. He still thinks it was a bad idea to promote Katrine as she is 'not tough enough, is too emotional, won't do overtime'). Katrine has built a very good relationship with Ops Head. Her relationship with the IT Head is ok but they don't like each other. Katrine and Head of sales department work together but she still thinks Sales don't pay too much attention to customer's needs and sometimes sell incorrect products, of course overcoming sales procedures.

Ops Head - Mike, 42,single father of two (boy 5 yrs and girl 2 yrs). He started 2 months before Katrine left for maternity leave. He is very professional, doesn't show emotions. Before he joined he was Ops Head at 'We Insurances' that is a leader of P&C offer sold via Internet. He was part of the project team that implemented car insurance multichannel offer (products available via call center, www, tied agents; customers can choose how they want to buy their product, they can start in one channel and finish in another one, quoting the reference number). He left his previous employer to have a better work life balance after his wife left him. He is a good listener and is open to know people's point of view. However nobody knows what his real personality is. He still thinks there is a potential for Umbrella Ltd but he is just having different priorities now so he doesn't raise his concern.

IT Head - Paul. Katrine thinks he is just boring and she would rather expect him to present solutions and recommendations rather than spend hours in meetings multiplying all the 'what if' scenarios.

Head of sales – Marcin, 55 years old, Polish, counting down days to his retirement, previously Senior manager working for a Polish bank. He moved to the UK in 2004 and has been working for another UK bank before he joint Umbrella in 2012. He doesn't understand "all the funny stories about customer's needs'. He has built a good relationship with Antonio after they met in Dolomites in February 2015. They both believe that 'insurance is just insurance, what is the difference what kind of product you have to cover you property?, Let's stop with all the discussions about needs, people just want a cheap insurance and a good service'. He doesn't like the IT guys in Umbrella as 'they just think too much rather than deliver!" Katrine and Head of sales department work together but she still thinks they don't pay too much attention to customer's needs and sometimes sell not the best product overcoming sales procedures.

Sales have 15 subsidiaries with 250 advisors and insurance agents in total. After Marcin joined the company the sales results have improved. Even if Ops and Products think his attitude is not right he is doing all the sales. Stakeholders are happy ,the CEO is happy. In the end Antonio is also happy!

CEO – Peter, 48 years old, former consulting Senior Manager, joined Umbrella in 2012. He is very analytical, likes clear messages. Extremely introvert. Responsible for Sales, Marketing, Products. As a former consultant, he would feel more comfortable leading process optimization, project management and IT systems however this is not his area (his Deputy, Mark, is responsible for both Ops and IT). He tries not to tell Mark what to do but he still thinks there is area for improvement in processes and claims services. Mark doesn't like Peter and thinks he is just 'one of these consulting guys who think they can optimize human's digestive system within 10 working days if they are paid properly'.

3) Strategic project "Woo-hoo!"

Project is realised by joint project team (both Umbrella United employees and 'Insurance systems S.A' employees)

Insurance System's team (10 consultants, 15 analysts, 2 managers) is led by Evelyn. She is single, 35 years old and is more and more frustrated with the weekly traveling to Zurich but also with "all the changing decisions made by Umbrella". However she knows that Umbrella is their Client so she has been doing her best, as per the old consulting approach 'Client first'. She is part of the joined project team and she reports all the relevant MI and progress in weekly committees and fortnightly steering committees. Last week she mentioned the project's status had become red and if Umbrella didn't complete their requirements by the end of the month then her team won't be able to deliver on time. Antonio left the meeting room, completely frustrated and said local teams would have 5

working days to explain their needs. After this deadline there will be ban to add / amend /remove anything from the scope of the project and system requirements.

The deadline was actually yesterday and Katrine sent the requirements and specification form last night. As Marcin was on annual leave and Mike had to do the school run she didn't even have chance to discuss her proposal with them. She just cc them in the email. Today she is off as her daughter is sick.

Earlier today Antonio had a look at the scope prepared by the local subsidiaries. He refused Katrine's proposal to build a multichannel distribution with tailor made products. He doesn't believe this is what UK customers really need, ie. as the Swiss and German market don't require that much digitalization. In Italy insurance product are offered by banks. He replied to her email with the following message: "We have been selling by tied agents for ages and Umbrella should continue with this approach as there is not much sense to change something that works". He didn't read all then analysis about Y generations, multichannel insurance offered by majority of competitors. This is what Katrine included on page 56 of the attachment number 5.

