

# Global Insurance CFO Survey

Providing insight to support growth

# A comprehensive survey on the evolution of Finance in the insurance sector

Insights from EY's Global Insurance CFO Survey

In 2016 EY conducted its largest ever survey of CFOs in the insurance sector, building on our previous research in 2014. We surveyed finance leaders in almost 60 insurance companies, gaining a spread across regions, primary lines of business and size.

CFOs shared their views on key topics, including:

- 1 their **business and finance priorities**
- 2 their **vision for their Finance Operating Model** and the challenges to achieving it
- 3 **identified actions needed** to help finance teams provide better business value
- 4 the **technology and people challenges** they expect in the future
- 5 their ongoing **quest for greater efficiency**

**Record number of respondents in 2016:**

**↑ 66%** increase from our 2014 survey

This was a record-breaking year for CFO responses to our survey.

## Analysis of the CFO strategy for Finance

We focus on:

- ▶ Business drivers - finding a strong emphasis on growth
- ▶ Finance priorities - particularly the need to provide better insight
- ▶ The future Finance Operating Model - CFOs are seeking to maximize the potential of their people, data, technology and processes

The background of the slide features a satellite view of the Earth, showing the Americas and parts of Europe and Africa. Overlaid on the globe is a complex network of glowing lines in blue and yellow, representing global connectivity or data flow. A bright yellow rectangular box is positioned on the left side of the image, containing the title text.

# Global Insurance CFO Survey

# Executive summary

CFOs see the need to build insight to drive decision-making in a world where growth remains the first challenge for insurers.

## Finance 2020, CFOs as drivers of growth

The insurance industry operates in an **extremely challenging economic environment**.

Achieving growth is an imperative for nearly all survey participants this year.

**CFOs will be key** to the implementation of growth strategies leveraging the potential of digital, new segments, new markets, optimization and restructuring.

## An integrated machine to be a better business partner

**Providing better insight to improve business decision-making** is by far the top finance priority for CFOs.

The finance function must play its part in supporting the business imperatives providing **clear, insightful and timely analysis** and being a better business partner.

## New accounting standards are coming: the search for compliance through efficiency

**New insurance accounting standards are coming.**

Now is the time to work on the efficiency of the finance framework, also by using **new technologies**, in order to be ready and flexible to minimize the impacts of the future accounting change projects.

## The Finance Operating Model: the triple lens of Data, Technology and People

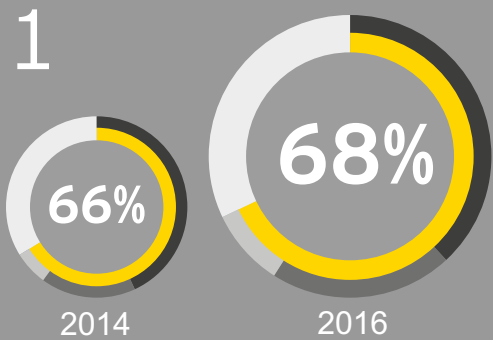
CFOs will have wider responsibilities through 2020 and their target Finance Operating Model needs to reflect on Data, Technology and People. **Integrating data sources, automate basic processes and upskilling talent** are the key to achieve finance goals through 2020.

The image shows a complex, multi-level architectural structure with a prominent glass and steel framework. A large, bright yellow rectangular box is superimposed over the center of the image, containing the text "Business drivers". The background features a curved walkway with a glass railing on the left, a wide staircase on the right, and a large open area below where several people are walking. The lighting is bright, suggesting a high-ceilinged interior space with large windows or skylights.

Business drivers

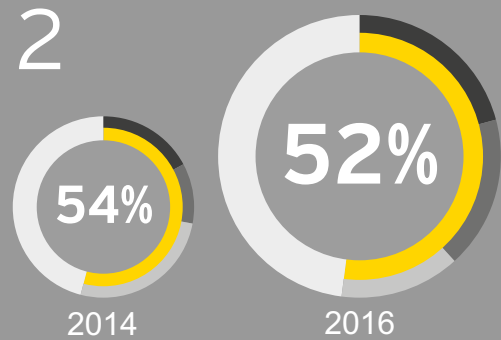
# Business drivers

The top four business drivers for insurers



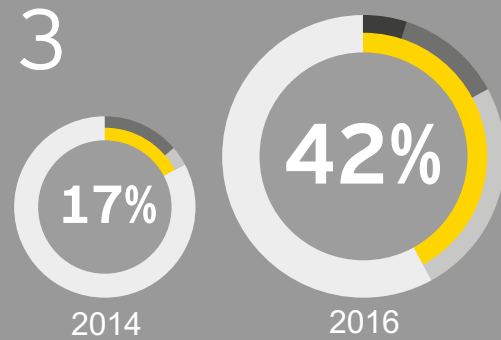
## Achieving growth, market expansion or M&A

Regardless of regulatory regime, ongoing intense pressure on margins is forcing insurers to look at every potential way to improve growth and return on capital. This includes moving into new products, new territories and M&A as well as fulfilling their digital agenda.



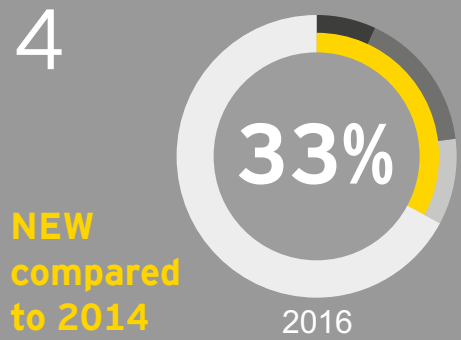
## Relieving pressure on costs margin and improving profit

Ongoing pressure on profitability has once again put the spotlight on expense efficiency. A number of business models will not be sustainable unless management teams can find ways to achieve reductions in ongoing expenses and a more agile working model.



## Restructuring the organizational framework (digital transformation)

New technologies can certainly help insurers to optimize costs and are also driving the need to restructure the organization. The role of Finance within this new organizational framework is still evolving. The need to integrate Finance, Actuarial and Risk to deliver insight is ever more critical.



## Improve big data and analytics capabilities

Digital technology is driving exponential growth in the volume of data being managed within organizations. The challenge to effectively manage large volumes of data and to extract and deliver timely, relevant and concise insight in an efficient manner has never been greater for the CFO.

■ Total ■ First ■ Second ■ Third

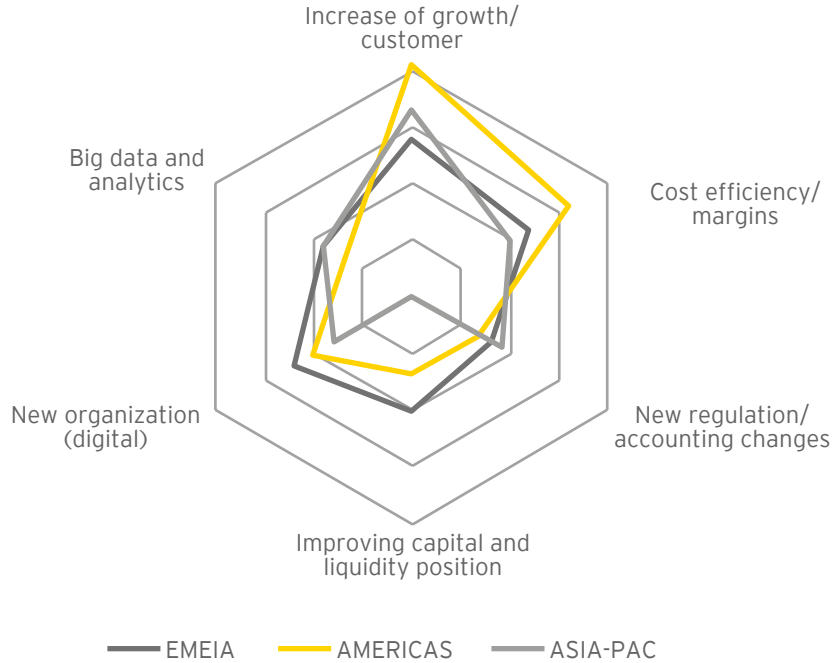
# Business drivers

Regional overview

## Question to insurers

▶ Please rank in order the following business drivers facing your organization through 2020.

