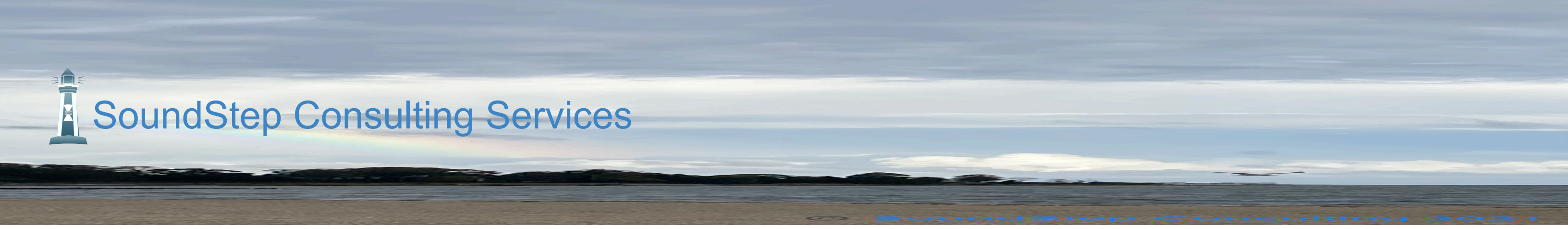


Revenue & Growth-Focused Connective Layer For Insurance & Reinsurance Companies

Connective Layer in Business

In the mid-1980's the Connective Layer in Business concept and approach was created by a leader/strategist in a multinational bank. Figure 1 provides the original definition of the concept.

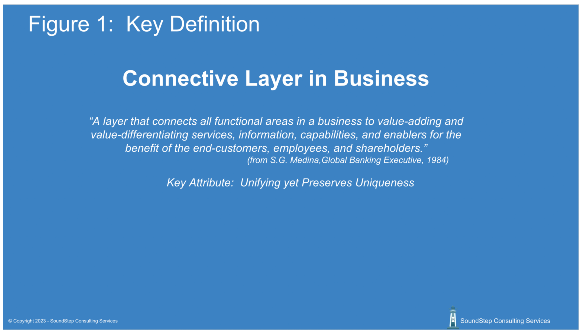


Figure 1: Key Definition

Figure 2 summarizes the main attributes of a Connective Layer in Business as it was originally formulated and as it has been refined since its first creation.

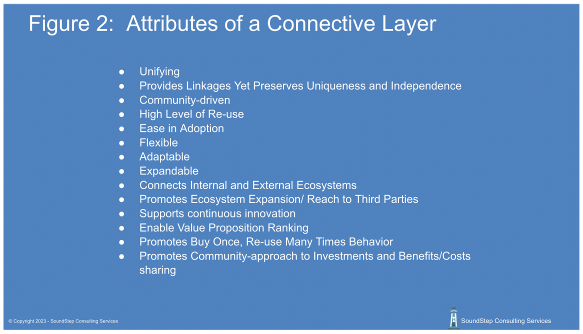


Figure 2: Attributes of a Connective Layer

As presented in several other SoundStep Consulting Services articles on a *Connective Layer in Business* the most important point is that business leaders and their strategists must create the connective layer for their business so as not to be forced into one that's created in response to a crisis whether its internal or external.

Revenue & Growth-Focused Connective Layer

As mentioned in other SoundStep Consulting Services articles most of the connective layers that are either in place or being developed by insurers and reinsurers (e.g. digital transformation programs, and cloud migration programs) focus on cost-reductions across the service units (aka cost centers) and not on the revenue-generating and growth units (aka revenue centers).

Figure 1 shows an example of the possible components that insurers and reinsurers should consider making into a connective layer. Note that each component included in the diagram relates to the core revenue and growth aspects of an insurance or reinsurance business - not on the back-office services and operations.

