



WHITEPAPER

Digitalise and Conquer

Mastering Insurance Modernisation

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This whitepaper explores strategies for digital evolution based on insights from the [Digitalise and Conquer](#) insurance modernisation webinar. It reflects the expert views of speakers from Charles Taylor InsureTech, Zurich and Oracle.

Executive summary

To stay competitive today, insurers need digital systems that support seamless customer experiences, innovation with artificial intelligence (AI) and data analytics, swift product launches, easy integration with third parties and efficient, cybersecure operations.

But legacy technology systems hold insurers back, acting as a drag on innovation.

Completely replacing these systems can be expensive, time consuming and risky, as legacy systems are mission critical and deeply embedded.

An evolution, not a revolution

Digital modernisation offers an alternative, incremental approach.

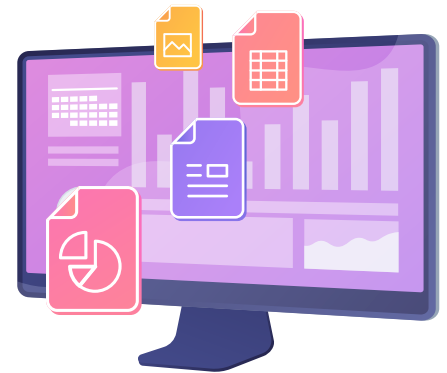
A layer of new software is built on top of existing architecture. Operations are migrated to the new layer one at a time, enabling a digital evolution without jeopardising the legacy core and business continuity.

By adopting a digital modernisation strategy, insurance companies can solve urgent business problems – such as bringing new products to market quickly – and stay current by accessing the latest data analytics and emerging technologies.

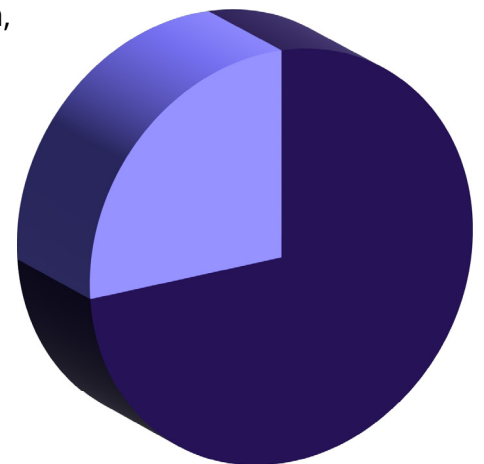
Return on investments

Improvements are targeted where the customer will benefit most and insurers are able to move away from legacy systems in a controlled way, at their own pace. An insurer might choose to launch a new product using a new layer of technology, for example, while existing products remain in the legacy system.

By focusing on modernisation, which takes evolution one step at a time, insurers can test which technologies are right for them before rolling these out at scale, ensuring that investments are made judiciously.



74%
of insurers
have a legacy
system*



*SOURCE

“If an insurance company is still operating on a legacy system and wants to launch a new product, it will take months or maybe years. For example, a new category of insurance for electric vehicles.”

Vikas Sharma, Director, Charles Taylor InsureTech



Legacy doesn't have to be limiting



Legacy doesn't have to be limiting

What are legacy systems?

They are mission-critical IT systems on which day-to-day operations depend. But legacy systems run on outdated technology that is difficult to adapt to current needs and hard to replace without disrupting the business.

70%
of insurers' IT budgets are
spent on maintaining legacy
system*

*SOURCE

How legacy systems stunt insurance businesses



Slow product launches

Getting products to market with a legacy system can take months. Every day lost to development is money lost to more agile competitors.



Lack of vendor support

Legacy systems run on outdated software that vendors may no longer support, which exposes businesses to cybercrime and other threats.



Complicated cloud migration

Moving legacy systems to the cloud can be challenging, creating reluctance to migrate, despite the long-term advantages.



Expensive to maintain

Big teams with niche skillsets are needed to maintain layers of outdated technology.



Insecure

Outdated technology poses security risks.



Compliance issues

Complicated layers of old, inflexible technology raise regulatory compliance issues.




Problems scaling

Limited scalability of legacy systems.

