INTELLIGENT FINANCE

Future-Ready Insurance: Put Your Data to Work

Six best practices for a data strategy that drives performance.
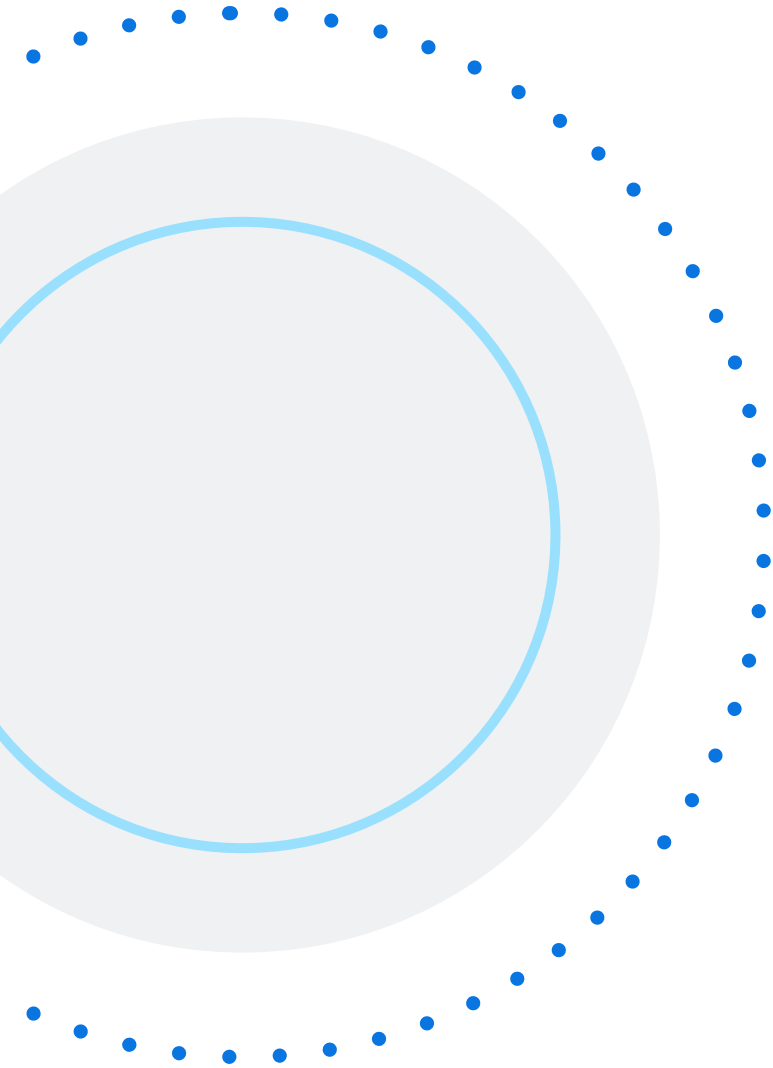
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Introduction.

Every business has to manage uncertainty and risk, but the insurance industry faces a particularly turbulent future. As threats such as natural disasters and cyber-risks proliferate, insurers need bold strategies to continue doing what they do best: predicting risk and protecting against it.

At the same time, major digital disruption and evolving customer expectations are further upending the industry landscape. In response, insurers must reassess their operating models, revamp their core systems, and uplevel their data strategy to protect their own enterprise while driving innovation and growth.

Achieving long-term success in an unpredictable world requires the ability to react quickly to evolving opportunities, threats, and customer expectations. This, in turn, requires real-time access to accurate, accessible, decision-ready data. But that's out of reach for many insurers because they're burdened with complex data architectures and data siloed across multiple legacy systems and best-of-breed applications—all with inconsistent data formats and varying levels of transaction detail.

As insurance company CFOs increasingly step into a broader, more strategic role, finance—at the intersection of strategy, operations, and financial data— is uniquely positioned to help the organization take advantage of data at scale and reap its many benefits. CFOs must strategize for long-term financial stability by accurately modeling risks while also investing in digital transformation to meet customer demands. Moreover, they must drive efficiencies through technology, develop products for emerging risks, and manage financial strategies to sustain growth in a competitive environment.

