

The opportunity cost of insurance compliance

Regulatory compliance is a must for any South African business operating in the insurance market. The cost of operational compliance and risk management is substantial and is incurred across the business value chain which includes technology infrastructure, human capital, and professional services to mention a few. According to Angelique Strumpher, Administration Manager for Business Process Outsourcing at SilverBridge, this can also result in new opportunities.

"It can be very overwhelming and challenging to implement compliance controls and measures. As such, it is easy to lose sight of the positive impact that being compliant has and the opportunities of leveraging compliance as a competitive advantage when it comes to service delivery, sales, and product and solutions development. Being compliant and remaining so mean there is no resting on one's laurels," she says.

There is no avoiding the complexities of adhering to the various insurance acts and consumer protection regulation, i.e. Protection of Personal Information Act (POPIA) in South Africa and General Data Protection Regulation (GDPR) in the European Union.

Gaining momentum

"The modern insurer definitely faces a more difficult balancing act now than at any time in the past. Under constant pressure to innovate, partly due to the rising insurtech markets but also because of more demanding consumer expectations in terms of being digitally enabled, local insurers must find a way to juggle the costs of compliance with the advantages thereof."

Data management and monitoring of how policies are sold, claims, complaints, and information security are a few of the cornerstones of compliance.

"Everything from employee training to the internal systems and processes used to develop products and meet strategic objectives should be assessed and measured against the demands of the digital insurance market and compliance requirements. Throughout Africa, there is momentum to marry digital innovation with traditional consumer expectations especially in areas where technology is not as pervasive as it should be."

Changing market needs

One just needs to consider the growth in mobile phone usage across the continent to realise that the way people access traditional solutions like insurance is changing. The added benefit is that insurers are also able to reach those previously uninsured due to them living in remote areas or not having access to bank accounts.

"In this regard, the cost of compliance and maintaining the integrity of data can be considered as a business tool for expanding into new markets. The way compliance is structured should be viewed as the means to level the playing field between large-scale insurers and the emerging insurtech sector.

With everybody needing to meet standard legislative requirements, the differentiation will come from those insurers who are the most creative in the implementation, management, monitoring, and reporting thereof."

Even though it is not without its challenges and costs, the advantages of a more compliant insurer mean the business bottom-line will be in prime position for future growth.

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