



Commercial and specialty property and casualty (P&C) insurance industry remade by COVID-19

Scenarios for resilient leaders | 1–3 years

June 2020



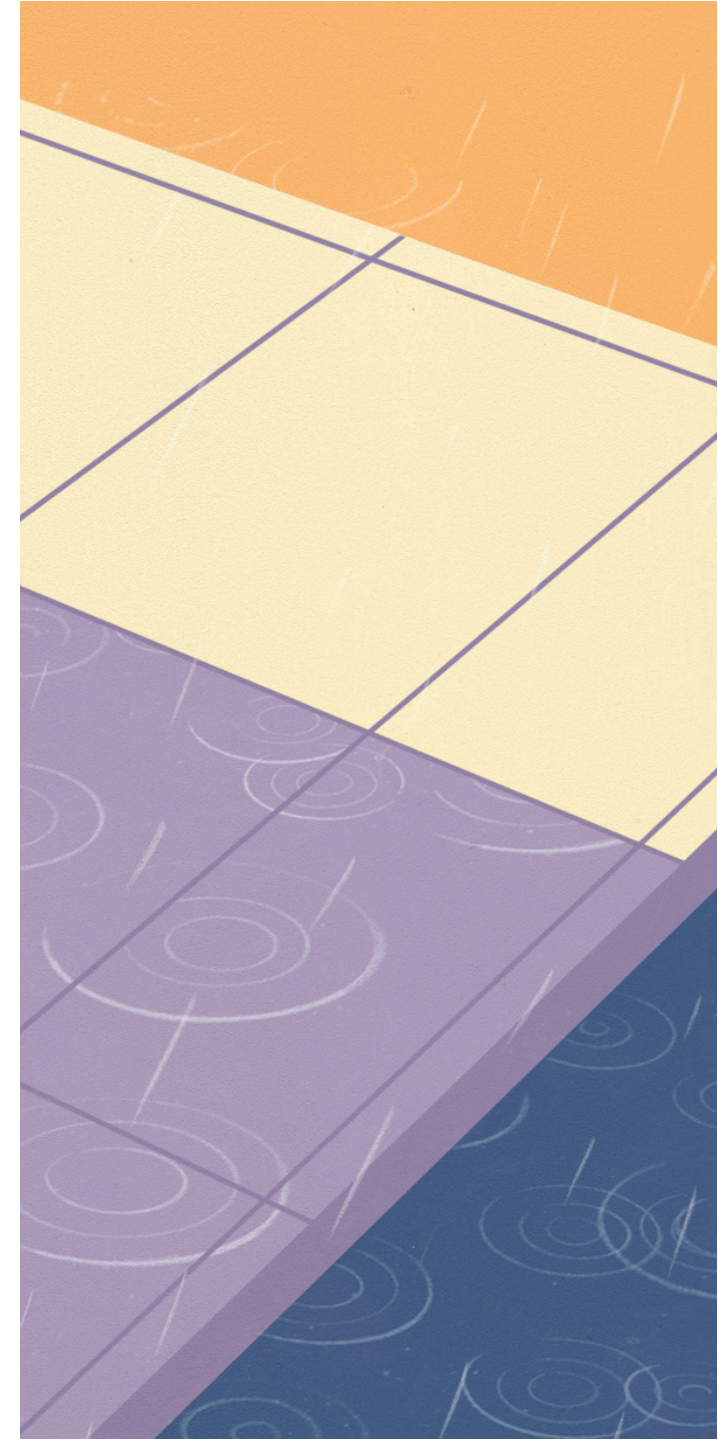
In the wake of COVID-19, Deloitte and Salesforce hosted a dialogue among renowned scenario thinkers to consider the potential societal and business impact of the pandemic. The results of this collaboration can be found in [*The world remade: Scenarios for resilient leaders*](#).



Deloitte.

Humanity is facing a crisis unlike any known to our generation

This document intends to provide P&C commercial and specialty insurance leaders with the potential long-term implications of COVID-19 for the insurance industry.



Insurers must prepare for the future

Deloitte's Resilient Leadership framework defines three time frames of the crisis



This document shares scenarios of how the insurance industry landscape may develop over the next one to three years and is intended to help leaders explore some of the potential medium-term implications of COVID-19.

These scenarios outline potential futures, created to spark insight and spot future opportunity.