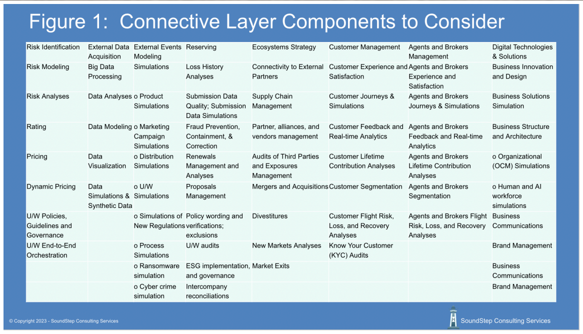


Figure 1: Connective Layer Components to Consider

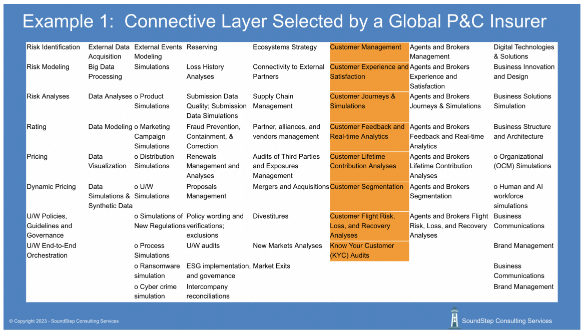
Risk Identification	External Data Acquisition	External Events Modeling	Reserving	Ecosystems Strategy	Customer Management	Agents and Brokers Management	Digital Technologies & Solutions
Risk Modeling	Big Data Processing	Simulations	Loss History Analyses	Connectivity to External Partners	Customer Experience and Satisfaction	Agents and Brokers Experience and Satisfaction	Business Innovation and Design
Risk Analyses	Data Analyses	o Product Simulations	Submission Data Quality; Submission Data Simulations	Supply Chain Management	Customer Journeys & Simulations	Agents and Brokers Journeys & Simulations	Business Solutions Simulation
Rating	Data Modeling	o Marketing Campaign Simulations	Fraud Prevention, Containment, & Correction	Partner, alliances, and vendors management	Customer Feedback and Real-time Analytics	Agents and Brokers Feedback and Real-time Analytics	Business Structure and Architecture
Pricing	Data Visualization	o Distribution Simulations	Renewals Management and Analyses	Audits of Third Parties and Exposures Management	Customer Lifetime Contribution Analyses	Agents and Brokers Lifetime Contribution Analyses	o Organizational (OCM) Simulations
Dynamic Pricing	Data Simulations & Synthetic Data	o U/W Simulations	Proposals Management	Mergers and Acquisitions	Customer Segmentation	Agents and Brokers Segmentation	o Human and AI workforce simulations
U/W Policies, Guidelines and Governance		o Simulations of New Regulations	Policy wording and verifications; exclusions	Divestitures	Customer Flight Risk, Loss, and Recovery Analyses	Agents and Brokers Flight Risk, Loss, and Recovery Analyses	Business Communications
U/W End-to-End Orchestration		o Process Simulations	U/W audits	New Markets Analyses	Know Your Customer (KYC) Audits		Brand Management
		o Ransomware simulation	ESG implementation, and governance	Market Exits			Business Communications
		o Cyber crime simulation	Intercompany reconciliations				Brand Management

Every insurer and reinsurer can create a similar itemization of potential components (i.e. services, information, capabilities, enablers, others) that they have in their current business which can be leveraged across their value chain.

Every insurer and reinsurer is also in a position to purposely create a connective layer that's truly differentiating because of their unique capabilities, know-how and IP, and company culture for getting things done.

Connective Layer for a P&C Insurer

In Example 1 below the connective layer that a P&C insurer selected during a strategy planning session with strategists from SoundStep Consulting Services is shown.



Example 1: Connective Layer Selected by a Global P&C Insurer

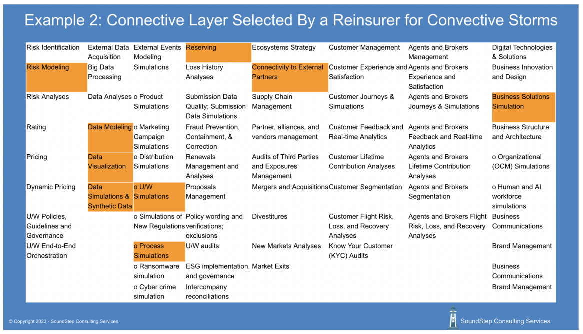
Risk Identification	External Data Acquisition	External Events Modeling	Reserving	Ecosystems Strategy	Customer Management	Agents and Brokers Management	Digital Technologies & Solutions
Risk Modeling	Big Data Processing	Simulations	Loss History Analyses	Connectivity to External Partners	Customer Experience and Satisfaction	Agents and Brokers Experience and Satisfaction	Business Innovation and Design
Risk Analyses	Data Analyses	o Product Simulations	Submission Data Quality; Submission Data Simulations	Supply Chain Management	Customer Journeys & Simulations	Agents and Brokers Journeys & Simulations	Business Solutions Simulation
Rating	Data Modeling	o Marketing Campaign Simulations	Fraud Prevention, Containment, & Correction	Partner, alliances, and vendors management	Customer Feedback and Real-time Analytics	Agents and Brokers Feedback and Real-time Analytics	Business Structure and Architecture
Pricing	Data Visualization	o Distribution Simulations	Renewals Management and Analyses	Audits of Third Parties and Exposures Management	Customer Lifetime Contribution Analyses	Agents and Brokers Lifetime Contribution Analyses	o Organizational (OCM) Simulations
Dynamic Pricing	Data Simulations & Synthetic Data	o U/W Simulations	Proposals Management	Mergers and Acquisitions	Customer Segmentation	Agents and Brokers Segmentation	o Human and AI workforce simulations
U/W Policies, Guidelines and Governance		o Simulations of New Regulations	Policy wording and verifications; exclusions	Divestitures	Customer Flight Risk, Loss, and Recovery Analyses	Agents and Brokers Flight Risk, Loss, and Recovery Analyses	Business Communications
U/W End-to-End Orchestration		o Process Simulations	U/W audits	New Markets Analyses	Know Your Customer (KYC) Audits		Brand Management
		o Ransomware simulation	ESG implementation, and governance	Market Exits			Business Communications
		o Cyber crime simulation	Intercompany reconciliations				Brand Management

Their overarching goal was to increase revenue and their customer base by creating a connective layer with the components shown in their personal lines, commercial lines, and specialty lines, business units.