Given these major, data-driven responsibilities, the finance function is under increasing pressure to develop a stronger data infrastructure and better equip finance colleagues to deliver value through strategic direction and operational excellence.

" Having all the right data in hand, all the time, is table stakes for strategic decision-making and remaining profitable in this turbulent environment.

Caroline Heckathorn
Senior Manager, Insurance Marketing, Workday

60%
of insurance leaders lack confidence in the integrity and usability of their data [1]

The mind-boggling potential of AI only adds more urgency to this mandate. Finance teams in the insurance industry are already exploring AI and machine learning (ML) use cases to assist with everything from compliance checks to journal anomaly detection. Accounting processes empowered by AI can also expedite the close process, identify emerging trends, and enhance strategic decision-making, ultimately empowering finance to drive even more value across the organization.

Still, AI can only deliver outputs as good as the data it's provided. And without a future-ready data strategy, it will be impossible for insurance companies to harness the full transformative potential of AI—or even tap the true value of their existing data.

It's clear that insurers must evolve to thrive, and many have already started the journey. According to recent KPMG research, the majority of top-performing organizations are focused not only on operationalizing internal data but also on integrating external data to enable real-time insights and drive finance transformation. Moreover, they're spending 2x–3x more time on data analytics and decision support than the industry average.

To continue moving forward, finance leaders need to ditch ad hoc fixes and "lift and shift" solutions in favor of a clear data strategy and a flexible platform that can operationalize data, ensure easy access to all relevant stakeholders, and maintain security and privacy. And they must move beyond cumbersome fixed accounting keys that hinder insights and fail to keep up as business evolves.

Read on to learn the six best practices finance leaders in the insurance industry can leverage to lead the charge and move their organization toward becoming truly data-driven.

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It is crucial that insurance organizations meet the demands of regulatory compliance, operational efficiency, risk management, and strategic decision-making. Connected data ensures they can navigate the complexities of the insurance industry while improving accuracy, efficiency, and overall satisfaction.

Mike Bambo
Director, Advisory Enterprise Solutions, KPMG US

Unify and contextualize data for a single source of rich, real-time truth.

Why it matters.

Data underpins the insurance industry—across contracts, claim notes, policy documents, and actuarial analysis, as well as through traditional sources of information such as mortality tables, credit scores, and historical weather patterns. But in recent years, the industry has seen an explosion in new opportunities based on unfathomable amounts of customer data generated by health apps, telematics, connected devices, and much more.

The more detailed the data, the more insurers can understand what's happening in their business and the deeper the insights they can surface. But legacy systems, designed to automate and simplify financial reporting, tend to summarize transactional data, leaving little or no information from the original transaction. As the accounting process unfolds, the data is stripped of its transactional details, leaving just the balances to be stored by an accounting key.

> " The more that insurers understand about the customer from a data perspective, the better they're able to create products that effectively serve the market, price them correctly, and fundamentally offer the right solution at the right time.
>
> **Caroline Heckathorn**
> Senior Manager, Insurance Marketing, Workday

At the same time, pulling data together is no trivial task. The multiple silos within traditional insurance firms don't lend themselves to rich insights. Insurance companies often have multiple operational systems to manage—for example, policies, commissions, and claims accounting. They also often have different systems for different divisions, so the actuarial and risk teams may be using separate data formats and structures than the finance department.

Mergers and acquisitions, as well as business unit or geographic preferences, may add even more operational systems to the mix. Time wasted collecting and cleansing all that data reduces time for analysis and dilutes the potential to establish the finance team as a strategic business partner.

And when accounting teams augment these rigid, linear systems with data warehouses, business intelligence solutions, and reporting tools, the dizzying complexity of the company's data architecture only increases.

This complex patchwork requires considerable effort for data reconciliation, slows down decision-making, and exposes the business to risk associated with data duplication. What's more, because only balances are stored by the accounting key, the data tends to lack the level of detail or dimensions and attributions that accounting teams need for comprehensive and timely analytics.

Get it done.