Because, as Peter Drucker famously observed, “the greatest danger in times of turbulence is not turbulence itself, but to act with yesterday’s logic.”¹

Objectives of this document

Share scenarios about how the commercial and specialty P&C insurance sector (globally) might evolve in one to three years to help leaders:

1. Explore how trends we see during the pandemic could shape what P&C commercial and specialty insurance may look like in the medium term
2. Have productive conversations around the lasting implications and impacts of the crisis
3. Identify decisions and actions that will improve resilience to the rapidly changing landscape
4. Move beyond “responding” to the crisis and toward “recovering” in the medium term

1 / Making sense of the future

2 / A closer look at the scenarios

3 / P&C commercial and specialty industry response

4 / Team and acknowledgements

Making sense of the future

Uncertainties make it difficult to predict the future

Fundamental uncertainties

- 1 The overall **severity of the pandemic** and pattern of disease progression
- 2 The **level of collaboration** within and between countries
- 3 The **health care system** response to the crisis
- 4 The **economic consequences** of the crisis
- 5 The level of **social cohesion** in response to the crisis

Additional uncertainties

Society

- Levels of societal trust
- Psychological impacts after quarantine
- Impacts on different generations
- Long-term impacts on education

Technology

- Attitudes toward data-sharing
- Speed of technological innovation
- Long-term effects on the workplace
- Types of new technology adopted

Economy

- Speed of economic recovery
- Distribution of economic growth
- Impacts on inequality
- Shifts to new business models

Environment

- Current reduction in emissions
- Focus on fighting climate change
- Investments in renewable energy

Politics

- Long-term impacts on governments
- Impacts on public policy and regulation
- Changing levels of trust in political systems
- Changes in election methodologies

Making sense of the future

Scenario thinking can help us better inform our decisions in an uncertain future

This document explores various scenarios about how the COVID-19 pandemic could accelerate or redirect the insurance industry over the next one to three years. Building on several trends already in motion, the scenarios are built on important macro and insurance sector uncertainties, both already evident and others potentially plausible based on the severity of the pandemic and government actions.

We chose to focus on the next one to three years on the assumption that this time frame is long enough that change is possible, but close enough that it matters to executives today.

As you read this document, challenge yourself to imagine how things you were sure to happen could now be on a different course. Avoid the temptation to conclude that the crisis will accelerate the changes you already expected or believed were inevitable or that the scenarios are truths or future forecasts.

This document and its depiction of the possible future should ultimately spark several questions around implications and next steps for your organization.

What are scenarios?

Scenarios are stories about what the future may be like, created through a structured process to stretch thinking, challenge conventional wisdom, and drive better decisions today. They are not predictions about what will happen. They are hypotheses about what could happen, designed to open our eyes to new opportunities or hidden risks.

Note that these scenarios stand as of mid-April 2020. They are based on our best understanding of the health trajectory, economic impacts, and government actions in response to the COVID-19 pandemic.

Making sense of the future

The current crisis could unfold in four ways over the next one to three years

The passing storm

Overview

- The pandemic is managed due to effective responses from governments and health providers
- Lasting economic repercussions, which disproportionately affect small and mid-sized businesses and lower- and middle-income individuals and communities

Good company

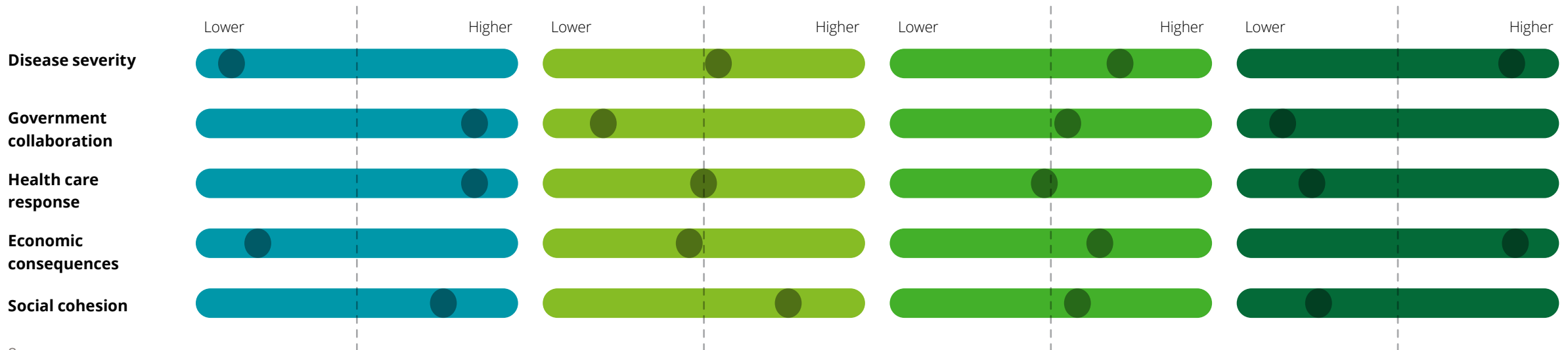
- Governments globally struggle to handle the crisis alone, with large companies filling the gap
- Acceleration of trends toward “stakeholder capitalism”
- Companies become more purpose-driven; rise in partnerships and pop-up ecosystems

Sunrise in the east

- China and other East Asian nations are more effective in managing the virus...
- ...and take the reins as primary powers on the world stage
- Centralized government response becomes the “gold standard”

Lone wolves

- Prolonged pandemic period spurring governments to adopt isolationist policies, shorten supply chains, and increase surveillance
- Economic freefall and social unrest due to prolonged periods of isolation