Katrine has just read her email with Antonio's response. She is lost and frustrated. She has just forwarded it to her CEO calling for action.

4) Today in the office

Peter has read Katrine's email and has asked her PA to organize a meeting for tomorrow to understand Katrine's point of view.

At 3PM his PA delivered a letter from the insurance authority. After mystery shopping in May 2016, the authority suggests that Umbrella didn't follow customers' need.

The letter includes immediate call for the following actions with the deadline for April 2017:

- to rebuild offer to follow customer's needs,
- to correct sales procedures,
- to rectify customers who have been offered inappropriate products,
- to pay a penalty of £900M for unfair customer treatment.

Peter is calling an extraordinary committee for next day, incl. Sales, Products, Ops, IT, Legal, Compliance, Risk, Voice of the Customer, Finance. He has decided not to call Antonio before he understands the issue.

5) Task

- Help Peter organise the meeting (i.e. what information should he get from the departments mentioned above? What should he know about past activity of Umbrella?)
- It's clear Umbrella Ltd. would need a new project to build new product offer and distribution approach. Who should lead the project to guarantee maximum efficiency? How to best use experience of all Umbrella employees mentioned in bullet 2)? How to avoid Katrine's frustration? Who can support her to force the concept of the multi-channel offer?
- Draft a letter (main bullet points) to the authority explaining what your improved offer will be and how you want to manage the current issue
- Propose changes to 'Woo-hoo.". How do you want to communicate it to Antonio and the project team? Who should communicate it? How to ensure regulatory needs are critical? How to communicate the issue to Antonio and project team and ensure Katrine's proposal from yesterday's email is accepted?
- Propose a multi-channel offer for Umbrella Ltd. (what channels, what non-life products, how to organize underwriting and claim servicing? Is there a space to simplify processes?). Products shouldn't 'cannibalize each other' – your internet sales must manage any cases of overlapping protection.
- How to ensure the concept is consistent with 'Woo-hoo'? Propose solutions to enable outsourcing of services as required by Woo-hoo!
- How to manage Facebook and Twitter to ensure Umbrella Ltd. is playing fair and how to communicate the mystery shopping outcomes to customers? What else can Umbrella do to improve their PR among customers?
- Prepare slides for Antonio to present different insurance needs for the following customers:

  - Student renting an apartment?
  - Family with 3 children
  - Single mum of a teenager
  - Family of farmers leaving in rural area

6). Conclusion / recommendations

Slides should include 4 variants of insurance coverage following customers' needs in terms of the coverage, distribution channel, servicing channels (Umbrella's wwwt? Call Center? Social media? Agents? Banks?).

NB: Remember, Antonio likes clear messages. Do you remember what happens to Katrine's proposal when she included it on page 56 and sent too many attachments?

6. References

- Accenture: Capturing the insurance customer of tomorrow
  https://www.accenture.com/t20150729T055158__w__/us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Digital_3/Accenture-Capturing-the-Insurance-Customer-of-Tomorrow.pdf
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- Accenture: The Digital Insurer. The Customer-centric Insurer in the Digital Era
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- Accenture: Changing Channels. Accenture Multi-Channel Distribution Insurance
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2. Teaching Note

1. Synopsis

The course provides in-depth analysis of the processing, investing, and evaluation of risk management in insurance industry. This course covers the process by which insurance is sold and how individuals and organizations manage risk via insurance products. Students will explore the contractual aspects of insurance policies and attempt to understand how claims come into existence and are managed shown through case studies presented by the guest teacher from Accenture. Attention will also be given to social insurance and uninsurable risks. Industry representative will be able to show types of applications of risk management as well as analyze each kind of insurance product within the current marketplace.

2. Topical Area

The area of research for the case study can be described, in a broad sense, as an insurance management project, which focuses on the construction of a fully customized insurance portfolio and its management by an insurance company.

3. Teaching objectives

The main objectives of the case study are the following:

- Demonstrate an in-depth understanding of the of insurance company's management process;
- Prepare a set of solutions to a insurance management case study;
- Propose a multi-channel insurance offer of non-life products;
- Prepare variants of insurance coverage following customers' needs in terms of coverage, distribution, channel, servicing channels.

- Demonstrate the knowledge concerning chosen topics of risk management in insurance business, including interconnections between problems
- Demonstrate an ability to assess the person / institution's exposure to loss and evaluate types of insurance policies.