Legacy doesn't have to be limiting

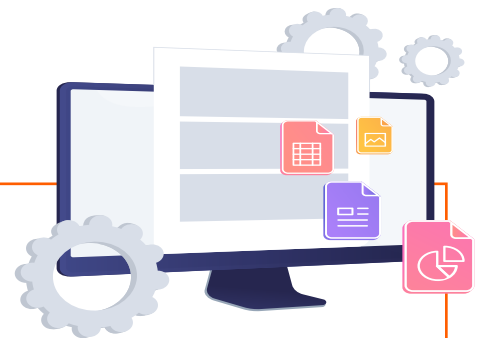
How do we move forward?

Legacy systems are a reality within most insurance companies. When faced with the decision on how to deal with them, organisations have two options:

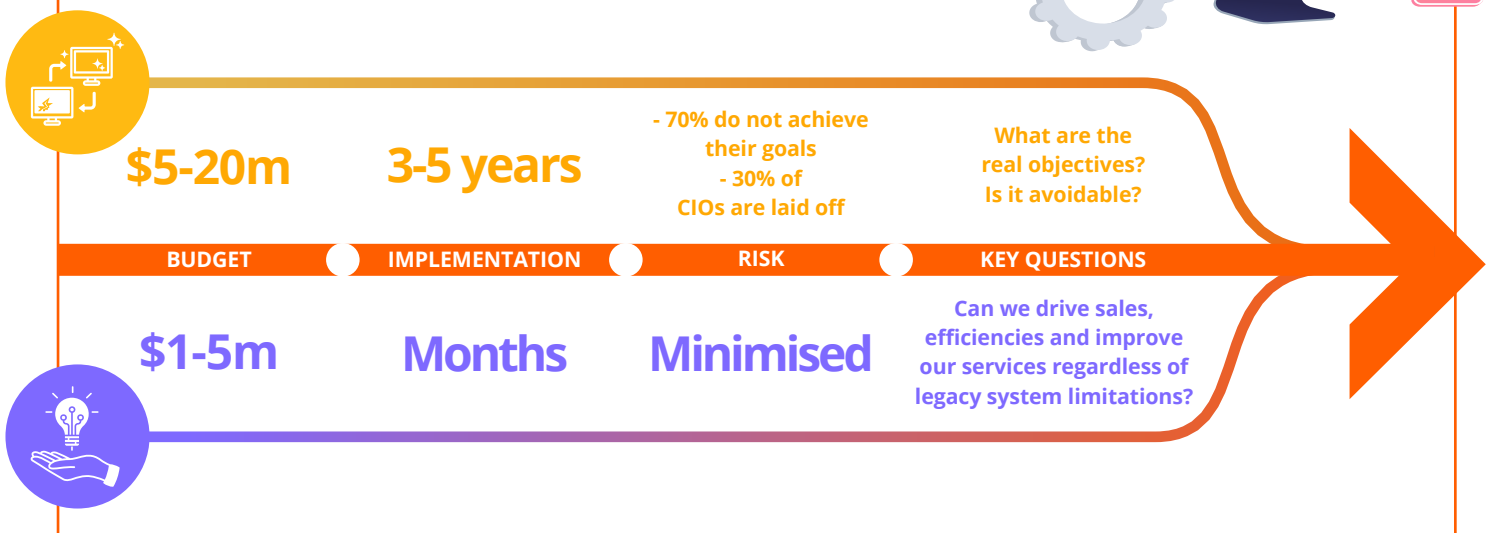
| | |
|--|---|
|  Core replacement A large-scale replacement of legacy systems. |  Modernisation A gradual evolution, blending new technology with old technology to solve specific business problems. |
|--|---|

While core replacement is achievable and offers significant operational benefits, not every company has the appetite or resources for this approach. The cost of replacement can be a big barrier and it can also be perceived as too risky. Legacy systems are entrenched technology – old, but still vital. They are systems of record, housing valuable data for mission-critical functions such as policy administration and claims handling. A large amount of thinking about how the business operates is also encoded within them. Understandably, companies often fear throwing the baby out with the bathwater by replacing legacy systems.

Modernisation enables a rapid step change in functionality without replacing the legacy core, by bridging old and new technologies.



Core replacement vs Modernisation



“ You can make significant changes while maintaining a legacy system. Techniques like abstraction and robotic process automation are well established and enable you to make big gains in capability.”