### Business drivers – Regional overview



All three regions align with the global trend by placing most importance on achieving growth. The focus on growth is consistent with the prior survey with the difference this year being more of a focus on growth through acquisitions than was seen in the past. With particular regard to Asia-Pac, demand for insurance products continues to grow with insurers competing to capture maximum market share in this growth period.

The focus on cost efficiency is in second place, in line with prior results. This emphasizes – especially for CFOs in the Americas – the importance of “doing more with less”, gaining further efficiencies across their entire finance organization. For EMEIA, this means restructuring the organizational framework through digital transformation.

Consistent with the increased capital framework of Solvency (SII), EMEIA insurers place relatively more importance on improving their capital and liquidity position over the reduced capital requirements for the Asia-Pac region.

Insurers headquartered in EMEIA and Asia-Pac put more emphasis on improving big data and analytics capabilities than insurers from the Americas.





## Finance priorities



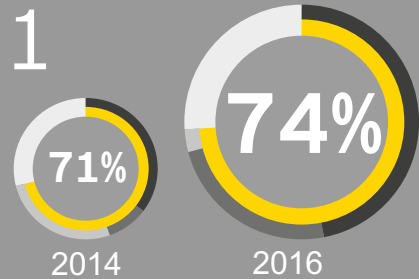
# Finance priorities

CFOs are clear on their finance priorities

## Question to insurers

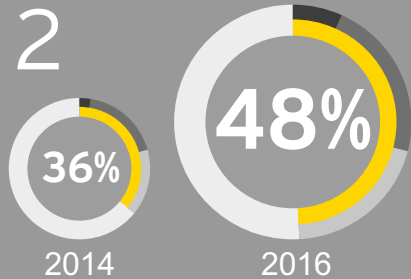


Please rank in order the following finance priorities facing your organization through 2020.



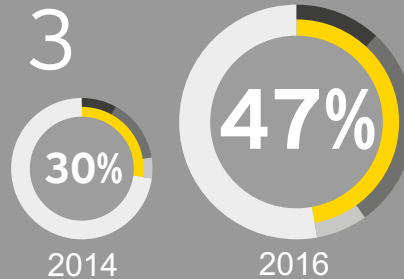
### Providing better insight

Faster, relevant and integrated financial analysis is critical for decision making but not yet in place across all new reporting bases, including Solvency II.



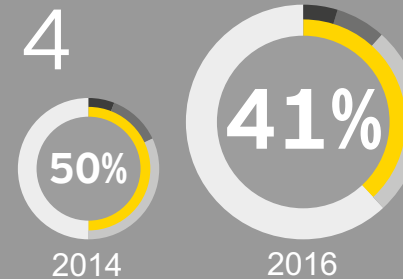
### Aligning finance, risk and actuarial information

CFOs see this as a fundamental requirement to provide insight to the business across all key metrics, including capital and risk.



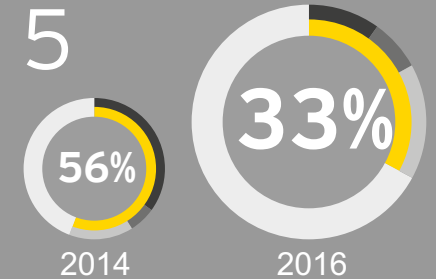
### Efficiency

CFOs are looking at process simplification and automation (including location of activities and use of robotics) and group structure reorganization.



### Fast and secure reporting

CFOs are chasing faster reporting timeframes for both annual and quarterly reporting periods, while secure reporting is vital to protect business data. Fast and secure reporting is also a key requirement for providing timely insight.



### Implementing regulatory and financial requirements

Insurers reporting under IFRS will need to implement new financial reporting requirements. Meanwhile, some businesses still need to fully embed Solvency II.

■ Total ■ First ■ Second ■ Third

# Finance priorities

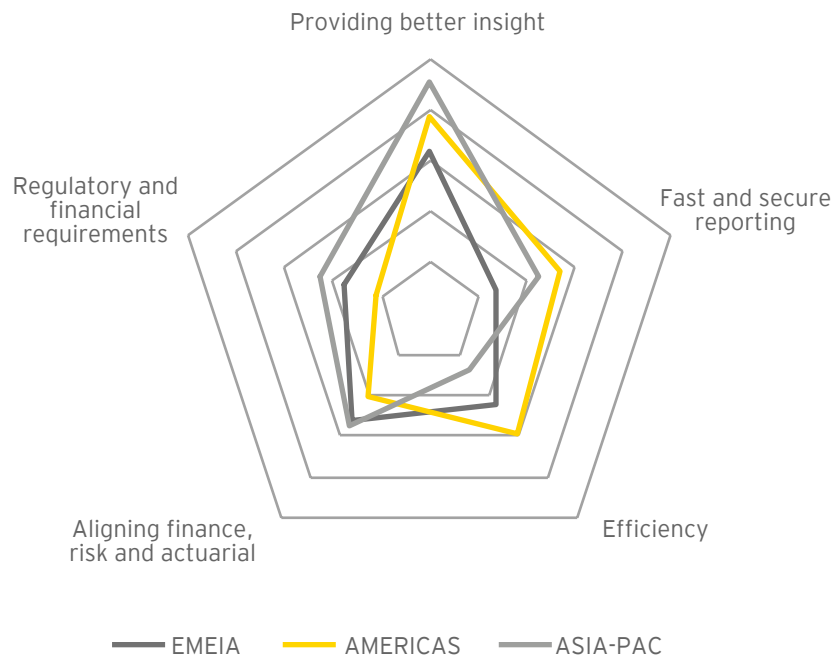
## Regional overview

### Question to insurers



Please rank in order the following finance priorities facing your organization through 2020.

#### Finance priorities - Regional overview



Insurers in all regions place most emphasis on providing better insight. This goal could be achieved through faster and secure reporting. This was a priority in our 2014 survey but is even more important now given the number of acquisitions over the past year. Many insurers, mostly in Americas, need to report their results more quickly to their new parent organization.

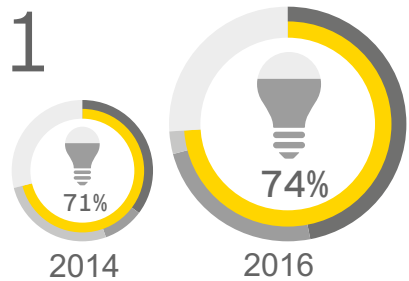
Insurers headquartered in EMEIA and Asia-Pac see aligning Finance, Risk and Actuarial as a higher finance priority than insurers in the Americas. This is due to the fact that most organizations in the Americas seem to have already aligned these functions. Many Americas CFOs already have all these functions reporting to them and have or are quickly moving to integrating their activities.

The efficiency ranking is consistent with the cost focus discussed from a business driver perspective. CFOs in the Americas are very focused on reducing their overall finance spend through the use of automation and moving back-office, repetitive activities offshore or to lower cost onshore locations.

Asia-Pac insurers put relatively high importance on implementing new regulatory and financial requirements linked to recent changes in the regulatory framework.

# Finance priorities

Providing better insight



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# Providing better insight

CFOs aim to provide better insight

**Question to insurers** ▶ Rank in order the main actions Finance will need to implement in providing better insight and fully participating in the execution of the business strategy.

**In order to provide better insight, most CFOs (68%) see a major need to promote better decision making. This is vital if insurance companies are to achieve the business and revenue growth they seek.**

Half of the CFOs surveyed place a high priority on investing in the integration of infrastructures and technology. Aligned with this, 38% prioritize the need to standardize processes across the organization. This enables faster reporting to support timely decision making.

