

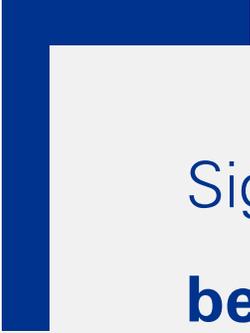


2019 Insurance Conference

Future of Finance & Actuarial

Zaid Hoosain





Significant shift from monitoring historical performance to **being a partner** to the Business, that can drive future decision making and help execute strategy, maximizing future growth and profitability



Why do Insurance Finance Functions need to reimagine the future?

Finance has recently evolved to meet ever more complex demands.....

- 2x increase in metrics and reporting requirements
- Cost pressures, doing more with the same or less resources and looking at different sourcing strategies
- Improvements in speed, accuracy and confidence in reported numbers
- Significant increase in responsibility for data, and volumes of data management
- Developed new capability in financial risk and capital management
- Improved change capability to meet accelerated pace of change
- Provides stewardship to ensure trust by regulators, customers & shareholders

Insurers need their Finance functions to help them grow, with a big change in mind-set

..... and must evolve its role again, which will feel very different to today

- ▶ **Agile and quick to react to business change** with the disruption Insurers are facing
- ▶ **Play an influential role** partnering with business to **improve decision making**, by understanding results drivers
- ▶ **Lead on data-driven decision making across the organization**, and work across traditional boundaries
- ▶ **Focus on outcomes** not processes and tasks
- ▶ **Act as a role model for digitization** and being **cost efficient optimizing sourcing strategies**
- ▶ **Re-imagine Finance** around an integrated set of capabilities, **moving up the value chain**

Why do Insurance Finance Functions need to reimagine the future?

Becoming a true Business Partner...

Much stronger foundations & efficiency in place

Planning, forecasting, reporting, analysis will be designed and **executed on an integrated basis**

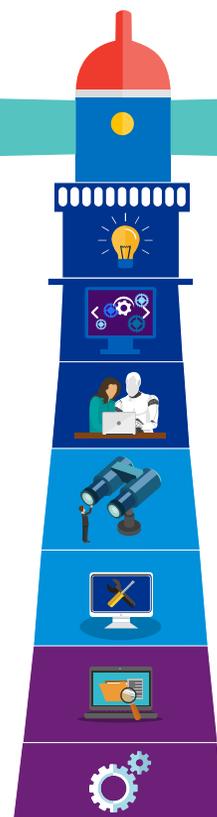
Finance will produce **metrics concurrently** and at a **more granular level**

Planning, forecasting, what-if analysis will be re-built using **risk and driver based approach**

Current core processes will become **80%+ automated**

Controls will be closed off at source and **60-70% will be automated**

Closing will be continuous and forecast will be updated in real time



Agile & integrated capabilities, outcomes focused

Technology will be agile, **cloud based and modular**, incorporating emerging technology, incl. automation & AI

Insurance data analytics and modelling capability will evolve significantly, moving to **predictive & proactive**

Finance will **deliver change using a hypothesis and prototyping approach**

A much changed workforce...**only 1/3 of the future Finance organization will require today's skills**

Finance will re-organize from a task based function to a capability and outcome based function