Making sense of the future

The landscape could shift meaningfully across multiple dimensions

	The passing storm	Good company	Sunrise in the east	Lone wolves
Worldwide economies ...	... enter an extended recession , with increased income inequality	... are disrupted , with a growing concentration of power among large companies	... recover unevenly globally , with Eastern economies recovering faster than Western economies	... are left in turmoil , as global supply chains are disrupted
Consumer behavior ...	... evolves , as customers increasingly adopt digital channels, experiences, and products	... shifts , with rising affinity toward and trust in large corporations	... changes , as customers engage with new competitors and are driven by price vs. loyalty	... turns inward , as consumers increasingly value nationalism
Governments ...	... gain trust , and international organizations such as WHO grow in relevance	... partner with large corporations , which step up as part of the solution	... look to the East , as Asian countries more effectively manage the virus	... adopt isolationism , as they attempt to contain the virus within
Technology advances ...	... stay on course , as previous holdouts move online	... take the center stage , with large companies driving solutions in areas such as health-tech and biotech	... are accelerated , as more data-sharing allows for advances in artificial intelligence (AI) and other advanced tech capabilities	... are divergent across markets, with a focus on advances in surveillance measures
Competitive landscape ...	... is affected , with some fallout among smaller businesses	... consolidates , as bigger companies and incumbents gain social capital	... shrinks , as many small to medium businesses struggle to remain viable, particularly among growing competition from the East	... craters , as firms become nationalized and rely on government intervention
Work, workforce, and workplace ...	... returns largely to status quo , given relatively quicker recovery and "muscle memory"	... evolves , as remote work becomes the norm	... structurally changes , with policies to incentivize working from home	... fundamentally changes , as firms accommodate contactless preferences

Making sense of the future

Certain scenario-agnostic trends may accelerate or decelerate because of the crisis

Accelerated



Accelerated digitization

Social distancing has already driven further **adoption of contactless technologies and digital experiences**. More new businesses launched will likely be digital or cloud-native, further accelerating emerging technologies (for example, analytics, sensing, and 5G)



Increased virtualization of workforce

Many **organizations have already adjusted to working remotely** through virtual communication and collaboration channels and are unlikely to revert entirely; COVID-19 has also driven **increased adoption of different business models** (such as telemedicine)



Increased focus on safety and surveillance

More **consumers will likely expect safety and precautionary measures from both brands and governments**, driving the need for enhanced surveillance policies and technologies (such as mobile alerts for contact tracing) among employers and governments, but also posing potential privacy concerns



Greater corporate responsibility

Taking steps to “do the right thing” in the COVID-19 context is not only further appreciated, but is also becoming **table stakes for consumers**; rising activism among consumers and employees could drive an **increased focus on corporate purpose**



Emergence of pop-up ecosystems

Value chain disruption is likely to lead to **more and creative partnerships**, which may in turn cause organizations to further invest in developing the mindset and agility to collaborate across sectors in the ecosystem



Enhanced focus on cost reduction

Cost management will be a critical priority to ensure business continuity based on cash flow requirements to manage lower margins and revenues during a downturn (such as through restructuring)

Decelerated



Slowdown in the sharing economy

Rising health and hygiene concerns and increased virtual work may **reduce demand for shared services** (such as people planning to limit rideshares) **as well as physical coworking spaces** (such as commercial office space)



Slowdown in urbanization

While urbanization has been growing steadily, **social distancing** amid rising fears of contagion **may reduce likelihood of people living and working in more crowded major cities**



Less global movement of people and goods

Based on likely government restrictions, the **movement of people and goods across national borders could decrease**, affecting global travel and supply chains and further driving more localized business activity and isolationism

Making sense of the future

Each scenario may have differing economic implications across geographies

The passing storm

Economic recovery

Slowly rebounds in late 2020; speeds up in the second half of 2021

Good company

Recovery begins late 2021, slow in early 2022, and speeds up by late 2022

Sunrise in the east

Recovery begins late 2021, with notably quicker and more robust recovery in the East

Lone wolves

Recovery begins in 2022, but growth remains slow, with diverging rates of recovery across countries

N. America

Effective implementation of government stimulus (such as the CARES Act) results in a faster economic recovery

Government struggles to solve the crisis alone; big corporations (especially big tech) take the lead and help communities to rebuild

Slower response to the pandemic results in a longer economic crisis; foreign capital investments help to recover

Slow crisis recovery, with the economy not returning to previous growth rates. High isolation and nationalism severely limit growth in the long term

APAC

Effective and prompt measures implemented by Asian nations lead to a rapid peak of the virus limiting the economic impact

Governments are limited in ability to handle the crisis; big corporations take lead in helping drive to a vaccine or treatment and managing the impacts

Eastern countries benefit from a quicker virus eradication, resulting in a faster economic recovery; China takes lead in foreign direct investments