Additionally, the work on the case can contribute to achieve some general teaching objectives, such as the ability to:

- summarize case findings in a team report, present and defend these in a clear and effective way;
- critically asses both one's own and other teams' case reports during the presentation phase;
- work in an international team environment and use intercultural creativity to achieve an agreed outcome.

4. Student Reading Assignment

Case: *Insurance Risk Management*

Additional: -

5. Student Study Questions

1. Who approved the sales procedure?
2. Did the sales director follow the previous recommendations from authorities?
3. Any dates the procedures were being reviewed. Were the processes / procedures reviewed regularly?
4. Law / compliance departments – did they approve the procedures?
5. Did Sales overcome existing sales procedures?

6. Discussion Questions and Analysis / Student Response

This section gives details information to the instructor on how to address the main questions. This section can be seen as a roadmap to the instructor.

A general note:
This is only a recommended example of how to solve the case study. As discussed during the classes, there are also other options possible un long as not in contrary with the recommendation presented below and as long as good explanation has been provided by the students.

(1) *Help Peter organise the meeting (i.e. what information should he get from the departments mentioned above? What should he know about past activity of Umbrella?)*

- *Who approved the sales procedure?*
- *Did the sales director follow the previous recommendations from authorities?*
- *Any dates the procedures were being reviewed. Were the processes / procedures reviewed regularly?*
- *Law / compliance departments – did they approve the procedures?*
- *Did Sales overcome existing sales procedures?*

Peter should make Antonio aware that there are some regulatory issues in the UK. Peter and Antonio should call extraordinary meeting with Woo-hoo leadership to raise the issue and ask to park the project until the UK issue has been reviewed and next steps have been agreed.

(2) *It's clear Umbrella Ltd. would need a new project to build new product offer and distribution approach.*

- *Who should lead the project to guarantee maximum efficiency?*
- *How to best use experience of all Umbrella employees mentioned in bullet 2)?*
- *How to avoid Katrine's frustration?*
- *Who can support her to force the concept of the multi-channel offer?*

Katrine should work closely with the Ops Head. She should ask for help of her deputy as he has worked longer and knows what happened before she joined. This should reduce

his frustration. Ops Head should share his experience and best practices from his previous work.

There should a whistle blowing environment developed.

Marcin shouldn't be excluded as he will be needed to motivate the sales force to follow new procedures. However he must be aware that the current situation is caused by not following rules and overcoming relevant recommendations.

Changes should be implemented as a critical priority project. Peter should be the project sponsor.

(3) *Draft a letter (main bullet points) to the authority explaining what your improved offer will be and how you want to manage the current issue*

4 main messages to be included in the letter:

- *Apologies*
- *Explanation why the procedures weren't followed. Explanation of how they were implemented and who signed them. Explanation how the regular review process looked like.*
- *Recommended solutions to be implemented to rectify the customers. Actions taken to change the procedures and what will be changed. Willingness to cooperate with the authority when drafting letters for the customers, when agreeing redress rules and when updating the procedures.*
- *Lessons learnt from the past and actions taken in the future to improve the situation: new colleagues already hired in the Product and Ops area (Mike and Katrine), introduction of whistleblowing environment.*

It must be concrete, include only relevant information, you should avoid the concept of finding a guilty person as in fact the whole institution is guilty – the internal control procedures didn't work.

(4) *Propose changes to 'Woo-hoo."*

- *How do you want to communicate it to Antonio and the project team?*
- *Who should communicate it?*
- *How to ensure regulatory needs are critical?*

- *How to communicate the issue to Antonio and project team and ensure Katrine's proposal from yesterday's email is accepted?*

Project should be parked. Peter and Antonio should have a separate meeting. Antonio must be aware of potential consequences. He must be also aware of different regulatory standards in different countries.

Before talking to Antonio, Peter must talk to Katrine. She should make him aware what the issues and requirements are. However she should prepared a short version of her recommendation / doc she sent to Antonio.