Insurers need an enterprise management cloud that brings together all of their finance and operational data while maintaining the data's full dimensionality. Transactions made in one area should be immediately reflected in other areas with no need for data reconciliation. What remains is a single data source that includes policies, commissions, and claims detail—across all departments. Users can access all of their policy subledgers in the same place, with a clear audit trail to policy-level details.

Look for a solution that ingests and enriches data from business transactions and transforms it into accounting. With a single data hub that includes all actuals with rich dimensionality and blended operational details, insurance companies can easily load claims and policy data, create journal entries for those transactions, and then report on and analyze those transactions with full data lineage. And rather than toggle among the general ledger, spreadsheets, and business intelligence tools, leaders can analyze their business from the core accounting system.

To enable real-time analysis, insurers also need a platform that eliminates a fixed accounting key. That's because a static key—one that requires manually moving data from system to system and focuses on summarizing data—fundamentally erodes the data and dimensionality needed to plan predictively. To move forward, insurance companies need a flexible and dynamic approach that keeps data intact and in the hands of accounting, delivering unmatched granular insight into the system of record that's powered by a single analytical engine.

When it comes to generating real-time insights into profitability, spend, liquidity, and more, insurance companies need unified, multidimensional data. The right approach means less reconciliation, redundancy, and system maintenance—and more-secure access to high-quality data that can help insurers minimize risk and promote better decision-making.

70%
of insurance leaders acknowledge delays of more than 3 days in monthly financial report completion [2]

60%
of insurance executives face fatigue with data reconciliation [2]

KPMG insight.
Because insurers operate multiple systems for different lines of business, an accounting center solution acts as a centralized platform that integrates these disparate systems, ensuring data consistency and accuracy across the organization. This integration is crucial for providing a unified view of financial operations, simplifying internal processes, and enhancing the reliability of financial reports.

How Workday can help.

Workday brings together financial and operational data in an intelligent data core, using the power of Workday Prism Analytics to enable insurance companies to ingest, transform, and—when needed—create accounting from any source while providing greater control over data management.

With the third-party revenue and expense system data integrated, Workday Accounting Center automatically transforms it into detailed accounting, then summarizes it and posts it to the general ledger, speeding up the accounting creation process and delivering a complete and multidimensional view of the business. With all of this happening in the intelligent data core, Workday greatly reduces the number of feeds and reconciliation necessary for reporting and analytics. Insurers can easily ingest high volumes of operational data, add simple or complex calculations to enrich that data in the system of record, create associated accounting, and provide rich analytics and visualizations—all while remaining connected to the general ledger.