Sharp increase in nationalism; international trade is highly reduced; economies push harder for internal production

Europe

Impacts on certain countries, such as Spain and Italy, affect EU recovery, seeing a greater economic impact than other regions

Companies fill the gaps in governments' response, reducing the crisis's speed; however, not all countries recover at the same pace

Measures to control the virus, such as reducing cross-border flows of goods and people, lead to harder impacts on the economy

European countries address the pandemic individually; European unity and economic growth are hampered

LATAM

More limited government support and lack of stimulus delay the recovery pace for emerging economies

Big companies, including those from other regions, provide effective solutions to individuals, limiting the impact in the mid-term

Prolonged pandemic affects emerging economies, as institutions have limited resources to effectively respond

Emerging economies are hardest-hit by the crisis, increasing inequality gap between developed countries and within countries

Positive Neutral Negative Significantly negative

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A closer look at the scenarios

The future holds uncertainty for commercial and specialty-line insurers



The length and severity of the pandemic will increase pressure on carrier solvency, with falling asset values, lower investment returns, and low interest rates requiring insurers to adjust premiums and accelerate flexible cash flows



The **relative risk profile** and **attractiveness** of **sectors and industries** has continued and will continue to shift as the search and competition intensifies for the “shrinking profitable customer base.” Commercial insurers must reconsider industry sectors that will be attractive in terms of **growth, profitability, and risk appetite** and adjust their business mix accordingly. Claims cost trends will vary by line of business, though many commercial lines are expected to experience significant rate increases



There is a potential for **shifting underwriting capacity** in commercial and specialty as carriers evaluate risk positions and aggregations; with a hardening rate environment, new capital may enter the market to exploit relatively higher returns on investment



The global regulatory environment and emerging court decisions will significantly affect coverage (including retrospectively) and shape the future of commercial insurance policy language. The reactions of lawmakers and regulatory authorities to proposed government-backed insurance programs will be critical



Growing power of quality brokers, changing risk profiles, and growing underwriting discipline may serve to strengthen the relative value and power of brokers in the eyes of insureds, with broker advice increasingly sought by commercial clients



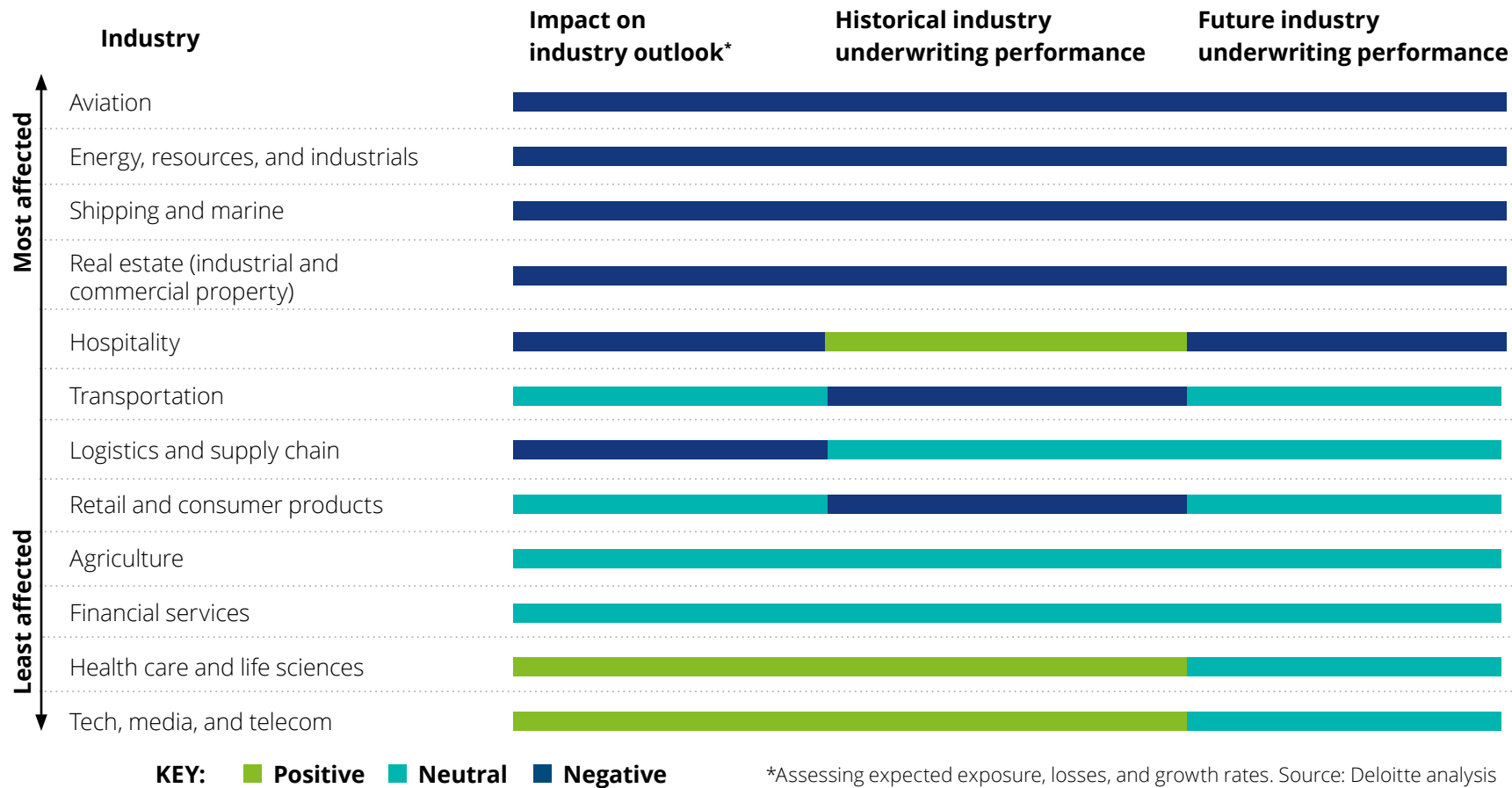
The impact on pricing and reserving would be felt across large number of classes, however the **magnitude will be higher** for certain classes (for example, D&O, medical malpractice, and business interruption)