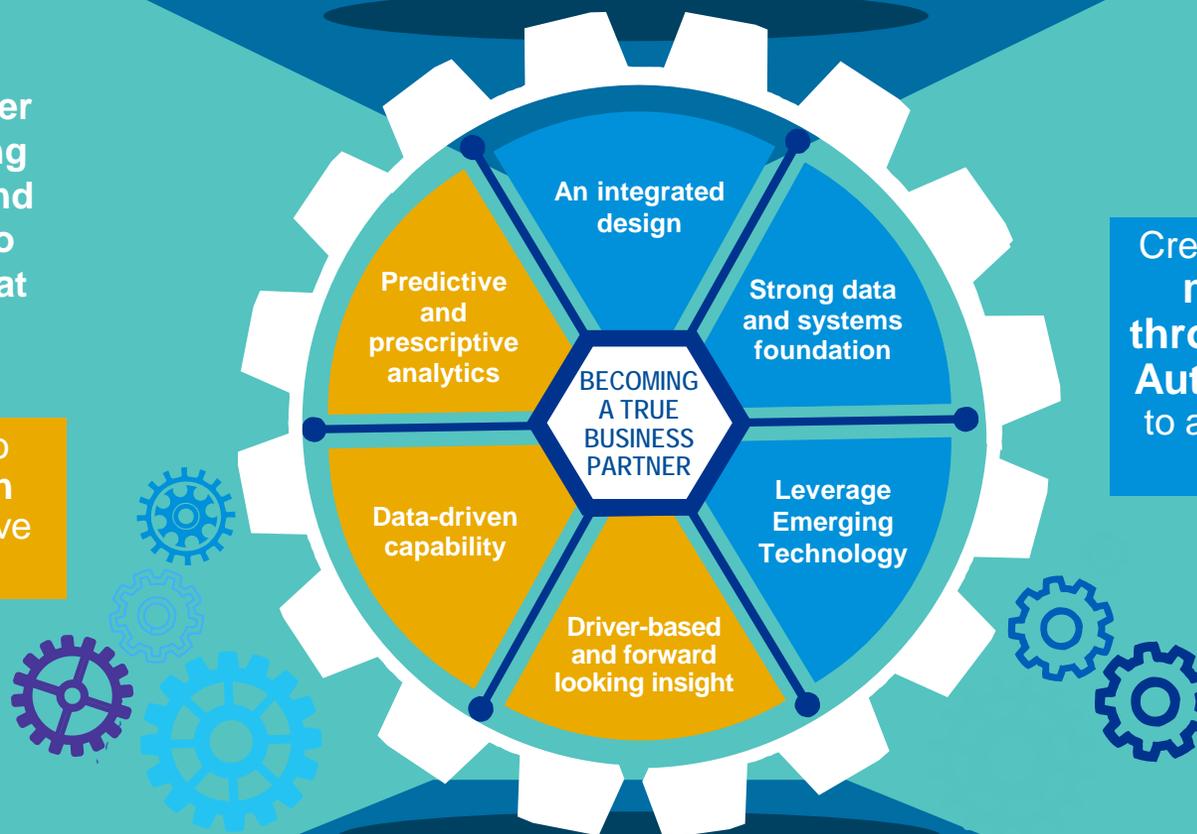
Multiple centres in different cost locations as a network with **common governance and operating model**

How do you drive towards this future?

Modern Workforce: Define capabilities for the future

Start with defining your capabilities for the future, understand how you can deliver Intelligent Automation, creating capacity to do more for less and invest in building capability to drive data driven decisions that will drive value

Build capability to drive data driven decisions that drive value



Create capacity to do more for less through Intelligent Automation— aim is to automate 80%+ of current world

Modern Workforce: Becoming a Business Partner

Key enablers to deliver this future

1

Modern Workforce | Future capabilities:

Think about the future capabilities you will need before getting into details around implications for systems and processes

Create capacity to do more for less through Intelligent Automation— aim is to automate 80%+ of current world

Build capability to drive data driven decisions that drive value

2

An integrated design

Drive an integrated design / blueprint across all metrics, between actuals reporting, planning & forecasting including controls.

3

Strong data and systems foundation

Think modular and cloud to become agile. Focus on driving an integrated data architecture – which is a key foundation to automation.