Accounting and reporting are performed in-memory, which reduces the time spent waiting for batch processes or running reconciliations, giving you a view of consolidated results at any point within the period.
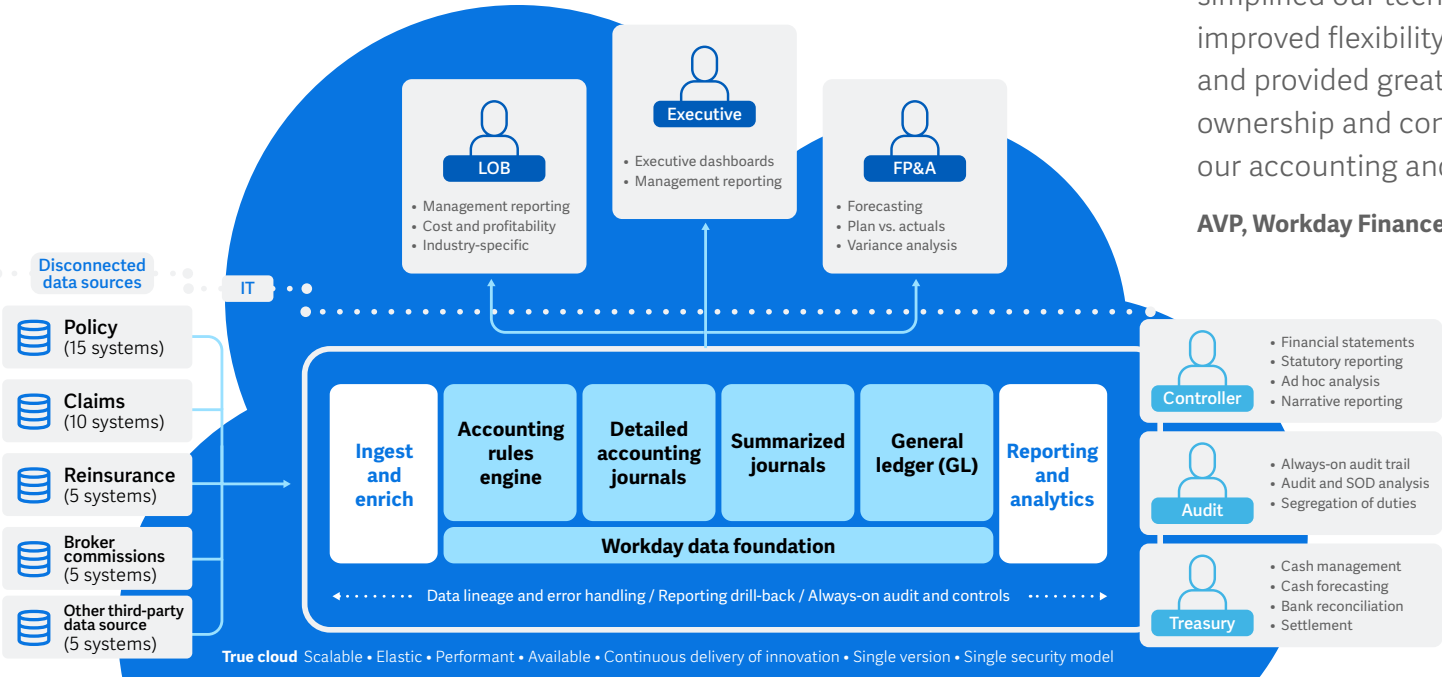
With Workday Accounting Center, insurers can:

- Process premium and claim transactions and automate premium (UPR) and commission (DAC) spreads
- Create a cash subledger to bring in cash transactions and reconcile statements
- Generate accounting from brokerage and gain a global view of brokerage and client revenue

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With Workday Accounting Center, we've simplified our technology environment, improved flexibility and scalability, and provided greater business ownership and control of software to our accounting and finance team.

AVP, Workday Finance and Data Management, CNA

Disconnected data sources

IT

Policy (15 systems)

Claims (10 systems)

Reinsurance (5 systems)

Broker commissions (5 systems)

Other third-party data source (5 systems)

LOB
- Management reporting
- Cost and profitability
- Industry-specific

Executive
- Executive dashboards
- Management reporting

FP&A
- Forecasting
- Plan vs. actuals
- Variance analysis

Ingest and enrich | Accounting rules engine | Detailed accounting journals | Summarized journals | General ledger (GL) | Reporting and analytics

Workday data foundation

Data lineage and error handling / Reporting drill-back / Always-on audit and controls

True cloud Scalable • Elastic • Performant • Available • Continuous delivery of innovation • Single version • Single security model

Controller
- Financial statements
- Statutory reporting
- Ad hoc analysis
- Narrative reporting

Audit
- Always-on audit trail
- Audit and SOD analysis
- Segregation of duties

Treasury
- Cash management
- Cash forecasting
- Bank reconciliation
- Settlement

Build a robust, extended data ecosystem.

Why it matters.

Data volumes are growing exponentially, driven by rising business complexity, new regulations, and the relentless pursuit of more granular analysis to gain a competitive edge. Within this shifting landscape, insurance leaders are expected to take a more expansive view of their risk variables and create a holistic risk management approach robust enough to manage everything from natural disasters and regulatory changes to economic slowdowns and cyberattacks.

But this expanded mandate adds even more information to insurers' mountains of disparate data. Furthermore, these new data sources can be unstructured and uncodified, making them difficult to transform and integrate, exacerbating a dilemma for finance teams trying to glean valuable insights.

As they confront these overwhelming data volumes, many businesses convert only 18 months or fewer of historical data when they move from their on-premise system to the cloud. And frequently, the data that is converted maintains only summary-level information in the general ledger, limiting users' ability to fully report and analyze historical trends.