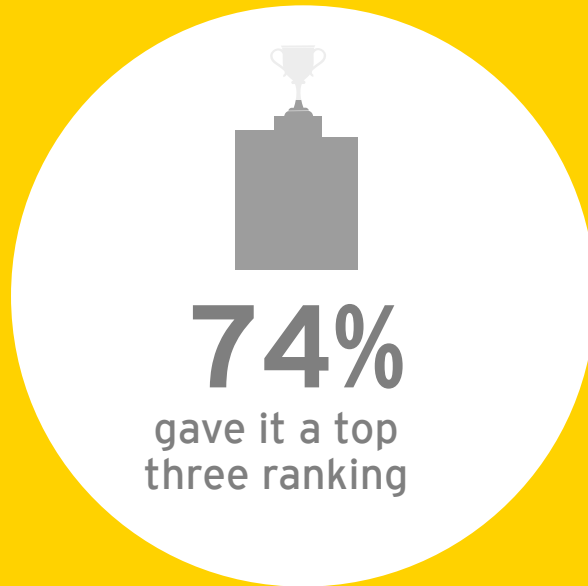
People make a difference: 46% of CFOs see investing in people to develop their skills as a key action for Finance. They want staff to be focused less on manual and spreadsheet tasks and more on analytics and business insights.

Providing better insight through capital management as well as overall better decision making support through streamlined and market-recognized metrics ranked as a top action by just under half of the CFOs surveyed. Market-recognized metrics (such as risk and capital-based metrics) are also of particular interest to regulators and investors in the European Union. Insurers continue to battle with multiple metrics and too many reporting bases that don't all "talk to each other". New accounting standards will further challenge the landscape and create the need for strong messaging to investors and shareholders to explain increased volatility and changes relating to profit emergence over time.

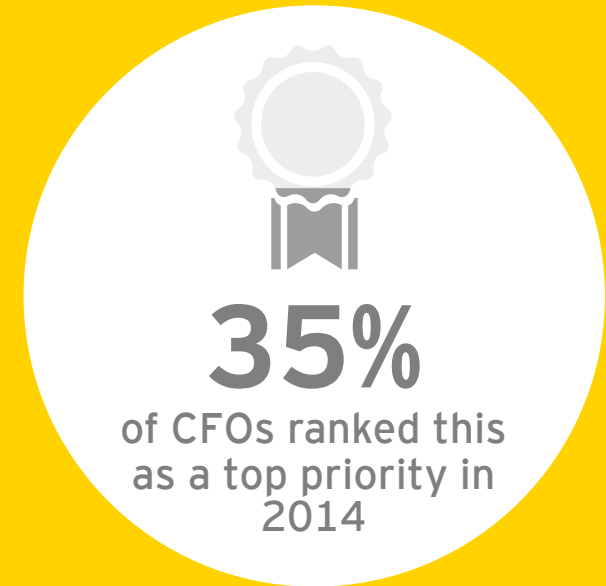
Better insight depends on data. It's not surprising therefore that improving the timing and quality of data produced is seen as a top three focus area by 41% of CFOs.

# CFOs aim to provide better insight

Asked about the finance priorities for their organization through 2020, providing better insight is the clear winner.



... Two years ago just ...



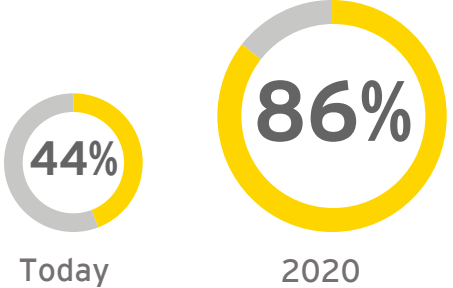
Reducing the time, effort and cost of delivering traditional finance operations will release finance function to focus on delivering insight and analysis for the business. To be effective CFOs will need to ensure integrated information across finance, actuarial and risk is delivered in a timely manner for all key metrics.

# Providing better insight

## Alignment between finance function and FP&A is a key objective

CFOs understand the changes on the horizon for the finance function. Technology will play an increasingly significant role in executing many traditional finance tasks. Meanwhile, finance people will spend a greater proportion of their time working with colleagues across the organization to make decisions in support of the strategy. One of the most significant challenges will be to integrate capital and risk reporting into traditional Financial Planning & Analysis (FP&A) processes within a continuous close process by 2020.

### Alignment between the finance function and FP&A is a must-have for 86% of CFOs through 2020



## CFOs identify key barriers to providing better insight

### Financial reporting and FP&A need to be increasingly integrated

If CFOs and their finance teams are to fulfil the ambition of providing better insight to support business decisions and growth, close integration between controlling, reporting and FP&A functions is essential. This is also important for meeting the needs of regulators. We found that integration of these functions is increasingly being targeted by insurance companies.

### Significant issues with the FP&A process



### Siloed data, systems and processes pose a challenge to the integration and alignment of finance, risk and actuarial reporting

Efficient and effective FP&A helps CFOs and CROs to fulfil their roles as providers of insight to support decision making and business growth. But CFOs report a variety of issues with their FP&A process. The biggest challenge is that processes and data are not integrated in a unique platform able to manage multiple methodologies across accounting and planning activities.

Creating such a platform could also help CFOs address two other relatively frequent issues with the FP&A process: the problems of different deadlines and cut-offs across processes, poor data and data feeds. Through using a unique platform the timing of processes and the quality of data inputs and outputs could be improved.



# Providing better insight

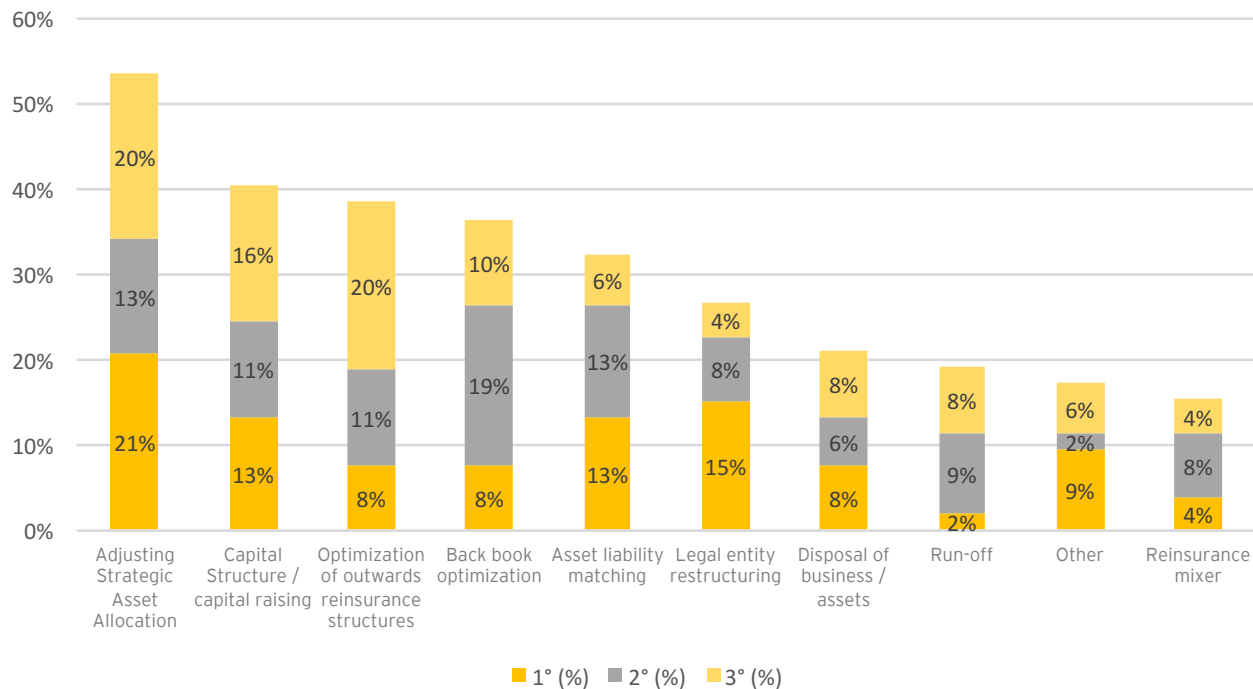
Providing better insight through Capital Management

## Question to insurers



Please rank in order the main actions Finance will need to implement in providing better insight and fully participating in the execution of the business strategy.