By all measures, including increase in revenue, customer base, and customer satisfaction, the company achieved significant success in spite of the fact that they had gaps in the underlying enabling technologies because their digital transformation program was still in progress.

Connective Layer for a Reinsurer

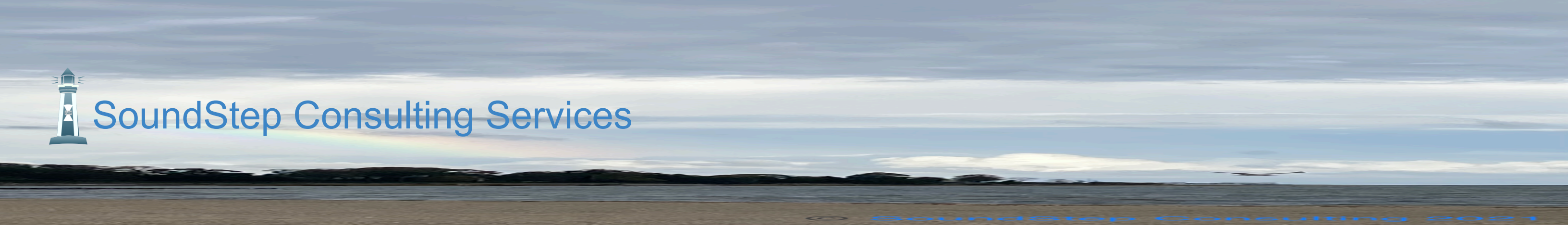
In Example 2 below the connective layer that a P&C reinsurer selected during a strategy planning session with strategists from SoundStep Consulting Services is shown.



Example 2: Connective Layer Selected By a Reinsurer for Convective Storms

Risk Identification	External Data Acquisition	External Events Modeling	Reserving	Ecosystems Strategy	Customer Management	Agents and Brokers Management	Digital Technologies & Solutions
Risk Modeling	Big Data Processing	Simulations	Loss History Analyses	Connectivity to External Partners	Customer Experience and Satisfaction	Agents and Brokers Experience and Satisfaction	Business Innovation and Design
Risk Analyses	Data Analyses	o Product Simulations	Submission Data Quality; Submission Data Simulations	Supply Chain Management	Customer Journeys & Simulations	Agents and Brokers Journeys & Simulations	Business Solutions Simulation
Rating	Data Modeling	o Marketing Campaign Simulations	Fraud Prevention, Containment, & Correction	Partner, alliances, and vendors management	Customer Feedback and Real-time Analytics	Agents and Brokers Feedback and Real-time Analytics	Business Structure and Architecture
Pricing	Data Visualization	o Distribution Simulations	Renewals Management and Analyses	Audits of Third Parties and Exposures Management	Customer Lifetime Contribution Analyses	Agents and Brokers Lifetime Contribution Analyses	o Organizational (OCM) Simulations
Dynamic Pricing	Data Simulations & Synthetic Data	o U/W Simulations	Proposals Management	Mergers and Acquisitions	Customer Segmentation	Agents and Brokers Segmentation	o Human and AI workforce simulations
U/W Policies, Guidelines and Governance		o Simulations of New Regulations	Policy wording and verifications; exclusions	Divestitures	Customer Flight Risk, Loss, and Recovery Analyses	Agents and Brokers Flight Risk, Loss, and Recovery Analyses	Business Communications
U/W End-to-End Orchestration		o Process Simulations	U/W audits	New Markets Analyses	Know Your Customer (KYC) Audits		Brand Management
		o Ransomware simulation	ESG implementation, and governance	Market Exits			Business Communications
		o Cyber crime simulation	Intercompany reconciliations				Brand Management

One of the goals the reinsurer had was to harness their internal core capabilities and competence and apply them specifically for modeling and pricing risks relating to convective storms. The components they included in their connective layer are highlighted in the Example 2 diagram. The connective layer concept and approach also enabled them to leverage the existing modeling and simulation capabilities they had for terrorism-related risks, and define their requirements for cloud-based solutions they are eager to leverage for simulations.


SoundStep Consulting Services


A Sound Step…
that re/insurance leaders and their business strategists should take is to revisit their digital transformation programs and determine if they will indeed result in the creation of a connective layer that focuses on revenue and growth.
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