Get it done.

To get the most from their data, insurers need to securely bring it all together— and that means all historical and new data. A modern finance platform should blend internal and external data to deliver a multidimensional view of the business. It should seamlessly integrate real-time financial transactions and historical data from legacy systems, in addition to operational data from industry-specific or homegrown solutions. And the platform should be able to go beyond data integration to enrich both internal and external data, and transform it into accounting in the system of record—owned and managed by the accounting team.

Equipped with this data hub, insurance companies' finance teams can offer executives and decision-makers a richer, multidimensional business view; centralize relevant information to reduce reconciliations and streamline core accounting processes; and respond quickly to new business needs and questions, all while maintaining consistent security and data integrity.

The right data strategy also allows insurers to deliver huge volumes of data signals to systems enabled by AI that can reduce friction, speed up accounting processes, detect anomalies, and deliver recommendations.

KPMG insight.

An accounting center solution helps ensure that financial data across all operations is processed and reported accurately and in compliance with financial reporting standards. The solution centralizes financial operations, making it easier to adapt to and comply with regulatory changes and audits.

How Workday can help.

Workday Prism Analytics is a data hub built directly into the system of record that enables insurance companies to seamlessly and securely blend any data source—including external and third-party data—with their trusted data already within Workday. Bringing together data from their entire data ecosystem helps insurance companies surface insights from disparate data sources to make better decisions and drive optimal performance.

For example, finance teams at insurance firms can:

- Analyze policies and claims by type (for example, weather and non-weather), payments, and premiums earned

- Blend their financial data with external investment accounting information and external foreign-exchange hedging details in a single treasury dashboard for timely visibility into all prior-day and current-day cash positions across financial institutions

- Tap historical data to develop a trended P&L report to run variance analysis, meet regulatory requirements, and identify correlations and trends

Customer success: Brown & Brown delivers an efficient, modern close.

Brown & Brown, one of the world's largest insurance intermediaries and a publicly traded company, used to race right up to the SEC reporting deadline every quarter as it closed the books. Scrambling to pull together spreadsheets and other ad hoc solutions was no longer working, so the company adopted Workday Accounting Center. Not only has the financial close process dramatically improved but Brown & Brown is also retaining top talent because team members have the tools they need to add value.

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We used to get very close to the SEC reporting deadline. After implementing Workday, we effectively file our SEC document the day after the quarter closes.

Chief Accounting Officer & Controller, Brown & Brown

Democratize in-the-moment insights without compromising data integrity.

Why it matters.

Many finance teams are stuck working in legacy systems that separate data and BI tools, requiring users to constantly port data back and forth. This slows analysis, creates opportunities for error, and prevents anyone who's not an IT expert or data scientist from generating high-value insights on their own.

A unified source of truth democratizes data analytics and empowers the whole workforce by putting intuitive tools at its fingertips. With the right solution, finance teams and business unit users alike have easy access to the right information so they can anticipate change and act quickly to seize opportunity.

But democratizing data must be executed within a sophisticated security model, ensuring that the data is accessible to only the right people and fully auditable. Every transaction needs to be tracked and every action logged to preserve unimpeachable audit trails—all without slowing system performance or creating more work.

Get it done.

To grant people the right level of permission, insurance companies need a solution with a configurable security model based on each individual user and applied to every field of every detail record. Tools such as roles, security groups, and business process configurations should be available to enforce security protocols, while a detailed audit trail should record every system movement with user identities and time stamps.

The right platform should also use the same access model across user interfaces, APIs, and integrations to eliminate the "backdoor" access that causes significant security risk in legacy systems.

Individualized permissions and secure access points mean that everyone within an organization can access insights in a way that makes the most sense for their needs, while significantly reducing the risk of security breaches and data leaks.

Customer success: Driving agility in the face of economic uncertainty at Aon Japan.

After deploying Workday Accounting Center, Aon Japan instantly boosted its internal efficiency, cut its month-end close in half, and strengthened internal controls that led to better governance.

