

FINEOS

Q Chuck, it was so great to catch up with you recently at the LIMRA Annual Conference!

You have had an extraordinary career so far, with leadership roles at industry giants such as Oracle and EIS. You once wrote, “You cannot positively disrupt an industry you do not understand. You can only destroy it.” As disruption seems to be part of the daily vernacular in the insurance industry, can you expand a bit more on what you mean by this compelling phrase?

A Megan, it’s always a pleasure to talk insurance industry with you!

As a leading core insurance platform for LA&H, we are really interested in the insurtech evolution at FINEOS. Our FINEOS Platform is a foundational piece of the modern Employee Benefits ecosystem. That phrase came from talking with insurtech companies, attending insurtech conferences (including Insurtech Insights), and listening to pitches. The insurtech movement is critically important to the insurance industry because it is an incubator for innovation. It’s hard for incumbent insurance companies to explore edgy innovations within their organizations that support the everyday needs of their customer base. They look to insurtechs to develop the ‘Next Big Thing’, but insurtechs do need to understand insurance industry dynamics and regulations.

“The less I know about the industry, the better I am positioned to disrupt it” is the silliest phrase I have ever heard. The term ‘disruption’ is used constantly, and it’s usually way off the mark from what Clayton Christensen proposed around disruptive innovation in his book, ‘The Innovator’s Dilemma’. Christensen understood the difference between being bound by an industry’s common wisdom and being ignorant of the industry itself. Budding disruptors need to understand the current industry dynamic and value proposition, as well as the regulatory guardrails that aren’t subject to free market disruption. Also, disruption is not always the end game! Innovation is OK, too.

Q What top trends are you currently observing in the industry?

A I see insurers’ senior leadership embracing the AI wave to a greater extent than expected. While I haven’t seen many groundbreaking large-scale AI projects among insurers, I am seeing many smaller scale POCs and production uses to augment and accelerate existing processes and decisions. Leveraging the work that the insurance industry has done over the last couple of decades in relation to getting our data correct and available, there are many opportunities to offer valuable AI projects in smaller, faster-to-deploy packages.

In the LA&H space, there is more focus on health and wellbeing for the insured. In Employee Benefits, this is leading to an expansion of what an employee benefit is, finding new products and services that enhance the experience of the insured. Education and service offerings that help people with their life change after the life insurance check is received, the family leave begins, or the disability payments start, are becoming a larger part of the insurance ecosystem.

Q What are your predictions for 2024, and what are the technological, economical, and business implications of these developments?

A FOMO in the Generative AI space will begin to settle, and both Gen AI and predictive AI will find their place in the insurance organization. Both are valuable in the proper place within the insurance process, but there’s a lot of work to be done over the next few years to find the best path towards maximizing AI risk/reward.

In the Employee Benefits space, there will be a trend towards an expansion of the ecosystem as a variety of new service providers, such as mental health and respite care services, continue to emerge. There will also be a consolidation among established benefits admin and data transport providers as their offerings become more defined and industrialized.

Q What are the most important business imperatives for both incumbents and insurtechs to focus on in 2024? Anything keeping you up at night?

A The biggest challenge I see relates to striking the balance between innovation and industrialization in the insurtech world. Generally, most of the premium written in the insurance industry is held by a small number of larger insurers, and they are seeking both innovation and scale. As an incumbent core system vendor, we have some of the largest carriers in the LA&H space. Therefore, innovative, industrial-strength solutions are required to meet their needs. New insurtechs often have the luxury of working in a greenfield which supports faster experimentation and development, but may not scale to meet the needs of the larger insurers.



Chief Marketing Officer Chuck Johnston is responsible for the global marketing team at FINEOS, driving the corporate brand, product go-to-market, and in-market product management for North America. He is a recognized expert in applying new business and technology concepts to the unique processes, architecture and technology of the insurance industry.

Chuck Johnston,
Chief Marketing Officer,
FINEOS