### EMEIA: Solution to enhance Capital Management



For insurers in EMEIA adjusting the strategic asset allocation tops the list of capital management actions.

Due to the introduction of SII (introducing charges for asset risk) and the continued low interest rate environment, established asset allocations are often suboptimal.

We see insurers broadening their horizons to include more investment classes, while still carefully balancing risk and return.

SII and the low interest rate environment also create opportunities for optimizing group capital structures, including raising capital qualifying debt at low coupons.

The optimization of reinsurance and in-force (back-books) is also taking place. These are generally relatively complex exercises that need to take account of multiple metrics.

Finance is core to these activities, enabling the business to evaluate competing priorities, providing the technical rigour to underpin the solutions and enabling operationalization and embedding in business as usual.

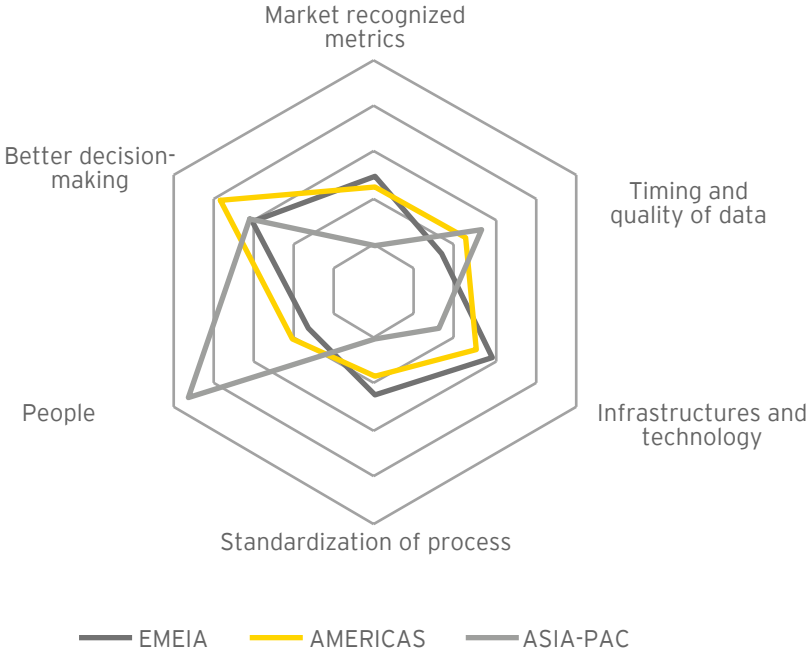
# Providing better insight

Regional overview

## Question to insurers

▶ Please rank in order the main actions Finance will need to implement in providing better insight and fully participating in the execution of the business strategy.

### Providing better Insight - Regional overview



The top priorities are consistent with the trends of insurance companies related to the ability to make better decision through improved quality of the data. Several CFOs, especially in the Americas, cited the importance of timely, the accurate data, that can be received quickly and therefore assist Finance as well as other internal stakeholders in assessing business performance.

With regard to EMEIA, investments in integrating infrastructures and technology represent the main actions in order to overcome the limits linked to legacy IT complexity.

Insurers headquartered in Asia-Pac are placing a striking emphasis on investing in people compared to EMEIA and the Americas. With the expansion of the insurance industry in Asia-Pac, skilled people are becoming increasingly difficult to source therefore insurers aim at improving the skills of their people internally.

Especially in EMEIA, the use of market recognized metrics has become a priority due to the recent introduction of SII that incentivizes adoption of risk based metrics in the management of the organization, and for investor relations communication purposes.



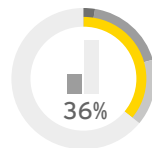


# Finance priorities

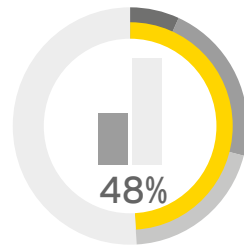
Aligning Finance, Risk  
and Actuarial

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2014



2016

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# Aligning Finance, Risk and Actuarial

Integrating Risk and Finance rises to the 2<sup>nd</sup> spot in 2016

**Business partnering is becoming the key driver for closely aligning the finance, risk, and actuarial functions.**

With Finance expected to own and manage an enterprise-wide performance management process, CFOs see the need to integrate finance, risk and actuarial skills in order to deliver insight and challenge to the business through experienced finance business partners.

Increased volume, granularity and speed of required reporting will require insurers to transform and consolidate their processes to a “One-to-Many” approach. Disruptive regulatory change will have to be more smartly implemented through existing transformation programs.

Organizations struggling to grow or even maintain the top line but still needing to increase profits to keep up with shareholder expectations, are having to squeeze operational costs year on year.

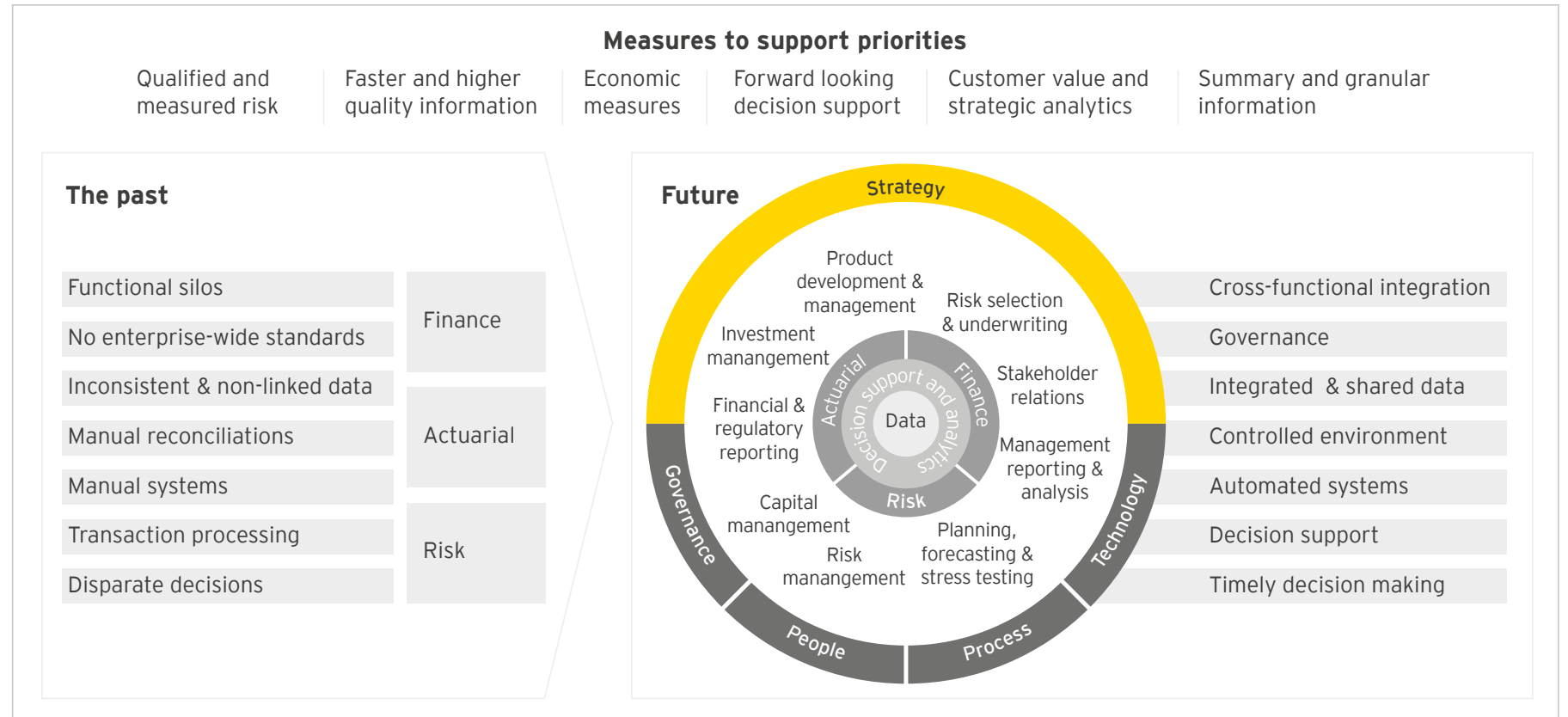
CFOs are robustly challenging the status quo and change inertia that prevents straight-through processing within finance, risk and actuarial functions. Manual hand-offs are being eliminated as quickly as possible.