The pace of **adoption of digital capabilities** may distinguish the winners

A closer look at the scenarios

Commercial insurers need to consider industry impact to evaluate current and future opportunities



Key considerations in evaluating industry exposure

- 1. Industry exposure to effect of the pandemic:** The potential effect of COVID-19 will vary significantly by sector—with aviation, marine, and energy being obvious high-impact areas.
- 2. The size and stability of insurers will matter:** Larger firms are likely to have easier access to funding than smaller firms and will therefore be better positioned to withstand the impact of an economic downturn.
- 3. Extent of government intervention varies by sector:** Government initiatives have been rolled out to provide funding to corporations in the form of business loans and guarantees.
- 4. Short-tail vs. long-tail risks:** Industries with a higher proportion of longer-tail risks or liabilities may be more difficult to underwrite in times of uncertainty.
- 5. Geographical variation:** The extent to which an industry is affected by global, regional, or country-specific factors will vary widely and affect flexibility in navigating the challenges post-COVID-19 (for example, global market vs. EU-centric vs. US-only).

A closer look at the scenarios

Commercial and specialty-line providers must assess three main dimensions

1 / Customer implications

Customers and channels

- **Premium volumes:** How are premium volumes affected for commercial and specialty lines?
- **Client and broker expectations:** How will expectations change based on business and industry impact? How are customer expectations around transparency of the underwriting process affected?
- **Digital adoption:** How does digital engagement and information exchange increase in importance?
- **Impact on brokers (including wholesale brokers):** How will their role evolve? Will there be consolidation?

2 / Business model implications

Products and underwriting

- **Pricing:** How will the rate environment evolve over time?
- **Underwriting and exposure management:** How do underwriting strategies and operations evolve?
- **New products and coverages:** What are the emerging opportunities commercial insurers can participate in?
- **Regulatory landscape:** How will regulatory development affect commercial insurers (such as business interruption (BI) coverage or nonessential workers)?

Claims

- **Loss costs:** How will claims reporting, frequency, and severity of claims change?
- **Coverage:** How will insurers identify and mitigate potential coverage issues?
- **Legal actions:** What actions should insurers take to understand litigation trends and adjust legal strategies?
- **Fraud:** What is the expected level and frequency of fraudulent activities (for example, commercial liability, BI, or increased instances of fraud)?

3 / Competitive implications

Incumbents

- **Market consolidation:** What level of consolidation do we expect to witness? How will shifting markets affect business partnerships?
- **Product evolution:** How will the nature of product offerings evolve?
- **Investment income:** How will investment income be affected?
- **Tech investments:** What will priority tech investments be?
- **Workforce and displacement of work:** How does the nature of work shift? How will the workforce need to adapt?

New entrants

- **Type of new competitors:** What are the new competitors that emerge (such as tech firms and governments)?
- **Value chain plays:** Which new players will emerge across the value chain?

Scenario 1

The passing storm



Commercial and specialty P&C insurance industry impact:

- Strong regulatory and policy response prevents structural industry damage
- Most insurers weather the storm due to strong capital positions, quick revert of customer expectations, and a hardening rate environment
- Market consolidation continues slightly above the pre-crisis rate as a few small and mid-tier insurers realize they lack resources to invest as required
- Private equity–fueled channel consolidation continues with global brokers building scale to protect market share and reach

Insurers record lower premiums as exposure growth stalls; limited business bankruptcies increase moral hazard and soft fraud

Customer implications

- Most subsectors return to pre-crisis level with some premium displacement (for example, uptake in cyber and decrease in commercial real estate) and a hardening rate environment; energy prices and global trade begin to recover with knock-on impact on customers
- Insurers focus on maintaining current customer and broker or agent relationships as “retention is the new growth”
- While digital adoption is accelerated, “human” channels remain relevant for complex interactions