Andrew Bond, CTO - EMEA, Oracle

Why modernise?



Why modernise?

Digital modernisation can quickly unlock strategic opportunities



The ability to innovate and be agile – access to modern platforms provides versatility.



Better customer experience – through the integration of the latest technologies.



Easier adoption of new technologies – cloud, AI, advanced data analytics and other new and emerging technologies can be adopted more easily.



Improved overall operational efficiency – through automation/straight-through processing.



Greater scalability – ensures you have the capacity to meet new business demands, such as storing policy data and launching new products.



Cost savings – because legacy systems no longer need to be maintained and patched.



Superior integration capabilities – makes it easier to sell products and services via third parties and integrate third-party services.



Enhanced regulatory compliance – removes the risk of old, non-compliant technology.



From the insurer's perspective, we don't want to touch the legacy system because we don't know when this legacy layer will break."

Sergio Alejandro Cadiz, Assistant Manager of Architecture, Zurich



Why modernise?

Unboxing artificial intelligence

One of the urgent business cases for modernisation is how to enable innovation with AI. With a digital modernisation strategy, insurance companies can use AI for:

- **Understanding documents**
– this can be done with a pre-trained, out-of-the-box AI model, provided there is a middle layer that can work with APIs and the ability to interface back into the legacy system in an abstracted form.
- **Personalised recommendations**
– pre-trained models can be customised so that consumers can have policies tailored to their precise needs.
- **Fraud detection**
– machine learning can spot irregularities and suspicious behaviour patterns.

To build or buy AI?

Companies are experimenting with AI and exploring use cases. Consuming AI as a service through the cloud rather than building bespoke models can be a cost-effective approach. Facial recognition, for example, is now available through pre-trained models. Using the 'buy' approach, businesses can make small incremental investments, learning as they go whether they deliver a return without a big financial risk.



“ From our experience, it’s best to prioritise initiatives that bring more value to the customer and higher engagement with the company. That gives more value when you have a limited budget.”



Gonzalo Geijo, Chief Commercial Officer at Charles Taylor InsureTech

The investment case

Modernisation is more focused than core replacement. Addressing specific problems, such as speed to market, requires smaller, more targeted investments, which are easier to get executive buy-in for. When those investments deliver value, it builds mandate for further modernisation. Companies are also able to explore which technologies work for them on a smaller scale through a modernisation strategy, reducing overall risk.



Modernisation in action

How modernisation works

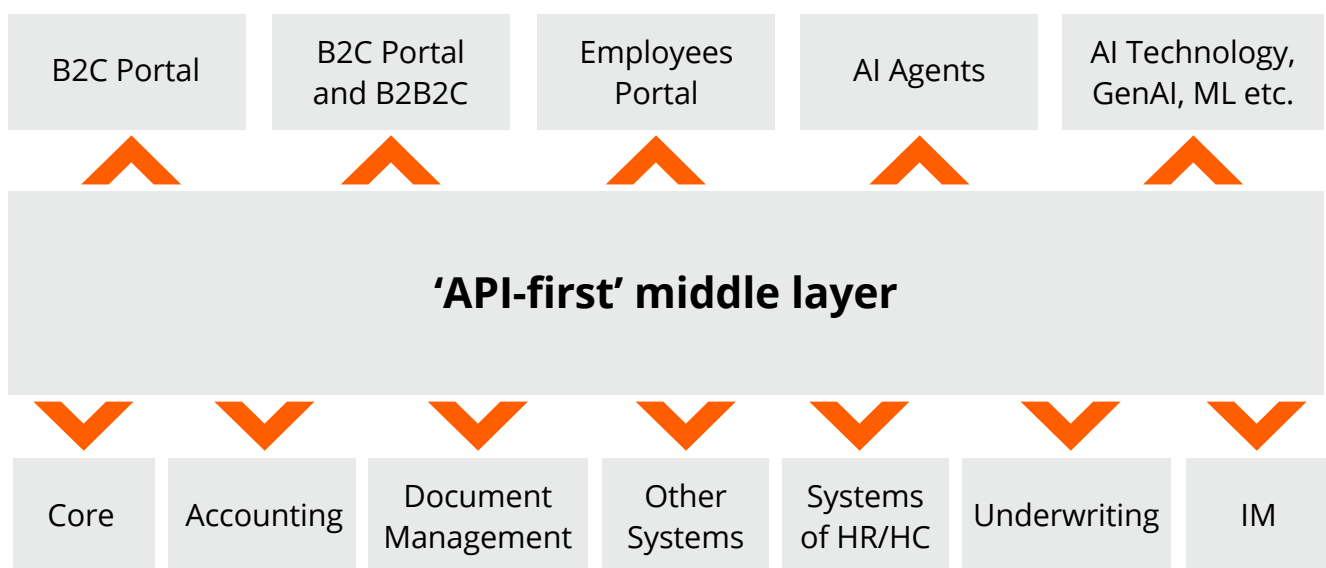
Techniques such as abstraction enable tech teams to move operations like the quoting process to new platforms, while retaining access to the legacy system for data queries.