(5) *Propose a multi-channel offer for Umbrella Ltd. Products shouldn't 'cannibalize each other' – your internet sales must manage any cases of overlapping protection.*

- *What channels, what non-life products?*
- *How to organize underwriting and claim servicing?*
- *Is there a space to simplify processes?*

Insurance to be available via: webchat (www), Call center, agents, FB messenger (the last one to be redirected to the same team who serviced the webchat channel).
All products available in all channels, the same scope, the same price, terms and conditions (T&C). T&C available for downloading. Q&A available for those who are buying via webchat /CC/ messenger. Products should be recommended based on the questionnaire filled by the customer where they present their current situation and needs. Call center available 24/h to answer any questions if the customer is referring to a quote they can see online.
If a customer is buying more than one product a table with overlaps should be displayed.

For long term life products there should be a F2F meeting with the advisor required if interest shown online. This is to ensure the correct needs are addressed in a longer term. The customer should receive at least 7 days to read and understand the T&C and other relevant doc. It means that the meeting with the advisor should be set for not earlier than 8 days after the on-line interest is shown. The meeting schedule should be available online and customer should be able to choose the required date, time and location for this meeting.
If there is an underwriting required the underwriting questionnaire should be available on-line.

Claim services should be available in all channels.
For small claims, ie. below 500EUR there should be a simplified process, so called fast track. No loss handlers are sent on site and the customer is offered a payment within 5 days. A random number of claims are sent for internal control but it has no impact on payment.
Mobile app and web chat have functionalities to upload a picture.

(6) *How to ensure the concept is consistent with 'Woo-hoo'? Propose solutions to enable outsourcing of services as required by Woo-hoo!*

Claim services will be outsourced to Slovakia, actuarial services and underwriting services will be outsourced to Poland. -> this can remain unchanged.

All existing IT system will be replaced with a global one, the same of all European subsidiaries. It is developed by the external provider 'Insurance systems S.A' based in Poland as part of project 'woo-hoo!" -> this can remained unchanged if the requirements below are met.

Local subsidiaries should be able build their own product offer to meet local regulatory requirements. Customers in different countries expect different products, features of the offer must follow customer's need and countries differ by level of insurance digitalization and customer expectations. There are also some local requirements for compulsory insurances.

(7) *How to manage Facebook and Twitter to ensure Umbrella Ltd. is playing fair and how to communicate the mystery shopping outcomes to customers? What else can Umbrella do to improve their PR among customers?*

Umbrella should prepare a press statement and make it clear what the issue is and why it occurred. It should then post a link to it on their Twitter and FB. It should also upload a scan of the letter sent to authority. Is should open a dedicated helpdesk line to answer any questions customers will have. It should also prepare a Q&A section on their www with typical questions the customers may have. Umbrella should make it clear that it will contact the customers in the oncoming future and no further actions is needed from the customers.

(8) *Prepare slides for Antonio to present different insurance needs for the following customers:*

- *Student renting an apartment?*
- *Family with 3 children*
- *Single mum of a teenager*
- *Family of farmers leaving in rural area*

Slides should include 4 variants of insurance coverage following customers' needs in terms of the coverage, distribution channel, servicing channels.

- Umbrella's wwwt?
- Call Center?
- Social media?
- Agents?
- Banks?

All products in all channels.

Student: content insurance, mobile and other electronic gadgets insurance, bike insurance

Family with 3 children: life insurance for parents, third party responsibility in private life, unemployment insurance

Single mom with a teenager: life insurance for Mom, mobile and other electronic gadgets insurance, accidental insurance for the kid

Family of farmers: agriculture home insurance, life insurance for farmers who are employed, accidental insurance

Life insurance to follow rules described above (meeting(s) with the advisor required).

7. Conclusions

Students have the opportunity to understand the practice of insurance management, with an emphasis on multi-channel insurance offer of non-life products..

3. Key outcomes

The case was studied during the IP held at the University of Economics (UEK) in March 2017 by five international teams consisted of students from each of the INTQUANT universities - UAS Vienna, UNIBO Bologna, UEK Katowice and UAIC Iasi.

1. The key outcomes from the case study onsite learning are as follows:

1. Students thorough the case study had the chance to create and participate in the “real life” insurance management process. They have proposed a multi-channel insurance offer of non-life products and have prepared different variants of insurance coverage following customers’ needs in terms of coverage, distribution, channel, servicing channels. They were able to observe different solutions which were proposed by the teams.

2. Results of the case study show the students’ knowledge concerning chosen topics of risk management in insurance business, including interconnections between problems. Solutions demonstrate an in-depth understanding of the of insurance company’s management process as well as express an ability to assess the person / institution’s exposure to loss and evaluate types of insurance policies.