Regulators are demanding significant additional disclosures and evidence of embedded control and governance of own risk assessments across all finance, risk, and actuarial functions.

# Aligning Finance, Risk and Actuarial

Drive towards an integrated operating model

Survey respondents, particularly in Europe, highlighted the need to further integrate finance, risk and actuarial data and processes. CFOs are looking to deliver a more integrated model to not only improve efficiency and control but also to improve the analysis and insight provided to the business across all key KPIs.



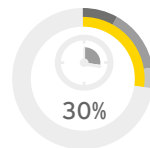
# Finance priorities

Efficiency

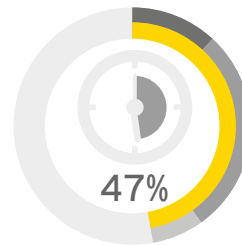
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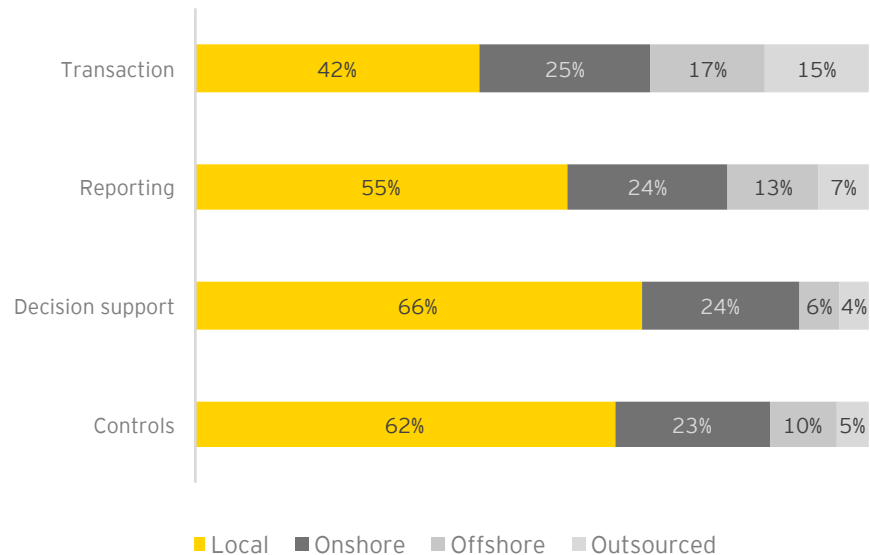


# The search for finance efficiency

## Location of activities: local or not?

### The organizational structure through 2020

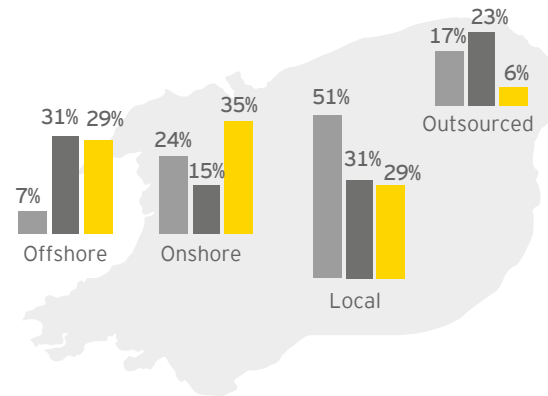
CFOs continue to use offshore and outsourced operational models to help with scale and cost efficiency. Some are now looking at robotic solutions to see if this can offer even more efficient operational models.



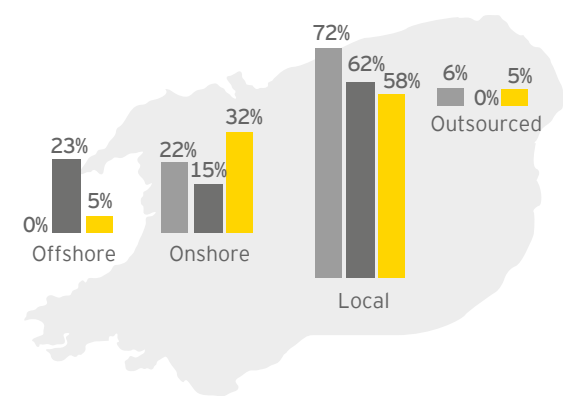
### Focus on transaction and decision support by companies size

Larger companies have tended to use outsource options less than small and medium-sized companies. Decision support activities remain largely local, reflecting the nature of the work and the lack of integrated systems and data models across FP&A and financial reporting processes.

#### Transaction



#### Decision support



■ Small companies ■ Medium companies ■ Big companies

# The search for finance efficiency

## Technological revolution: Robotics in finance

### Business

Increasing demand from the business to accelerate the production of numbers whilst ensuring control and efficiency.

Improved service

Evolving demands

### Finance

Empowering the workforce: motivated and skilled for the future.

Real time and dynamic processing, Automated, Intelligent work-flow.

Simplified and virtualized technology. Agile and cost efficient, footprint.

Automated solution can work

**24/7**

Robots work with existing IT landscape

**1/3**

of the cost of offshore FTE

Robotics in Finance

Robots can be trained by business users

Double-digit reduction in error rates

Cuts data entry costs by up to **70%**

**40%**

### Reduction in workforce

Retained skills focused on highest return activities (i.e., time dividend, focus on high value/core competencies) including analytics, product origination.

**50%**

### Increase in efficiency

Typical efficiency savings being found for in-scope processes.

**100%**

### Increase in structured data

100% recorded audit trail; 100% reduction in human error.

# Finance priorities

Fast and secure reporting

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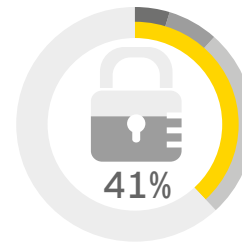
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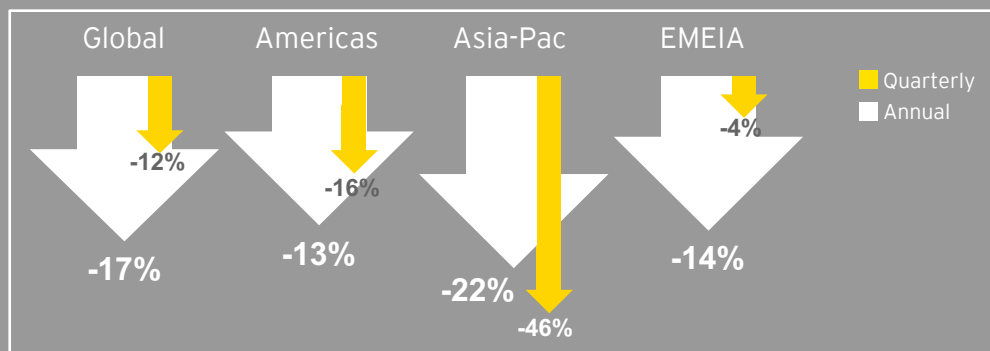
# Fast and secure reporting

## CFOs continue to seek a faster close

CFOs are chasing faster reporting timeframes for both annual and quarterly reporting periods. By 2020 on average CFOs are aiming to cut the time taken to release annual financial results by 17%, and the time to produce quarterly results by 12%.