Over time, the legacy software increasingly becomes a system of record, used as a source of information and to integrate with reporting systems or back-office functions. But the customer experience – from products to claims – is seen through the middle layer and APIs.



An evolution: from old to new with a middle layer

Products, channels and services are migrated to new systems, while the supporting operations remain in the legacy core. The middle layer bridges old and new.



Modernisation in action

Case study: how Zurich modernised

Insurer Zurich's Affinity division needed to get products to market faster. Configuring new products in its legacy system was complicated, sometimes involving altering dozens of systems. Zurich also needed to integrate with and distribute through different external channels, which wasn't possible using the old software.

Charles Taylor InsureTech worked with Zurich to insert a middle layer on top of the legacy software, from which they could configure new products and administer policy life cycles. The middle layer also enabled integration, through APIs, with external partners.

How it worked for Zurich



Reduced dependency on legacy systems

Adding a middle-layer platform boosted flexibility and eased integration.



Faster API-driven product launches

Broader channel integration helped distribution and accessibility.



Cut time-to-market for new insurance products

Time reduced from months to 14 days, aiding agility and competitiveness.



Improved customer satisfaction metrics

Higher NPS achieved through product innovation and better customer experience.

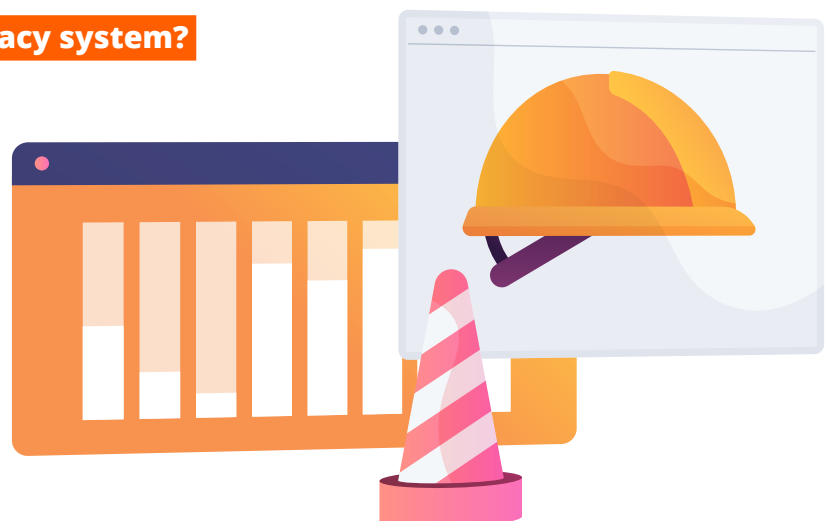
“ Since implementing InHub and Inbroker, we have gone from months to develop and push a new product, to two weeks.”

Sergio Alejandro Cadiz, Assistant Manager of Architecture, Zurich



How do we avoid creating a new legacy system?

Increasingly, technology is managing itself using AI techniques. With systems self-securing, self-patching and self-upgrading, alongside the abstraction techniques, developers can have more confidence they aren't building a brand-new legacy.



Integrating AI agents for hyper-personalisation



AI agents for hyper-personalisation, ultimate customer satisfaction and cost savings

The strategic advantage

Using an API-first middle layer, insurers can integrate AI agents, opening the door to new opportunities.