Business model implications

- Increased focus on expenses as digital adoption weighs on in-person labor costs
- Insurers focus resources to improve time to market, seeking to increase market share by outpacing competitors with enhanced products, coverages, and pricing
- Insurers focus on calibrating back-end processes and technologies to enable claims disbursement and adjudication flexibility

Competitive implications

- Low levels of consolidation mean competitive landscape remains broadly unchanged; hardening rate environment attracts new markets to the industry
- Insurers increase product innovation launching pandemic-related products

Scenario 2

Good company



Commercial and specialty P&C insurance industry impact:

- Demand for insurance products recovers slowly and trust in insurers increases; leads to higher demand, at higher prices, post-crisis, engaging less price-sensitive customers
- Increased trust in “good companies,” results in customers willing to share data more broadly, giving players who are able to drive insights and value an advantage over competitors
- Prolonged pandemic with continued pressure on solvency leads to a fundamental shift in the balance of power toward larger incumbents as M&A activity starts to become more attractive

Exposure growth stalls for two-plus years; personal and business bankruptcies steadily rise as the crisis persists

Customer implications

- Premium volumes (based on exposures) decrease but recover in the medium-to-long term (three-plus years) with key sectors reestablished and a hardening of rates
- Well-regarded insurers see accelerated growth as client trust and loyalty increase, offset by capacity oversupply
- Focus turns to digital servicing, offering real-time response, personalized interactions, and omnichannel capabilities across both broker and customer journeys
- Longer period of uncertainty and hardened market bolsters perceived value of brokers

Business model implications

- Investments in risk selection and pricing models increase to improve underwriting margin despite lower exposure growth
- Tightened and/or less secure supply chains elevate business interruption loss costs and make it harder to underwrite global insurance programs
- Increased investments in AI and automation capabilities to accelerate business model changes

Competitive implications

- Underwriters with mature, cloud-based data and analytics capabilities are better able to take advantage of an abundance of third-party data and cloud computing; opportunities for agile carriers with good data and insights
- Power shifts to larger players as they absorb smaller and mid-tier insurers
- Remote work becomes “the norm,” allowing reallocation of nonstrategic operating expenses

Scenario 3

Sunrise in the east



Commercial and specialty P&C insurance industry impact:

- Slow recovery and long-term near-zero interest rates result in muted balance sheets and a smaller profit pool, driving increased market consolidation particularly among small and midsize insurers
- The largest Asian insurance and technology ecosystem players make plans to penetrate US, London, and EU markets, resulting in exit opportunities for small to midsize companies
- Incumbents are forced to adopt digital tech to drive automation and efficiency (roll up or purchase small to midsize insurers) to stay competitive in a more global market

Similar to “Good company,” but the emergence of Asian players catalyzes rollups of weak small and midsize insurers

Customer implications

- Extended crisis sees a decline in premium volumes across sectors; policy lapses increase as crisis lags; potentially offset by a hard rate environment that remains in place
- Increased investments in digital as insurers look to extend or protect key relationships with brokers and customers
- Pace of broker consolidation reshapes distribution as smaller distributors find it difficult to outlast the recession
- Degradation of terms and sustained hard market strengthens brokers' value

Business model implications

- Rapid investments in cost-reduction and technology enablement to assist claims adjusters in assessing damage remotely and identifying fraud more easily
- Global outsourcing and partnerships continue to become more widely adopted due to widespread adoption of virtual working and continued cost pressure
- Insurers need to manage unexpected spikes in claims and loss costs as certain lines of business are more heavily affected (such as commercial liability and cyber); severe economic impact inhibits ability to calculate policy risk using past data and traditional methods

Competitive implications

- Many small and medium-sized insurers become targets of acquisition as insurers and tech players make attractive consolidation offers
- Nontraditional players enter the insurance business to take advantage of attractive pricing
- Impact on certain products (especially trade and energy) will see innovation to respond to Asian demand
- Prolonged uncertainty bolsters reinsurance pricing, sustaining hard rate environment

Scenario 4

Lone wolves



Commercial and specialty P&C insurance industry impact:

- Customer preference for global insurers significantly decreases as customers switch to domestic insurers in search of the best prices and coverage
- Commercial insurers continue to suffer and increasingly find it difficult to place coverage due to flat or declining exposure base, low or negative yield environment, and increased geopolitical risk
- Migration of work to lower-cost locations stalls as trade barriers rise, putting additional pressure on carrier cost profiles

Prolonged uncertainty places significant financial pressures on businesses and drives decision-making; employee safety prioritized across markets

Customer implications

- Market adjusts and shrinks as recession is the new normal and industries are impacted in unexpected ways
- As global trade suffers, commercial exposures flatten and eventually shrink—exacerbating prolonged top-line and solvency challenges for carriers, albeit with some offset from a hard rate environment
- As coverage becomes more difficult to place and pricing continues to rise, the longest and most sophisticated brokers extend market advantage