4

Leverage Emerging Technology

Automation of 80%+ cannot be achieved with RPA and AI technology alone – an integrated design and seamless integration with the data & systems architecture is the key enabler

5

Driver-based and forward looking insight

Finance can make the drivers transparent to the Business, driving a stronger partnership for the results. It is a critical enabler for adding more value

6

Data-driven capability

To realize the value of your data & systems solution, Finance teams need to also change how they think about data and work with it

7

Predictive and prescriptive analytics

Once a driver based approach has been embedded, it will evolve and enter a new frontier in predicting drivers, and modelling to identify optimal results (i.e. prescriptive analytics)

8

Modern workforce | Be a Business Partner:

Core skills like accounting and actuarial are still required – but the Business need Finance to have a deeper business understanding, commercial acumen, ability to communicate and drive change.

Define capabilities for the future

Increasing time spent on these activities

Solutions & Change

BUILD & CHANGE

- Design the overall data and systems architecture
- Design Thinking
- Data Modelling, Analytics and Visualization
- Model development, testing and maintenance
- Robotics / AI capability
- Effective Program Management

Strategic Planning

PLAN

- Enable and support innovation and growth strategy
- Impactful storytelling
- Technical expertise to understand cause and effect (e.g. capital management)
- What-if modeling and scenario analysis across different metrics, e.g. dividend capacity

Operations

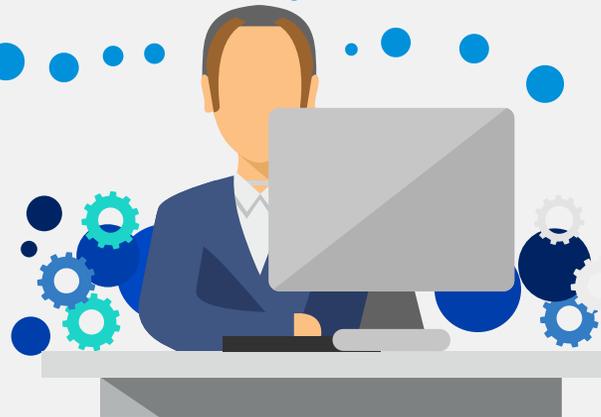
RUN & CONTROL

- Core Financial, Accounting and Actuarial acumen to run and control the operations and reporting
- Strong communication skills
- Ability to identify and embed continuous improvement culture
- Design and maintain the control framework

Supporting Finance Business Partners

ENGAGE

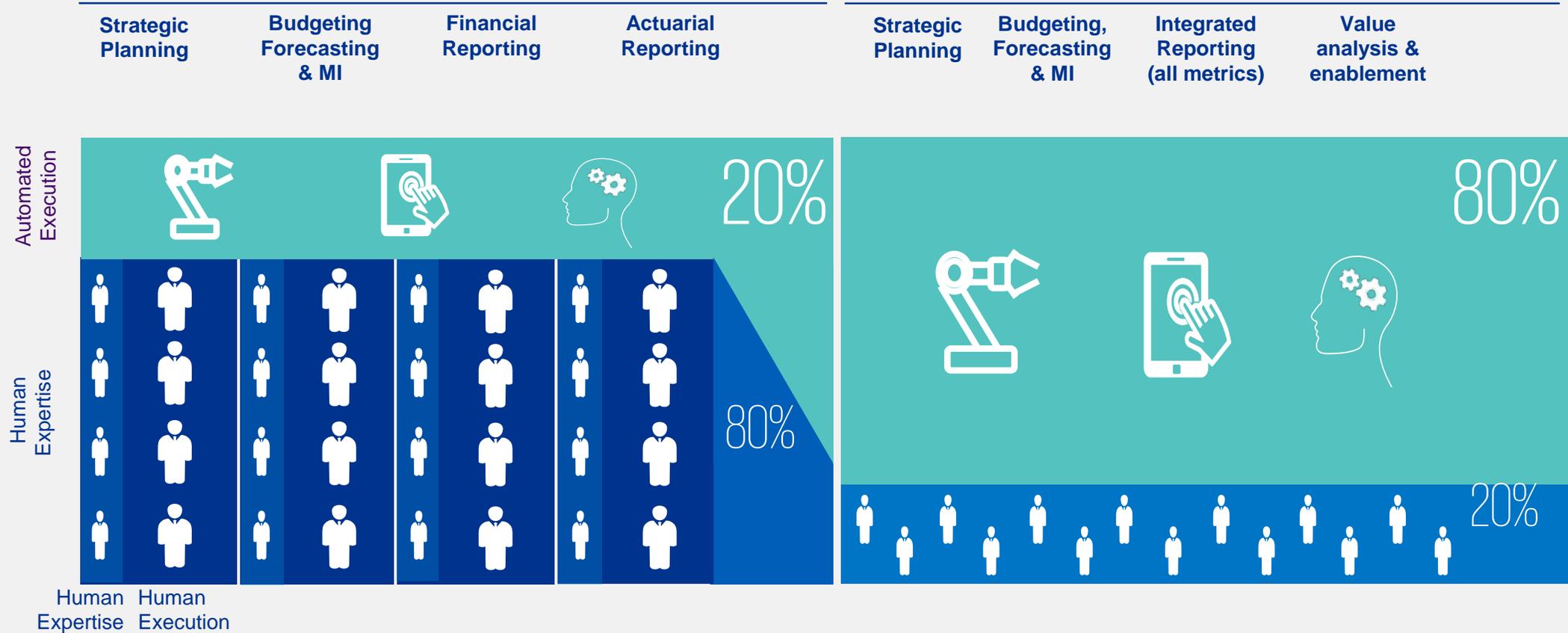
- Knowledge of the Business
- Effective communication
- Effective negotiation and influencing skills
- Provide insight to the Business on the interventions required to change the performance
- Working closely with the business on pricing and reserving