AI agents are not just about automation. They will quickly become a strategic differentiator in insurance by enabling hyper-personalised, scalable journeys that increase retention and conversion.

Insurers who recognise the strategic role of AI agents and act now will have a lasting edge in both profitability and engagement.



| Challenge | AI agent advantage |
|---|---|
| <p>Distribution and servicing costs make up 60% of operating expenses for P&C carriers.</p> | <p>Cost-to-serve is cut by 20–30% using AI agents.</p> |
| <p>70% of under 40s want digital-first insurance journeys that prioritise:</p> <ul style="list-style-type: none"> ➤ Instant availability ➤ Self-service / autonomy ➤ WhatsApp (1) | <p>AI agents create instant availability, with 24/7 omnichannel service across web, WhatsApp and voice.</p> |
| <p>76% of consumers (McKinsey) are more likely to purchase from companies that personalise their experience.</p> <p>Personalisation in the insurance market is growing at a CAGR of 14.75% (2).</p> | <p>There is no hyper-personalisation without AI agents. AI agents are the enablers.</p> <p>Strategic differentiation through personalised, scalable journeys that boost retention (3) and conversion.</p> |

Note 1: 77% of consumers prefer using instant messaging platforms like WhatsApp to interact with brands, surpassing traditional channels such as email or phone calls. Source: Meta

Note 2: Global Market Expansion: The hyper-personalisation market, encompassing sectors like insurance, was valued at \$18.9 billion in 2023 and is projected to reach \$74.82 billion by 2033, growing at a CAGR of 14.75%. Source: NTT

Note 3: Hyper-personalisation strategies have led to a 29% increase in adoption rates and a doubling of customer retention for companies like Assurant.

Six steps to integrating AI agents

With regulatory frameworks from EIOPA and NAIC now giving the insurance industry the clarity to move forward responsibly, how should insurers get started?

1 Set up a Center of Excellence for AI agents

This is cross-functional work, requiring IT, compliance, CX and business leaders.

2 Build an agent-oriented architecture

Use API-first integration and orchestration tools to reduce time to deployment (see [page 10](#)).

3 Functionality ramp-up

- a) Start with high-volume, low-risk domains: broker onboarding, first notice of loss, Q&A and Policy & Portfolio info retrieval, such as product inquiries.
- b) Mirroring Self-Service Portals' functionality.
- c) Recommendations with execution.

4 Pilot with channels first

Build agents to serve brokers and affinity partners.

5 Introduce human-in-the-loop models

Monitor and train agents safely at scale to ensure control, quality and learning.

6 Design for agent-to-agent orchestration

Futureproof your architecture for autonomy as we are heading towards a world where multiple agents work together in real-time across policy servicing, claims, and beyond. It is important to build for that future today so that insurers are not just keeping up, but leading.

Who will win in the AI agent era?

The winners of this new era will not just be digital insurers. They will be intelligent insurers – insurers who see the strategic advantage of AI agents, not just their ability to automate.

AI agents are here to deliver empathy at speed, personalisation at scale, and intelligence at every interaction.

As insurers move into the agentic era, it is important to remember:

- Without AI agents, there is no hyper-personalisation in insurance
- APIs are the hands of AI agents' execution.
- AI tech is already here. Insurers need access to multiple AI technologies to avoid betting everything on one horse.
- Partner with vendors that understand insurance.