Business model implications

- Isolationist policies have a greater impact on global insurers vs. local and regional players
- Companies invest in core modernization to enable advanced digital capabilities, which may be delivered through ecosystem partnerships or SaaS models
- Historic data becomes relatively less valuable and inhibits the ability to digitize or automate underwriting or actuarial capabilities

Competitive implications


- Global programs become increasingly difficult to underwrite and service for all but the largest commercial insurers
- Increased use of automation and related technologies to counterbalance the labor cost in-country
- Global operations become challenging due to isolationist trade policies, causing recruiting, location strategies, and training to be reimagined
- Market volatility and low or negative yields collapse investment income

A closer look at the scenarios


A common set of actions emerge as we consider the four scenarios

Each scenario identifies actions that are different for each company based on risk tolerances and business mix . . .

. . . though certain similarities emerge across scenarios that represent logical next steps for most P&C participants



Scenario-specific impact
Strategic decisions should be developed while sensing mechanisms are established in order to quickly mobilize once the scenario becomes reality



“No-regret” actions
A certain set of actions should be taken immediately, since they can help **prepare for all of the scenarios**

Insurers can use scenario plans, as well as internal assessments, to **prioritize recovery initiatives**, creating a **detailed action plan** across no-regret and scenario-specific actions

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The current crisis highlights potential opportunities and risks

Opportunities



Sector prioritization and tailoring: Adapt quickly to changing risk appetite, and reduce exposure in lines of business where future underwriting performance is expected to dip significantly (for example, aviation, hospitality, and real estate).



Digital differentiation: Leverage AI and cognitive technologies to enhance capabilities as more customers and brokers transition to digital channels for sales, service, and claims (such as quicker response times, multichannel support, tailored service, or dynamic pricing).



Client engagement: Offer comprehensive, timely, and relevant support to brokers and customers through enhanced digital and data capabilities that enable better insights and flexibility in coverage and pricing.



Innovate product offerings: Design and deliver nontraditional product offerings such as parametric products and automated and auto-rated products via risk exchanges and usage-based plans; expand portfolio to offer additional protection, such as pandemic-related and cyber coverages.



Enhance market position and respond to changing customer needs: Acquire niche capabilities by absorbing technology startups at bargain value and scale up portfolios by acquiring low-to-mid-tier insurers as they struggle to outlast the crisis.

Risks



Adverse business portfolio impact: As the crisis prolongs, commercial insurers are likely to witness elevated and varying levels of risk by line of business, which might be exacerbated by entering markets where underwriting experience is limited.



Regulatory developments: Rapid developments in legislation at a regional hub (for example, the European Union, Bermuda, and Lloyd's/London); national and state levels need to be closely monitored from a business, reopening, and insurance legislation standpoint to track impact.



Cyber threats: Transition of critical activities such as onboarding, claims, and underwriting to digital channels leads to increased exposure of client confidential and sensitive data, making it susceptible to attacks (the same applies to customers and brokers).



Claims handling and management: Disproportionate rise in claims filed due to recessionary conditions (soft fraud) demands staying on top of litigation trends, and robust claims management tools and technologies to accurately identify and process genuine claims.



Geographic risk exposure: Insurers with global operations will be affected more than their domestic counterparts due to variations in government responses and economic recovery pace, impacting demand.

P&C commercial and specialty industry response

P&C commercial and specialty leaders should prioritize retention, growth, and profitability levers . . .



Enhance digital capabilities

- Advance **remote claims capabilities** by accelerating towards remote adjusting and increased drone usage
- Tailor to **virtual work** and update terms and conditions of product portfolio to accommodate needs of new workforce—insurers and their clients
- Advance **capabilities** to enable efficient information exchange, streamlined workflows, quicker turnaround, tailored responses, and reduction of manual entries



Innovate for new normal

- Proactively **reach out** to legislators to shape regulatory guidelines and closely **monitor** proposed legislative changes and pending lawsuits
- Invest in capabilities to **build flexible products** (telemetric, parametric, pay-as-you-go) and develop products specifically needed during pandemics
- Prioritize **client retention** and avoid negative experiences
- Track **client demand** closely to tailor coverage offerings and appropriate pricing



Drive operational efficiency

- Identify opportunities for **process automation**
- Enable increased use of **AI and automation technologies** to drive end-to-end efficiencies
- **“Variabilize” fixed costs** and drive down selling, general and administrative expenses (SG&A), and discretionary spending
- Be alert to **M&A and partnership opportunities** (particularly as it aligns to existing strategies)
- Look for opportunities to **leverage partnerships**



Leverage data analytics and AI

- Invest in **advanced analytics to improve underwriting models** (such as new data partnership and updated risk or pricing models)
- Invest in **Internet of Things (IoT) capabilities and sensor technologies** (such as asset tracking, loss prevention, risk assessment, telematics, and smart properties) to offer usage-based policies and limit property, transit, and BI-related claims
- Use ecosystem partners to improve **fraud detection capabilities to account for greater frequency and new types of fraud**