Automated future

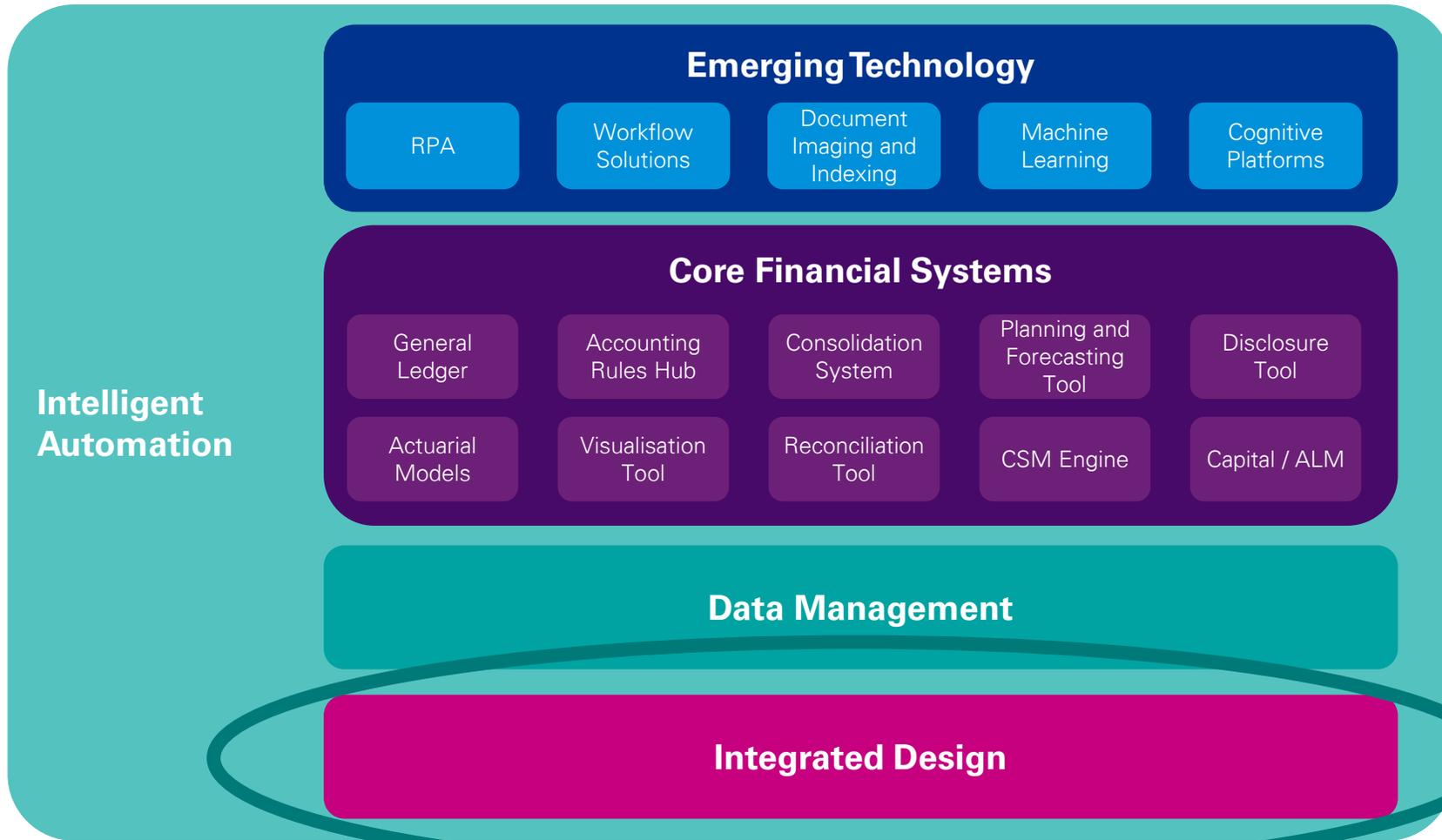
Current

Future



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What do we mean by Intelligent Automation