3. Participants worked in an international team environment, used intercultural creativity to achieve an agreed outcome, and benefited from the networking opportunities created by the interaction with other students, faculty, and industry professionals from various European Union countries.

2. Lecturer / Practitioner Evaluation

The approach used by all teams included the estimation of the attributes for all variables. The coefficient of the scorecard must be estimated only for each variable. An approach in which the coefficients are estimated for each attribute of each variable does not take into consideration the weight of evidence transformation.

The process of documentation has an important role in the development of a rating model. This is a direct requirement from a regulatory perspective; therefore it must be treated with care. Each team provided a detailed documentation of the development process, thus aligning their results with the regulatory requirement. Teams had in their reports a special

part that included a validation test for the model discriminatory power. Nevertheless, the transparency of the documentations for most of the teams, regarding the selection process of the final variables, can be improved. The information value and the economical trend for the weight of evidence would be required in the overall documentation. The social impact is not properly addressed in the process. The expectation was to understand the effect of the existing scorecard on the targeted portfolio.

3. Participant / Student Evaluation

According to the evaluation forms, most students considered that the course was very well organized and the information about the programme were provided on time. The good balance of lectures, tutorials and practical exercise facilitated the achievement of learning outcomes. The learning materials (recommend readings, schedule, and course notes) provided by the international team of lectures were relevant and useful for students. However, some students considered that additional practical examples are needed.

The students appreciated the opportunity to work in an international team environment and to use intercultural creativity to achieve their tasks. All of them agree that the international programme helped them to significantly improve their knowledge in the field of credit risk management and also their social skills. The involvement of the industry representative both before and during the programme was very appreciated by the students.

The social programme helped international students to improve their knowledge about Poland and Silesia and to get in contact with other European students in an informal way. The students considered that during the IP there were enough opportunities to exchange ideas and experiences with other students and lectures and the University facilities were suitable for group working.

Appendix 1. Case Analysis Report

1. Introduction

The insurance industry is confronting with the rapid evolution of the new technologies that change the way in which businesses operate, as well as the dynamic interaction with the customers. Most of the businesses in our modern world, as well as many insurance companies are facing new challenges in the form of digital transformation of the typical business model.
The customer's digital life will slowly increase in importance in the following years, and therefore a more accurate offer needs to be adressed by insurance companies to keep up with the pace of the changing customers needs.
Even though the e-commerce is still playing a major role in the digitalization of customers, the real innovation frontier is moving towards the ever-increasing importance of disruptive technologies like artificial intelligence, big data and tracking sensors.

2. Solution for Project Tasks

The CEO of Umbrella Ltd. Peter needs to find out several information before he contacts Antonio. Therefore, he asked all department heads to provide him relevant information in order to understand the issue at hand, and better grasp the conflict between Kathrine and Antonio.

In the first place, he needs to find out what are the sales volume, number of products in each class and the type of products offering.

Peter also has to know the more subjective information such as resistance to change from the CEO, the number of compromises that have been carried out throughout the project life, and the personal satisfaction of the team members regarding the final outcome.

Additionally, a critical point in solving the issue refers to the legal requirements and how internal policies can be improved. The penalties incurred in the past, deadlines for projects, what team is involved in the project and the risks related to project cost complete the entire picture of the current situation.

Company's analysts should provide Peter with various forecasts related to: the duration of implementation of the project, the financial impact of the project in terms of increased revenues, the best selling products but also the worst performers; last, but not least, he should be accustomed to internal problems among colleagues (i.e. fights, misunderstandings).

After a careful consideration of all personalities and experiences of all Umbrella employees, the most suitable person for conducting the new project is Mike, the head of operations department, due to his emotionless attitude, professional approach, good listening ability and openness to other people's opinions.

Another key advantage that motivates our choice consists of the fact that Mike was a leader of P&C offer sold via internet and was part of the project team that implemented a car insurance multi-channel offer. Moreover, he really believes that the company has a tremendous potential for success, this being a critical factor in guaranteeing maximum efficiency of the fore coming project and the successful implementation of the multichannel offer.

A striking example of how interpersonal relationships can be used effectively for the goal of the project is the appointment of Marcin as the deputy of Mike, due to his good relationship with Antonio.

In fact, Antonio's approval is essential for the project to be approved and implemented, but also because he is less motivated to work even more, the project representing a good opportunity to stir up some enthusiasm and devotion in Marcin.