P&C commercial and specialty industry response

. . . which will have impact across functional areas

Distribution

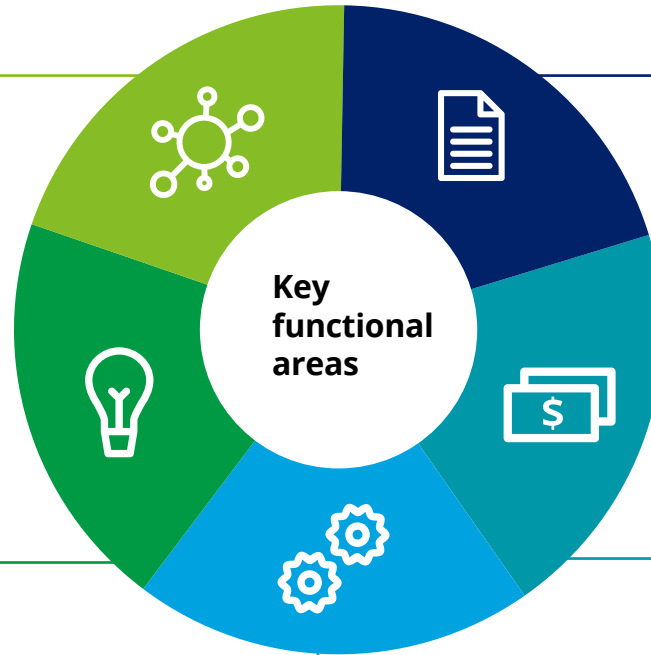
- Offer **financial and operational** support to agents and brokers to preserve relationships and help them avoid bankruptcy
- Pivot **sales and distribution** capabilities toward **servicing** to address spikes in requests
- Review **long-term distribution strategy** as independent agencies and brokers start to consolidate
- Invest in **digital ecosystem capabilities** to support transition to remote work

Product

- Leverage client data to design **usage-based** and **parametric** offerings
- Explore opportunities to develop **pandemic-specific** products likely to be in high demand
- Develop **“digitized” offerings**—simplified, automated, and auto-rated products for brokers and customers to access
- Offer **additional coverage** as per client needs (such as enhanced cyber) **and services** (such as technology-enabled risk prevention)

Servicing

- Reevaluate **call center** capabilities, modernization, and virtualization—build resilience to global disruption into multiterritory service models
- Reconsider policies around **flexible payment terms and methods**
- Upskill employees to handle a broader range of **policy servicing** requirements
- Enhance **digital and self-service capabilities** around servicing



Underwriting

- Effectively **communicate** risk appetite and coverage offerings to clients and brokers
- Stay ahead of **premium returns** and **share cash flow benefits** with policyholders
- Follow **proposed legislation** and **case law** that can affect underwriting strategies
- Leverage third-party data, analytics, and AI to **optimize underwriting and pricing models**
- Accelerate modernization and transition to **digital underwriting capabilities** that support changing product features **and risk exchanges**

Claims

- Invest in **remote claims** technology
- Invest in multistakeholder **claims orchestration** (for clients, brokers, adjusters, third-party administrators (TPAs), and experts)
- Upskill **first notice of loss (FNOL) agents** and cross-skill **full-time employees (FTEs)** across lines to handle spikes in volume
- Consider outsourcing or automating **no-touch claims**
- Implement **desktop adjusting** and train FTEs for **virtual adjusting**

Moving forward, a shift of mindset towards the road ahead is imperative

Current situation



Executing crisis management plans

based on the evolving situation



Running the business in "lean mode"

based on factors like social distancing and lockdown



Contributing to the greater good

through community-focused initiatives to address crisis impacts



Minimizing the impact on people,

including customers, employees, and communities



Road ahead - "No-regret" actions



Preserve liquidity – Balance expense base and organizational resilience, optimize loss costs, and reevaluate assets and investments to maintain positive cash flows



Prioritize demand and limit exposure – Assess demand from business segments to inform coverage offerings, pricing, products, and channels while also regularly monitoring the profitability and risk profile of industry sectors



Track and respond to shifting market positions and capacity – As different companies and markets trend toward different scenarios, power and capacity will start to shift



Lead in social responsibility – Bolster the industry's reputation for providing advice and support to customers through challenges in managing business and property risks



Drive the future of work – Reassess recruitment, workforce, workplace (value space), training policies, and advance training policies and digital agenda to make working from home effective



Reconfigure operations – Assess operational risk (such as cyber exposure) and prioritize mitigation actions across underwriting and claims, particularly those around data and process digitization



Stand up command center to coordinate and govern internal response and resilience activities



Operationalize market sensing function to track external indicators and signposts to guide response and impact

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Team and acknowledgements

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