Insurers are still spending (on average) a whole month to close the quarter's books and even longer to close last year's results. This is manually intensive effort that fails to provide forward-looking business insight. A lengthy close also leads to different processes for Management Information and management decision making: the numbers are often produced too late in the quarter to be used as the base for real management information in the month.

**Expectation in reduction through 2020 of elapsed time on the release of financial results**



- ▶ Many Americas and EMEIA insurers have focused on accelerating their financial close process over the past few years. This focus has been driven by parent company requirements and those insurers seeking to become a public entity.
- ▶ EMEIA based insurers have also been speeding up their reporting as a result of new regulatory requirements under SII.
- ▶ Asia-Pac has the greatest expectation in reduction of financial close time, to be achieved through investment in new technology and people. Key trends Asia-Pac insurers are investing in are automation and internal up-skilling of current people.

# Fast and secure reporting

## CFOs continue to seek a faster close

Global and European insurers also face the significant challenge of multiple reporting bases: some companies having to report under as many as 25 accounting bases, as well as reporting their group accounts under IFRS or US GAAP and their capital under different reporting bases, including SII. This makes the reporting process cumbersome, full of reconciliation and manual activities, error prone and time consuming. Additional complexities arise from the need for quarterly reporting in EMEIA for SII and the upcoming IFRS 17 standard. This will be particularly challenging for life insurers and composite global insurers.

Some insurers are seeking to break the traditional reporting processes of the past by using new technologies to help develop parallel closes across their reporting bases.

Increasing the speed of close will require significant improvements in data management and reporting tools. Insurers need to capture more granular data and do so more regularly, then feed this data into management, financial and regulatory reporting. Improved speed also depends on reducing reconciliation breaks and review windows during key reporting periods.

# Finance priorities

Implementing regulatory and financial requirements

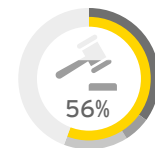
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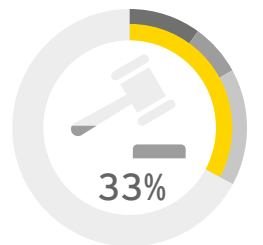
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2014



2016

# Implementing regulatory and financial requirements

Regulatory and accounting change: combining compliance with an efficient operating model

The majority of CFOs (more than 70%) expects the regulatory and accounting changes to insurance contract and financial instrument accounting for insurers to be effective in their organization by 2021.

CFOs may be viewing this interim period as a valuable window in which to focus on enhancing their business partnering capabilities. The need to implement new financial reporting requirements under IFRS 17 and IFRS 9 by 2021 will be a significant challenge for all insurers reporting on an IFRS basis.

Over half of insurers have so far only performed a limited preliminary impact assessment for IFRS 17. Insurers that have begun detailed analysis, based on the latest draft of the standard, are starting to see the sheer scale of the challenge, from understanding and presenting their numbers to investors through to impacts on data, processes, systems and reporting timetables in the lead up to and beyond 2021.

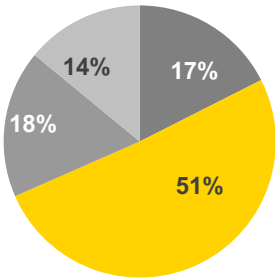
When implementing IFRS 17, CFOs need to retain a business perspective approaching the project with the overriding aim of achieving an efficient operating model. They need to be simultaneously striving for integrated data, systems and processes across Finance, Actuarial and Risk.

CFOs know they have to keep on top of the evolving regulatory requirement. They would like it to become a “hygiene” factor in their function. This is challenging, especially for European insurers that have still not fully embedded SII. CFOs don’t want continuous regulatory and accounting change to divert them from increasing their focus on driving business growth.

# Implementing regulatory and financial requirements

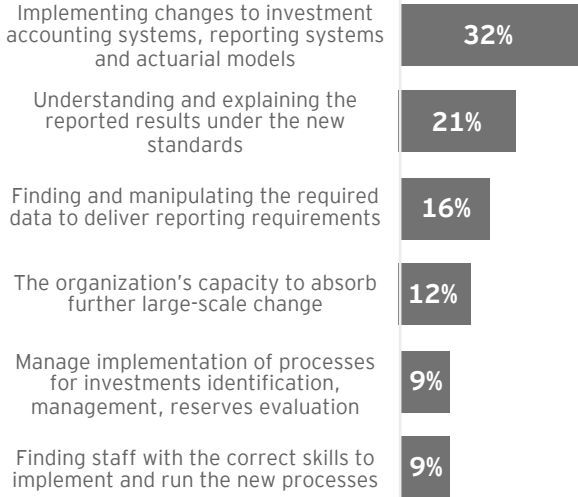
Regulatory and accounting change: accounting change looming for insurers

### Market status

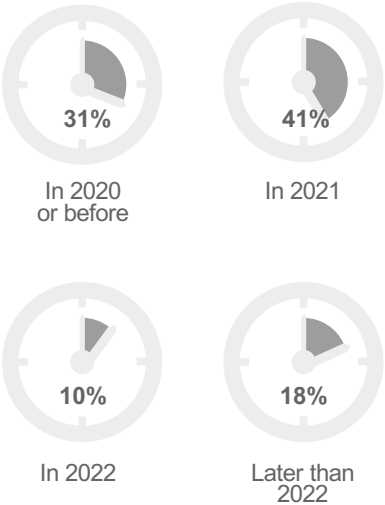


- No work performed at all, no plans to commence
- Limited preliminary impact assessment performed
- Impact assessment and planning work performed
- Significant preparatory work performed

### Most critical areas



### Timing expectation



The accounting and regulatory framework is evolving and insurance companies will soon face new challenges relating to IFRS 9 and IFRS 17. Preliminary work on IFRS 17 has been undertaken, but detailed gap analyses - to identify specific implementation approaches and related costs - have yet to be completed by many insurers and reinsurers. The business case for change, where developed, identifies significant impacts on finance and actuarial systems and data, which may not be fully solved by leveraging previous finance transformations or SII. Making the business case for investment may be challenging, given business priorities. CFOs are likely to need to provide evidence of significant cost savings from any further investments in their functions.



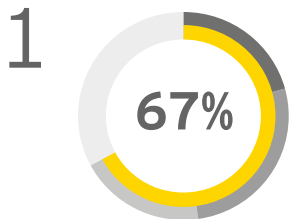
# Future Finance Operating Model



# Future Finance Operating Model

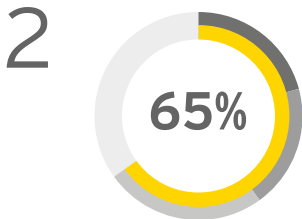
The target operating model faces four key challenges

Goals through 2020: a new target operating model will enable a more integrated vision across Finance, Actuarial and Risk. CFOs want to standardize and automate processes in order to provide high quality, agile business support. The four key challenges that must be overcome are related to people, data, technology and processes.



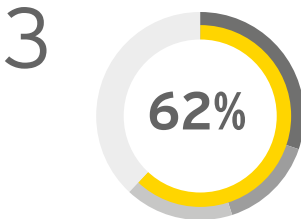
### Data

CFOs' ambitions to provide insight to business units will always be frustrated if they don't have the quality of data they need, communicated when they need it. The availability of big data widens the gap further between what could be and is being achieved, so improving data is top priority for CFOs.