Strategies for success



Strategies for success

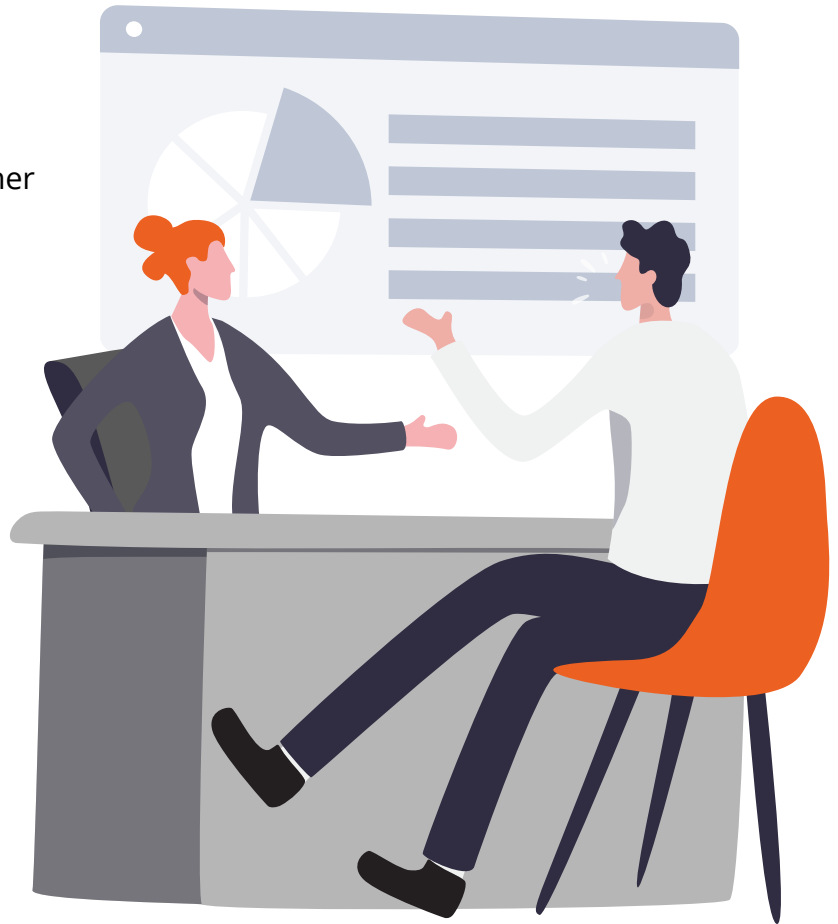
Setting the right course

Modernisation should be business led rather than technology led, with a clear roadmap of deliverables tied to business needs. That means getting executive input and buy-in from the start.

To future proof your efforts and avoid building another legacy system, opt for cloud-based, SaaS or composable solutions.

Today, no system or provider will answer 100% of needs, so the trend is towards integration with third parties. An ecosystem build brings customers the end-to-end journey they need.

Our webinar participants were at different stages of their journey:



4%

not started



4%

completed



42%

Early-stage development



Each stage demands a different strategy, but choosing the right modernisation partner is one of the biggest factors in success.



Strategies for success

5 steps to digital modernisation

Charles Taylor InsureTech has developed a 5-step digital modernisation strategy that provides a framework for blending business and technology considerations for an incremental and smooth evolution.



1 Upgrade legacy systems

Relying on legacy systems without modernisation is one of the biggest drags on efficiency. Not all insurers have the resources to entirely transform their core systems, but they can introduce new technology that works alongside legacy systems to improve operational efficiency.

2 Build stronger data analytics

Advanced data analytics will provide a deeper understanding of the vast amount of data generated every day. Insurers must harness machine learning, integrate a wide range of relevant data sources, and adopt the latest fraud detection tools.

3 Enhance digital experience

Customer experience is a vital success factor for all businesses – and today that means digital experience. Your brand is defined by the quality of your customer interactions and the digital systems that support them, and policyholders will expect on-demand and omnichannel services delivered with the precision of digital leaders such as Amazon.

4 Implement AI agents

AI agents can accelerate growth, reduce costs and improve customer satisfaction. Insurers should consider which use cases best deliver value. Automating customer interactions can free the team up for strategic tasks, driving higher conversions, while multilingual AI agents can improve accessibility.

5 Streamline operations with AI

By embracing AI, insurers have the opportunity to streamline operations, reducing costs and boosting customer satisfaction. Insurers have access to powerful tools to personalise customer experiences, simplify claims, and automate processes like pre-sale underwriting and policy management.

Strategies for success

InHub bridges the gap between old and new

Charles Taylor InsureTech's [InHub](#) platform provides a technical foundation for digital modernisation journeys.

Acting as a middle layer between legacy systems and new technologies, InHub enables organisations across the insurance value chain to plug in the latest applications.