Workday Accounting Center, with embedded AI and its ability to turn data into insights, helped the Aon Japan team to automatically process general entries, easily change internal processes to respond to rapidly evolving regulations and market conditions, and overlay and analyze financial and HR data in real time to better understand the potential impact of decisions.

> "
> Being able to drill down from the P&L to understand what matters and make decisions from that is a real game-changer.
>
> **Chief Financial Officer, Aon Japan**

How Workday can help.

Consistent security model: The Workday security model allows users to see only what they're supposed to see. As organizational and data structures change, Workday automatically updates reports to reflect the changes, helping you to move fast while keeping stakeholders informed and data secure.

OfficeConnect Microsoft™ Excel™ add-in: With Workday, you can create, share, and maintain live and secured general ledger reports in a desktop spreadsheet experience with the OfficeConnect Microsoft Excel add-in. This add-in helps you quickly analyze financial data and use Workday business logic, such as consolidation and translation, in finance's most natural workspace. OfficeConnect uses a drag-and-drop experience that allows you to perform multidimensional financial analysis with minimal training while ensuring data integrity.

Contextual analytics: By connecting reporting and analytics directly with transactions, Workday provides analytics within the context of workflows to help users make more informed decisions. For example, notifications about customer invoices include an aging analysis for the account, and expense reports include analytics about the employee's prior reports.
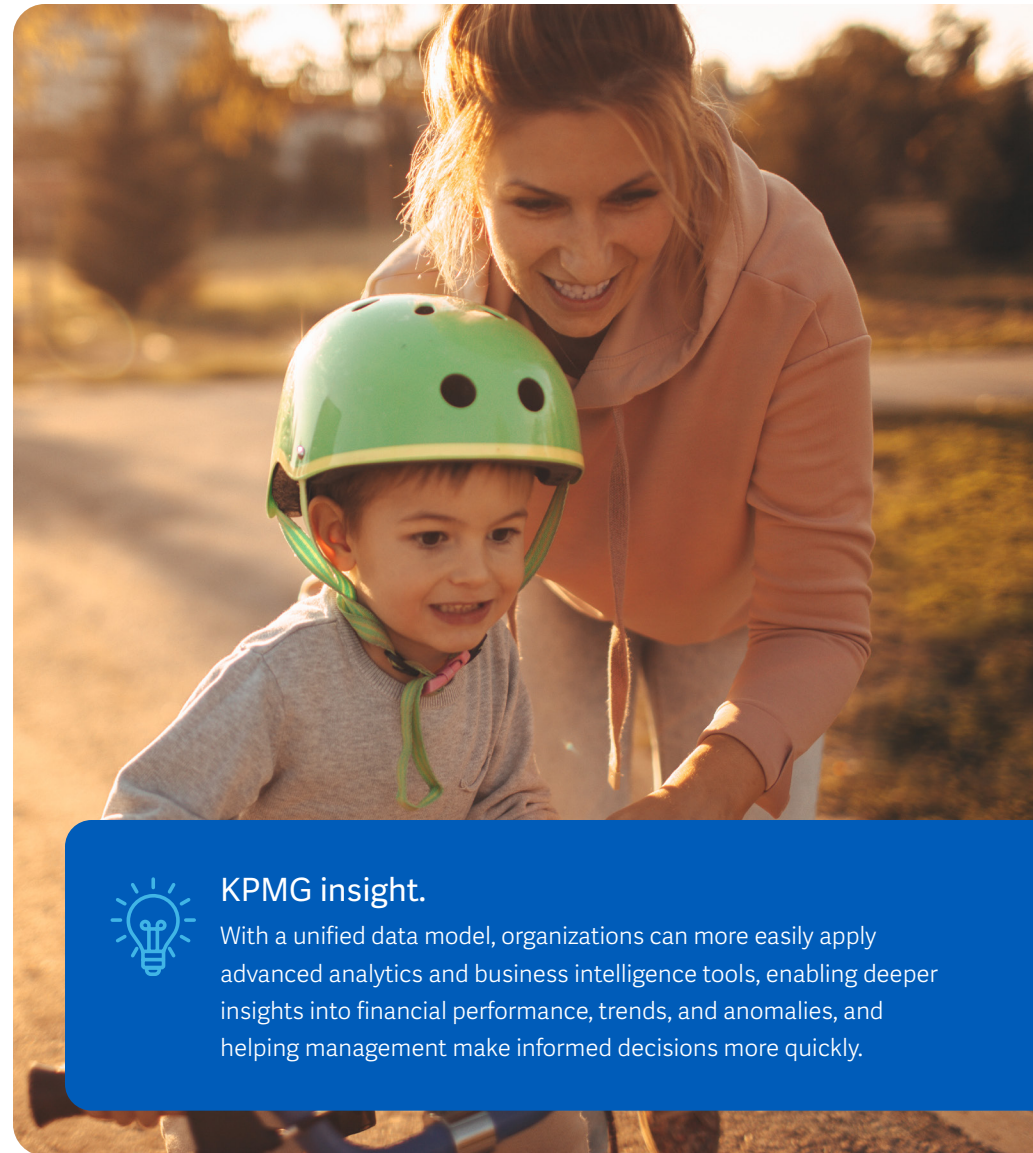
KPMG insight.