In order to tackle all the possible scenarios that might arise in the continuing evolution of the project, the IT head, Paul should be assigned to be in charge of the risk management of the project due to his extensive analytical capabilities, concerning "What If" scenarios.

Katrine should be placed in a close relationship with the project leader, Mike, due to their close relationship. She is also suitable to be the special advisor of the project, due to her attention to customers' needs and the multichannel distribution with tailor made products.

The head of sales, Marcin is the most appropriate person to conduct the promotion and the sales area of the new project, due to his vast experience and his good relationship with Antonio, this being an important advantage in convincing him that the multichannel offering and digitalization are the the critical factors in becoming a customer-centric company.

For this project, Katrine will not feel any sense of frustration, first because she will not posses the role of project coordinator, considering her emotional personality. Second, the report to the Umbrellas United CEO will be created in a shorter and immediate way in order to meet Antonio's personal preferences and style.

By the special role given to Katrine, we are confident that the concept of multichannel offer will be supported and implemented by the head of the project, Mike. The relationship between Kathrine and Mike is the most suitable for developing the idea of customer centricity and in the same time is a catalyst for truly understanding clients' needs.

The new project will not be wrong presented as the previous one. The relationship between Marcin and Antonio will surely benefit the outcome of the decision to adopt or not the project.

In order to adapt to Antonio's preferences, we need to draft a brief, more compact report to address the suggested conclusion of the project, and more specifically the multichannel distribution solution.

In the first place, Katrine should design a presentation to stress out the most important points of her research and the key findings. In the second place, Peter should overlook the presentation and decide about the most important elements that will be presented to

Antonio and finally Marcin will be appointed as the the representative of the project presentation to Antonio.

In order to follow the national regulatory requirements, the first step of the process would be to enforce the team spirit, ethics, moral behavior and membership of our employees. This goal can be achieved in two ways: passive and active. Conference and meetings regarding the company's ethics are a good example of passive activities. Regarding the active ones, we will organize and support informal activities, such as trips, paintball, skydiving etc.

The second step in complying with national regulation would consist of setting up specific underwriting procedures in which at the final stage the contract is check by a more experienced agent.

Engaging customers in today's digitalized world has become a burden for many non-life insurer companies because the coverage is becoming more and more accessible and simple to purchase. Customers started to become more empowered and obtained access to meaningful information about the myriad of market offerings. In fact, a staggering 71% of consumers have a previous experience with some form of digital research even before buying any form of insurance (i.e. social media or price comparison).

Statistics undoubtedly show an increasing trend in the usage of e-commerce in the European Union. The percentage of the millennial in the usage of e-commerce has increased dramatically in the last eight years, this being a warning sign for insurance companies to start taking seriously this age group.

Concerning the insurance distribution channels, besides the traditional ones, such as: brokers, agents or banks, our company will emphasize the ever increasing importance of the new ones, like chatbots, our company's website, mobile app and SMEs direct insurance.

- Chatbots

One of the innovative solutions that has recently emerged in the insurance industry and not only are the chatbots, which represent a software program which can efficiently communicate with clients using artificial intelligence (AI). This represent a breakthrough technology, and has evolved to such extent that people do not even realize they are talking to a computer. This novel channel provides very similar human experience to customers, in the same time achieving important cost benefits. Also, one report found out

that as much as 36% of the customers would need telephone support if they were to purchase online, chatbots being a very good idea in this sense.

- Direct Small and Medium Enterprises (SMEs) Insurance

Direct channels of distribution in non-life insurance are growing at a slow pace but surely, in the small and medium business market, sustained by the new and smarter customer breed. One offering from our company, aimed at boosting online direct sales and increase the trend among SMEs to purchase online coverage, is the SMEs direct insurance channel.

- Mobile Application

Various studies show us that in general, the impact of the adoption of many mobile applications on customer's perception is positive. Yet, specifically for the UK, only 35% of the insureds would be willing to use a mobile app to interact with the insurer. Despite this reluctance, this channel still possess a tremendous potential to develop in the years to come. Our company will have to find the means to deploy and sustain a viable and user-friendly mobile app, which will lead to the development and nurturing of an even deeper level of engagement between the two parties. Finally, one can distinguish between the new types of distribution channels that will boost the online world and the disruptive technologies.