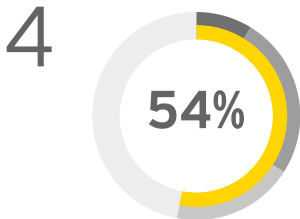
### Technology

Harnessing the power of technology is essential if CFOs are to achieve their target operating model for Finance, addressing the limitations of current legacy IT systems is a high priority.



### People

CFOs identify a current lack of resources or skills needed for Finance teams to become true business partners. Investing in improving people skills is therefore vitally important.



### Processes

CFOs identify significant process challenges: finance processes need to be streamlined and standardized in order to support efficiency, agility and the provision of high quality insight.

■ Total ■ First ■ Second ■ Third



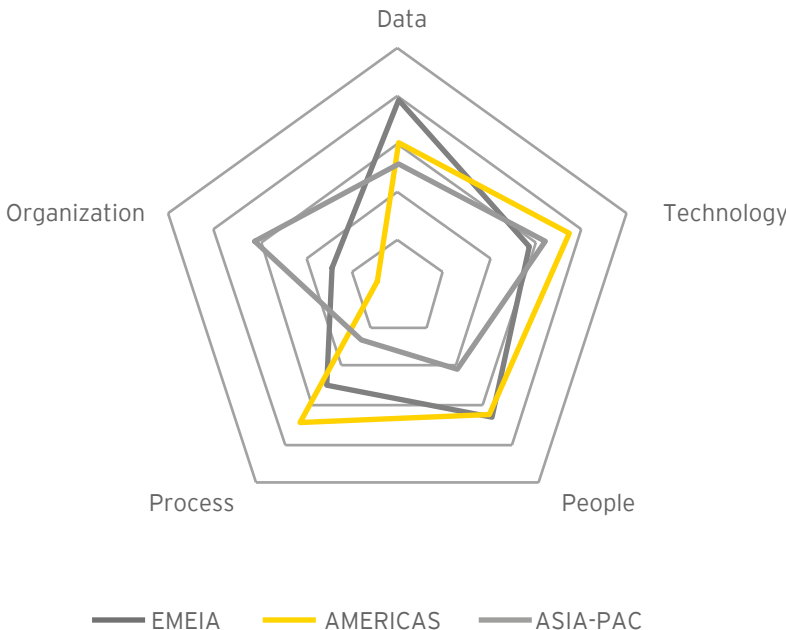
# Future Finance Operating Model

Regional overview

## Question to insurers

▶ Select and rank the main issues that have been identified in facing the target operating model objectives.

### Issues relating to the Target Operating Model – Regional Overview



Technology is the top-ranking issue for insurers in the Americas and Asia-Pac. This reflects a long-term lack of investment in finance and actuarial technologies. Many Americas based CFOs cited technology investments as critical to allowing them to achieve a more accelerated close, improvements in data and providing better support to the business.

In EMEIA, investments in finance and actuarial technologies have started, primarily to support Solvency II. In this scenario data is the top issue. In fact new technology has often highlighted data deficiencies which now need to be rectified to gain the benefits of the technology investments.

Process ranked more highly in the Americas and EMEIA than in Asia-Pac, reflecting the more complex processes in these regions given legacy issues, also due to the high level of industry consolidation in the past.

Asia-Pac has a higher priority on misalignment between finance and strategic objectives, demonstrating the need of investment in improving business partnering between finance and business units and implementing the target operating model.





# Future Finance Operating Model

Technological barriers impeding finance objectives

Among the CFOs we surveyed ...

**45%**

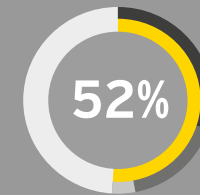
identified their teams' capacity to adapt to change as a top three barrier

... while another ...

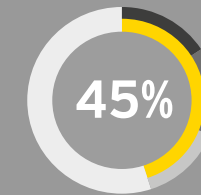
**31%**

emphasized lack of technological skills

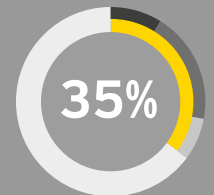
Five technological barriers



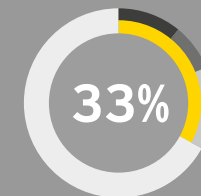
Legacy IT complexity



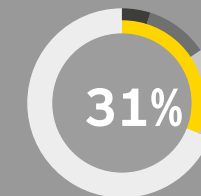
Staff capacity to adapt to change



Investment required in technology



IT function too focused on other priorities



Lack of internal technological skills

■ Total  
■ First  
■ Second  
■ Third

# Future Finance Operating Model

## Technological barriers impeding finance objectives

The speed of technological innovation is now presenting an exciting opportunity for CFOs to transform their finance functions and achieve their business priorities. This wave of technologies – such as in-memory computing, the cloud, analytics, artificial intelligence and RPA – can transform the way that Finance adds value and overcome the legacy IT complexity, seen as the primary technological barrier by 52% of the respondents. CFOs are keen to understand the opportunities these technologies can provide and many are piloting projects to build the business case for their use.

However, some CFOs are cautious about becoming the first movers in their implementation. This is due to a fear of the length of implementation and scepticism of the tangible bottom line benefits that can be delivered (quickly). Many CFOs remember the failure to deliver benefits during the first round of industry-wide ERP implementations in the 1990s, particularly in EMEA and the US.

Nevertheless, it is clear that new digital solutions will raise business expectations of what could and should be achievable from the Finance function. CFOs will be required to play a leading role in their adoption both within their own functions and across the enterprise. All CFOs recognize this and have highlighted the need to review and upgrade skills in order to capitalize on emerging technology, digital potential and overcome both the limited staff capacity to adapt to change (45% of respondents) and the lack of internal technological skills (31% of respondents).

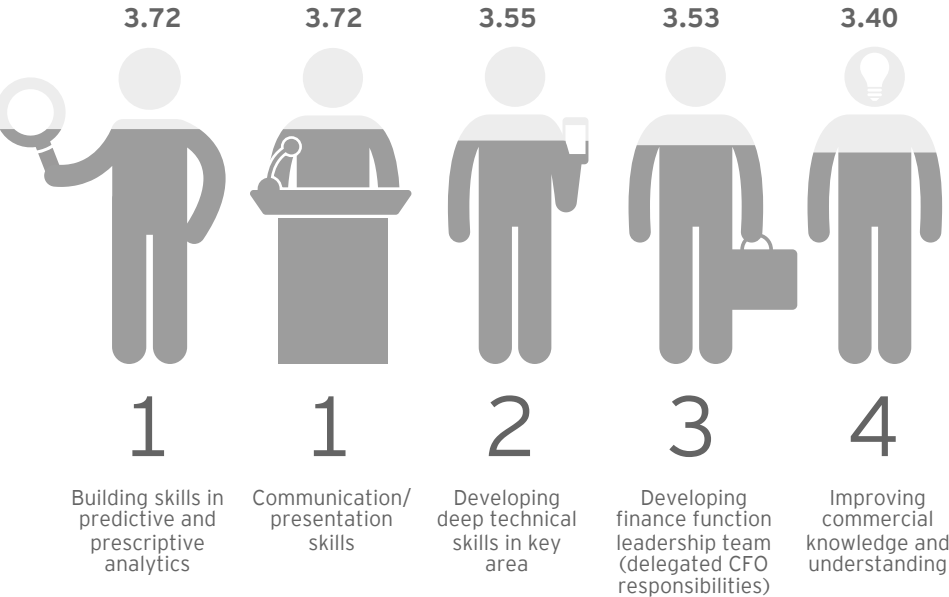
To make the most of new technologies, finance leaders must focus on the business need first. Being clear on the outputs – from KPIs to wider Management Information and analysis, drill-down requirements and levels of granularity – is critical for designing the right solutions, rather than investing in technology for its own sake. New implementation methods, including Agile and prototyping, can speed up implementation cycles and lower implementation risks, as users can develop the outputs while learning the capabilities of the technology. Data quality must be considered in any new technology implementation, any inadequacies will be quickly highlighted.