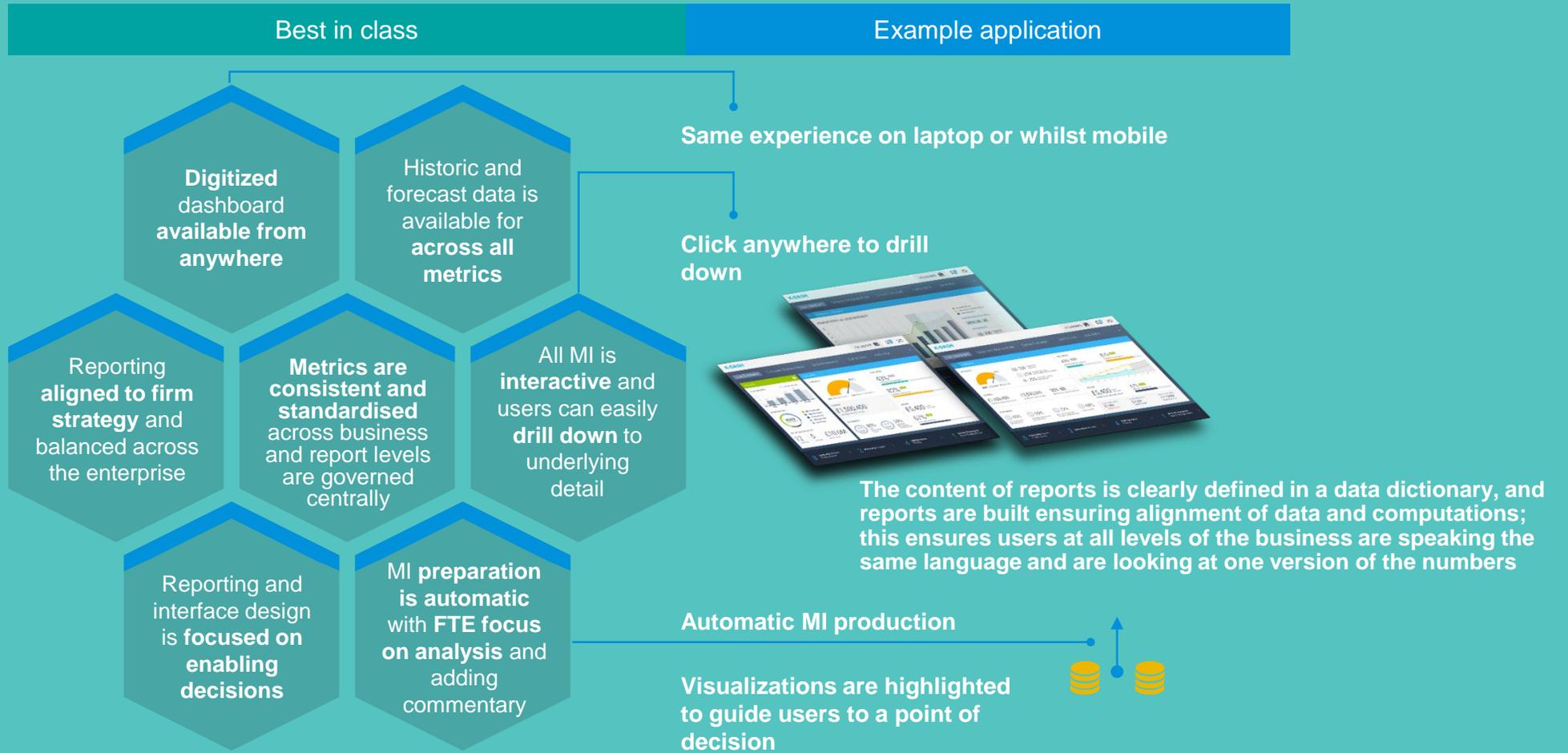


Delivering Automation through changes in Data, Processes, Core Systems and leveraging Emerging Technology.

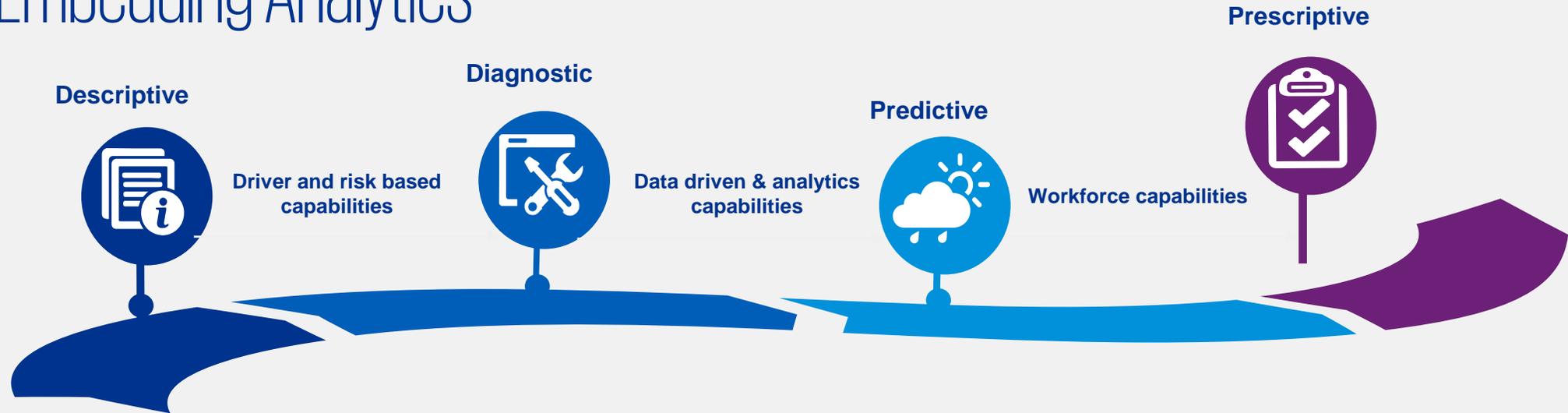
- More than just Robotics
- Built on top of an integrated design
- Looking at simplifying processes not just automating existing steps
- Leverage technology throughout

Foundation for future innovation and modernization

Integrated Design - Integrating reporting and technology



Embedding Analytics



What happened?