3. Non-life products

One of the most important non-life insurance coverage at the UK level is the motor insurance. Therefore, we will provide customers a smarter, easier and customized suggestion but also different recommendations, tailored for the different customer's needs, regarding what type of auto insurance our clients need, with the help of the artificial intelligence. The auto coverage will include a mobile solution that will include a photo taken by the customer to his or her license plate in order to get a customized quote, but also an insurance coverage.

Next, we will offer third-party property insurance coverage that will have two variants: first, we will provide for the standard third party coverage, and second, we will offer third party property damage and extra cover for fire and theft. The basic coverage will include damage caused by your car, also the damage caused by property falling from your car; it is also included emergency services clean-up costs and collision damage to your car by an uninsured driver at fault. Additional coverage will include emergency repairs, travel and accommodation, as well as car key replacement and lock recording after theft.

Our company offers home insurance that consists of fire and explosion coverage in the basic package, while the extra coverage provides for lightning, third party responsibility, windstorm or hail, smoke, vandalism, riot, and sinkhole collapse.

The health insurance will consist of a quality health plan customized for the specific needs of each customer, which will include coverage for hospital stays but also treatments and a high annual benefit limit (including severe diseases). Our health insurance will also include comprehensive coverage which will contain the basic benefits plus impatient maternity care with increased limits on most of the benefits.

Next, we offer student contents insurance aimed at covering his/her possessions, ranging from clothes to laptop against flooding, theft, vandalism, fire and burst pipes while renting an apartment. The key differentiator between us and our competitors would lie in the fact that a student can insure one expensive item (e.g. bicycle, musical instrument, laptop).

Agricultural insurance is a very important coverage for the developing SMEs and it provides the basic insurance coverage against hail and flood damage, phenomenon that could have a devastating impact on the operations of small businesses.

4. The structure of the underwriting and claiming process

The new channel provides a unique opportunity to simplify and speed up the underwriting process. Yet the general structure won't be completely abandoned and it will represent the backbone of the company's internal procedures.

An illustrative example on the simplification process is using a direct approach (mobile app or online) which gives the possibility for the customer to provide meaningful personal data already existing on the social media profile. The easiness of this feature provides customers with increased satisfaction, as well as comfort with remote interaction.

The accumulated data from the social media account can then be processed by our company in order to provide a better pricing and claim service. At any stage of the underwriting process, the request for the online coverage is cross-checked with previously issued contract, to avoid overlapping or, more formally, overprotection.

In the below chart, we are providing our proposal for the new multichannel offer:

Our multichannel proposal is consistent with the outsourcing require by "Who-Hoo" project. In fact, the outsourced IT department in India will need to develop and deploy both a mobile application and a website, with a consistent user interface, depending on the clients nationality, following in such a manner the insurance offer will change according to the national local subsidiary.

Given the current legal issue with the insurance authority, we would make sure that in the outsourcing underwriting office from Poland, it will be established a joint committee of experts responsible for the compliance of each national insurance directive.

As one study demonstrates, half (50%) of the insurance policies in the UK were bought in the online environment. This represents a tremendous opportunity for our company to tap in, as customers are becoming increasingly more informed and empowered, we need to

keep the pace with their ever evolving needs offer tailored products to best suit their exact needs. Therefore, the company needs to develop a more customer-focused business model, as the entire competitive environment is going in the same direction.

Research shows that many people prefer to buy insurance from the online environment, due to accessibility, as well as some other major benefits, which can only be accomplished online, such as the 24/7 availability and also very important, the ability to compare a myriad of products online. Therefore, we can conclude that people are willing to pay more if the insurance products are customized specifically for their needs.

Considering the unfair customer treatment issue that the company is facing, we designed a PR campaign to promote an active approach towards the social media, including Facebook and Twitter, make regular announcements each week regarding legal compliances and new laws being adopted.

In order to communicate the mystery shopping outcomes to our customer, we will design a customized message that will pop-up first time when a customer will enter our website, and also on Facebook, in which we will tell them about our new campaign, that we will increase our product offer and customer services.

Following the campaign that we designed to give our company a fresh look, we will post daily on social media insurance jokes, information about major traffic jams, severe weather alert, testimonial videos about our clients, and also explanation of the insurance coverage in unusual situation. The referral program for new customers that have never been in contact with the company could be a viable solution to improve the company's PR among customers. The referred person gets a certain discount (i.e. 1-10%) for the next policy, in the following year.