# Future Finance Operating Model

Talent, skills and capability critical to CFOs

## Development areas



■ Importance from 1 to 5

## CFOs are focused on talent capabilities for 2020

Building analytical skills is the top people development priority identified by CFOs. Technological innovation will transform Finance, creating opportunities for efficiency, enabling deeper insights and even replacing people by automating today’s manual day-to-day tasks. There will be more focus on hiring, training and developing individuals comfortable with using emerging technology and capable of developing business-driven analytics, controls and decision making.

Communication and presentation skills are equally considered as a top priority. The reporting of historical data will become a commodity service and Finance will increasingly focus on supporting business decision making, so communication and interpersonal skills will be highly valued. Developing competency-based training in these areas, as well as improving diversity, will be key to aligning the Finance function with the business. Broadening CFO competency areas to include deeper analytical skills, as well as multidisciplinary training across Accounting, Actuarial, Risk and the business, will also greatly enhance communication skills.



# Transformation of finance processes

Integration, standardization and automation are major themes for 2020

Finance processes will continue to evolve in the period to 2020 as CFOs respond to the changing environment.

**Transaction processing: search for efficiency in “business as usual” activities**

**Technology has transformed** some elements of transaction processing. In the coming years these initiatives will be extended to other processes and applied consistently across defined **sourcing choices and locations**.

**Reporting: additional boost required by regulatory context**

**The challenging reporting timeframe** imposed by current regulation necessitates further **automation** and encourages a fresh look at the effectiveness of sourcing solutions and location choices. In addition, the next refresh of the regulatory framework will require additional effort to align system and process improvements made in previous years.

**Decision support: focus on tools and governance to support timely decision making**

In previous years companies have been mainly focused on regulatory transformation paths. Now they are ready to invest in **technologies** (e.g. cockpit, managerial dashboard) **to support a timely decision process**. Accordingly, governance of the decision process (e.g. internal committee) needs to be reviewed and/or built.

**Controls: data quality as key topic for future transformations**

Data quality still requires attention in order to ensure the full **reliability of data underpinning decision-making processes** and reporting to stakeholders and supervisory authorities.

**Finance management: backing for the transformation journey**

Changes being made to different finance processes need to be supported by the evolution of enabling services in order to guarantee coherent, integrated and **sustainable solutions in the long run**.



The way forward  
for Finance



# The way forward for Finance

Insight. Efficiency. Integration.

## Our 2016 Global Insurance CFO Survey - our biggest yet - shows that CFOs have three clear priorities:

1. Provide insight to support growth
2. Align Finance, Risk and Actuarial organization, process, systems and data to create more value
3. Increase efficiency of the CFO areas

## When considering change in your functions, this survey highlights some key questions to consider:

Is it clear what must change in order to deliver better insight to drive growth?

Do you have the right talent? How many key person dependencies are you reliant on? Are you organized effectively?

Is it possible to reduce your operational costs while enhancing the controls and speed in output of financial results?

What level of confidence do you have in the data consumed within the finance, actuarial and risk functions?

Can new technologies, such as robotics and faster cloud-based computing, bring new opportunities for change?

Some insurers are already investing in finance change programs that will lead the industry in new thinking about how financial reporting, planning, analysis and Management Information will be delivered in the future. Others are considering whether to run similar programmes alongside their IFRS 17 implementations through to 2021. New technologies and the drive for efficiency does present new opportunities for CFOs: as one CFO stated during the survey, "this is an opportunity to press the reset button, everything should be on the table".

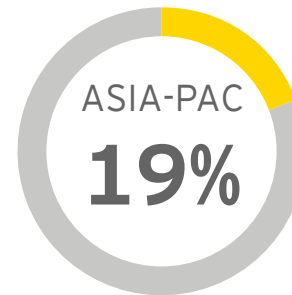
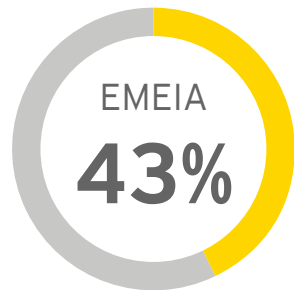
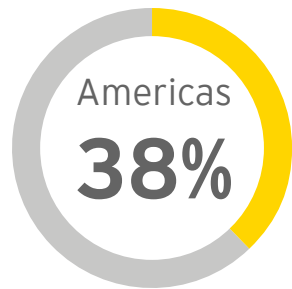
The image shows a group of people in a meeting room, silhouetted against a large window with blinds. The room is dimly lit, with light coming from the window, creating a warm, golden glow. The people are sitting at tables, some looking towards the window, others looking at each other. A prominent yellow rectangular box is overlaid on the center of the image, containing the text "Our respondents".

Our respondents

# Our respondents

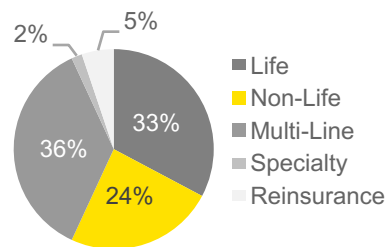
**58 CFOs responded globally**

The sample contains 58 insurance companies selected at the headquarter level.

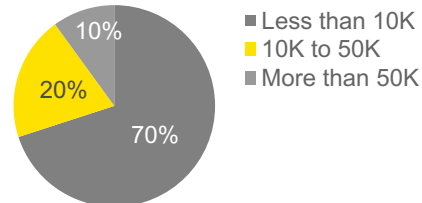


The sample is well balanced by geographical location and size, and other demographic features.

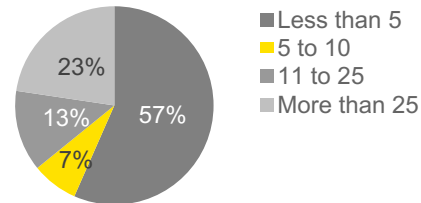
## Primary line of business



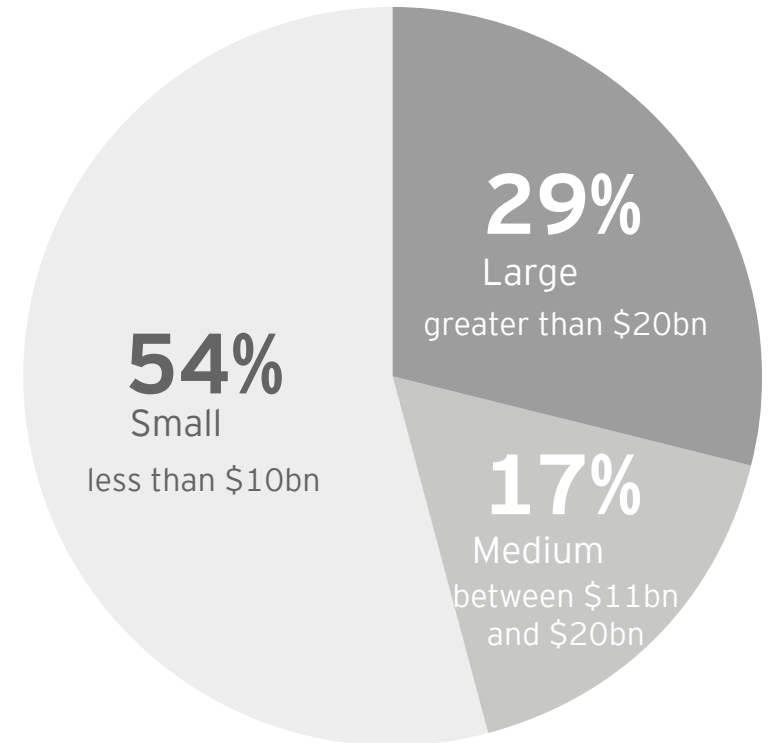
## N° of employees



## N° of countries



## Classification by size



The statistic is based on total revenues (direct written premiums, excluding net investment income).