Example: Revenue by dimension, geography, product, service, customer

Emerging technology: In-memory computing

What will change: Speed of transactions

Why did it happen?

Example: Self-service and root cause analysis (explanations of variances)

Emerging technology: Enterprise Performance Management digital delivery

What will change: Speed of analysis

What will happen?

Example: Future estimates of revenue and profitability based on demand drivers

Emerging technology: Machine learning, unstructured data processing

What will change: Predictive analytics

What should we do about it?

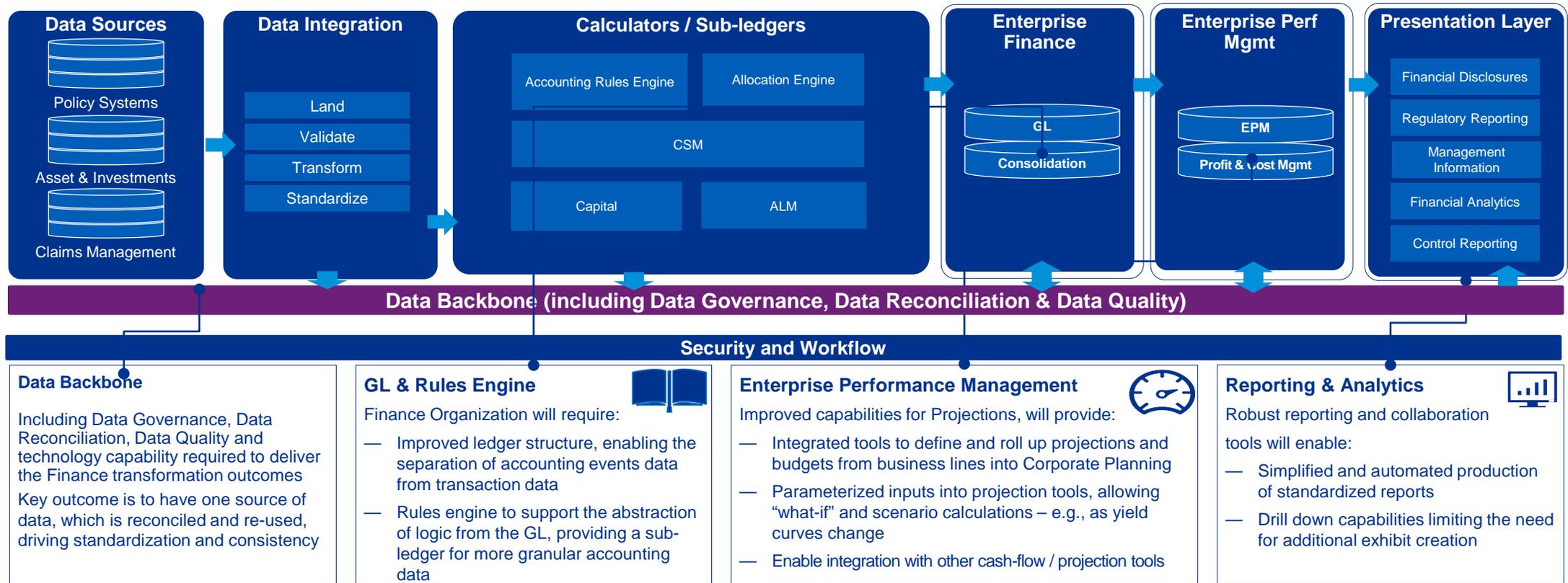
Example: Strategic scenario analysis of opportunities to improve profitable growth (new markets, customers, services, channels)

Emerging technology: AI/Cognitive, big data analytics

What will change: Hypothesis generation; advanced customer and market analysis

Need to embed a hypothesis driven approach and a fail-fast mindset

Data & Systems Foundation - this is critical to get right



Data & Systems Foundation - this is critical to get right

- Breaking down data silos and integrating Finance and Actuarial data with the rest of the organization creates a richer data environment that supports deeper analysis and the delivery of business insight
- This is the foundation for value analysis which Finance functions must get right within the next 5 years

Why integrate?

