

TOP RISKS FACING INSURERS

The insurance industry faces immense challenges developing from emerging risks that touch upon accelerated regulatory developments and market volatility. This infographic features information pooled from published reports and surveys taken by insurers, covering the risks you face today and what you may encounter in the not-so-distant future. Our insurance practice utilizes integrated teams of insurance accounting, risk management, business advisory and technology professionals to address your key issues and to realize your company's inherent value.

Top Risks Facing Insurers

1. Technology

Many insurers are pursuing strategies that include transformation and digitalization and are using data analytics for risk management, new products, increasing sales, pricing and fraud management. Advancements in technology and the rise of big data are contributing to:

Risks:

- Cyberthreats
- Data breaches
- Increased regulatory scrutiny
- Obsolete legacy platforms

Opportunities:

- Insurtech
- Cloud computing
- Digitalization
- Data and analytics
- The Internet of Things

2. Competitive Environment

As technology and time advances, insurers face these challenges:

Risks:

- New entrants to the market
- Business-model disruption

Opportunities:

- Disruptive new technology
- Mergers and acquisitions (M&A)

3. Regulation and Emerging Risks

Dramatic alterations and major additions to regulations lead to:

Risks:

- Increased financial and reputational risk
- Cost burden
- Differences in state regulations or requirements
- Internal standardization
- Increased fraud
- Changing regulations and potential for decrease in regulations
- Uncertainty regarding changes in regulation

4. Changing Business Environment and Macroeconomic Trends

Major changes to the business model that leverage modern technology, new client preferences combined with challenging economic conditions:

Risks:

- Difficult to simultaneously achieve business growth, and profitability and mitigate risk
- Challenge of sustaining customer loyalty and retention
- Economic volatility and low interest rates
- Identifying sources of future growth
- Change-resistant management

Opportunities:

- Transform operating model and gain competitive advantage
- Improve operating efficiencies

Protiviti's Insurance Solutions

1. Technology Consulting

Allow our global practice to make the difference in process changes that support short- and long-term solutions in:

- Digitalization
- Core insurance applications and legacy modernization
- Vendor selection
- IT risk and security
- ERP
- Service delivery
- Robots and process automation

2. Data and Analytics

Partner with our quantitative experts to enhance your models, data strategy and customer centricity insights regarding:

- Pricing
- Underwriting
- Capital models
- Finance
- Audit and risk management
- Claims
- Investments
- Business intelligence

3. Risk Compliance and Controls

We partner with your organization to prepare and help you respond to complexities involving:

- Own risk solvency assessment (ORSA)
- Enterprise risk management (ERM)
- Regulatory frameworks including NYDFS Part 500, GDPR and NAIC's Insurance Data Security Model Law
- Operational risk and model risk
- The Solvency II Directive
- Regulatory compliance and regtech

4. Business Performance Improvement

Our BPI services help insurers and their leadership teams align operational strategies with business priorities and growth plans. These services include:

- Improve operating efficiency
- Customer service strategy, journey mapping and design consulting
- Operational excellence and industry best practices
- Target operating model (TOM)
- Business process outsourcing (BPO)/shared services

5. Internal Audit

We help audit executives, management and audit committees at carriers of virtually any size and public or mutual with internal audit activities. We can help start and manage your internal audit function on a fully outsourced basis or work with your existing function to supplement the team:

- Internal audit outsourcing/co-sourcing
- Quality assessment review
- Audit committee advisory
- Audit transformation
- SOX and Model Audit Rule (MAR)

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For more information please visit protiviti.com/insurance.

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