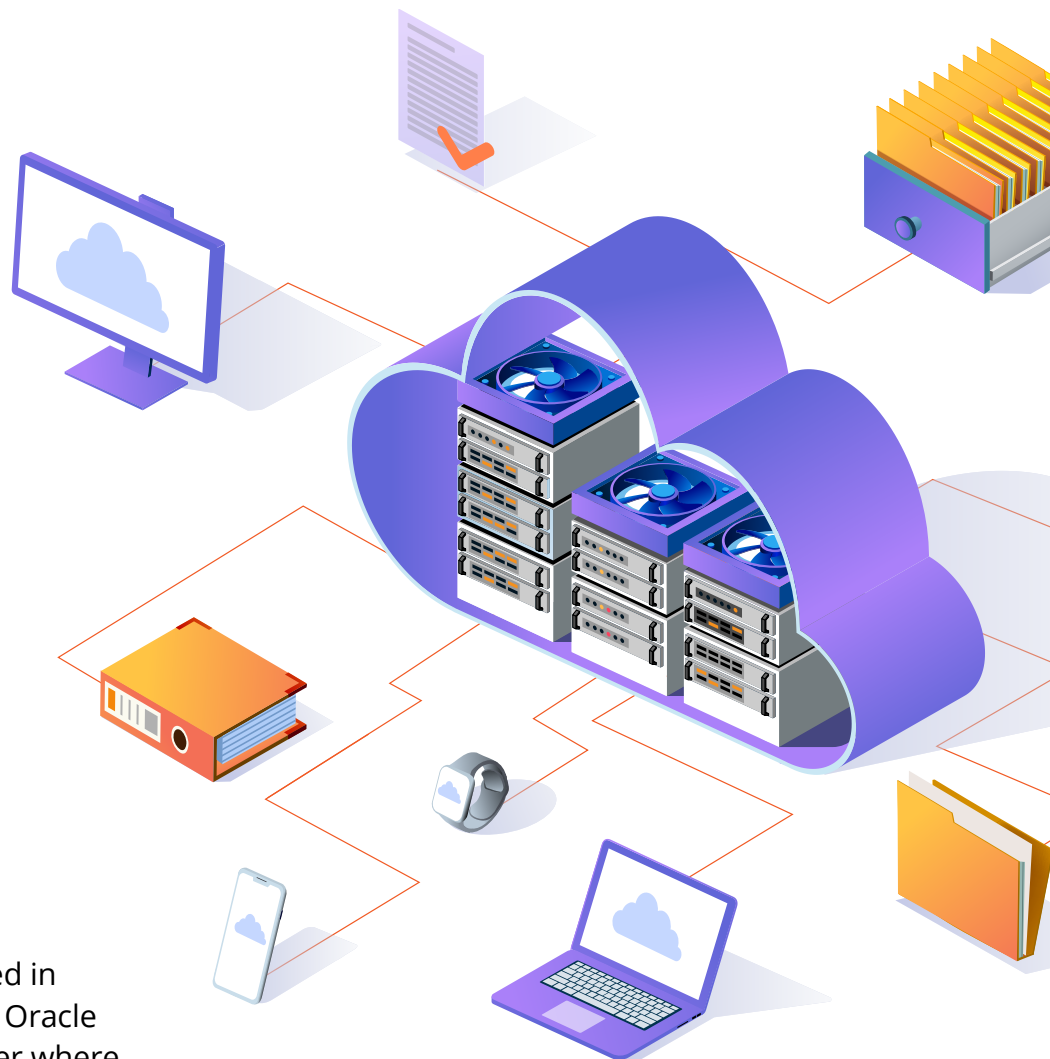
InHub brings together a suite of software in a secure, cloud-native ecosystem that supports the entire insurance lifecycle, from building slick digital customer journeys, to managing policies and claims, through to reporting.

Organisations select only the technologies and services they need, evolving gradually and in line with their business priorities.

With this bridge between old and new technology, organisations can quickly tackle business challenges such as growth and improving customer experience.

The InHub framework and architecture has been developed in conjunction with Microsoft and Oracle and includes a marketplace layer where clients can access software created by third-party suppliers.

Recent [enhancements](#) to InHub, which is cloud-agnostic, focus on security and performance, user experience, smarter portal development, automation and cloud flexibility.



How is your modernisation journey going?

To talk to one of our experts about
any of the strategies and solutions explored
in this white paper, contact us:

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