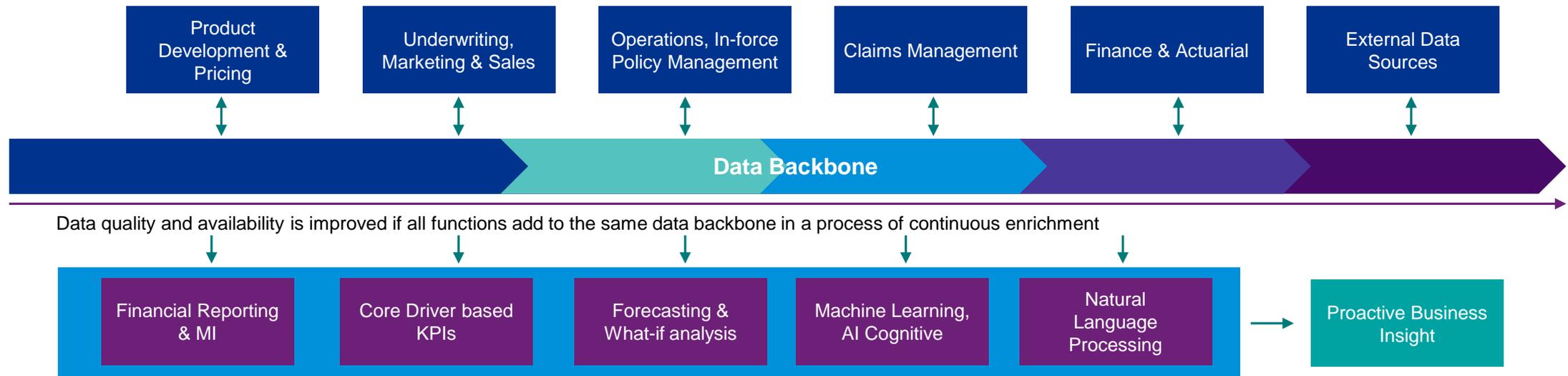
The tools and analytical techniques that deliver proactive forward looking insight either require or are significantly improved by access to data outside of the traditional finance and actuarial data sources.

How to integrate?

Data does not need to be in a single monolithic store. The key is to ensure that data can be linked together through a common interface by carefully governing agreed key data definitions – such as policy, product etc. This allows for better curated data stores improving data quality and analysis.

What is the role of Finance?

Finance can act as a catalyst to kick start the development of this integrated data backbone and will need to take a leading role in controlling sensitive financial information. In other aspects Finance will be an equal 'data citizen' drawing on data from many sources and enabling other functions to do the same.



Modern Workforce – Why it needs to be reimagined

1

From tasks oriented to outcome centric

- The automation of current process that incorporates artificial intelligence eliminate today's task-based orientation.
- Future skills will require your workforce to align with the delivery of core capabilities delivering target outcomes.

2

Changing Finance value chain

- The way you run and manage your finance organization in the future is changing.
- The Finance value chain is organized against delivery of capabilities – not today's "task-based" operating model

3

Collaboration focused resources

- Collaboration groups brings together multi-disciplinary teams to drive outcome based delivery.
- Resources need to be cross skilled to support multiple capabilities with analytics being central theme across all of the value chain

4

Delivering value

- The future represent a set of capabilities, operating collectively, to deliver value throughout the organization.
- The combination of people and technology requires a different operating model to support the capability driven Finance function.

5

Re-evaluate your reward model

- As you change your workforce to operate in collaboration teams, you need to re-evaluate the reward model as well.
- How will your collaboration teams be incentivized to succeed?

Need to change the way resources are hired, developed and retained



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Thank you



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