With a unified data model, organizations can more easily apply advanced analytics and business intelligence tools, enabling deeper insights into financial performance, trends, and anomalies, and helping management make informed decisions more quickly.

Speed decision-making by allowing those closest to the business to govern data.

Why it matters.

In siloed legacy systems, every tool handles only a small portion of the overall process. As a result, insurers often use clunky integrations to extract data and post it to the general ledger.

This disparate technology creates a complicated technical landscape filled with multiple ERP systems, ETL tools, BI solutions, and middleware—all owned by IT. Accounting and finance leaders, therefore, are significantly dependent on IT service requests to integrate data and deploy logic changes and system updates. Data extraction also creates a ledger that lacks source data, preventing finance leaders from drilling back to efficiently resolve variances, determine risk, or explore drivers that impact results.

This needlessly increases complexity, complicating overall financial reporting and delaying insight. By the time information is accessed, reconciled, and formatted, it's already outdated and unusable.

Get it done.

To create an accessible, efficient, and scalable data pipeline, insurance companies need cloud solutions that can be easily adopted and configured by business leaders—no coding required.

Workday Accounting Center streamlines organizational data by providing a single point of maintenance for accounting rules across all operational activity, whether data is sourced from Workday or external systems. It also shifts ownership away from IT, giving finance responsibility for deploying and maintaining critical components such as the financial data model, accounting rules, mappings, calculations, and metrics.

Moreover, Workday provides finance with the ability to configure and control the data using APIs that connect to middleware and external applications. This allows executives to prepare and process data for reporting, analytics, and planning without coding.

With Workday, finance teams gain more control over critical business processes, while IT teams can shift attention from time-consuming updates to higher-value activities. The result? Deeper analysis, faster planning, and better decision-making across the organization.

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> Workday Accounting Center enables Finance organizations to connect financial and operational data in an easy to use way, providing more value and insights to the businesses they support.
>
> **Mike Bambo**
> Director, Advisory Enterprise Solutions, KPMG US

How Workday can help.

Designed for accounting and finance, Workday provides oversight into data transformation so you can monitor data as it moves from ingestion through reporting, modify accounting rules, and continuously track changes with always-on audit trails.

Workday Prism Analytics empowers business users by making it easy to:

- Create and maintain data transformation pipelines with an intuitive interface
- Apply join, union, group-by, and filter functions to datasets
- Build computed fields by leveraging a rich function library
- Preview data transformations to ensure data is what was expected
- Get a visual profile of fields in the dataset to understand statistics

KPMG insight.

By providing access to real-time data from various sources while eliminating the need for manual consolidation, a unified data hub accelerates analytics and reporting processes, enables more accurate and timely decisions, and frees up valuable resources for other strategic initiatives.

Maintain a future-ready posture with embedded AI and advanced analytics.

Why it matters.

To maximize context for decision-makers while minimizing time to action, data needs to be embedded into the core of the platform where transactions and analysis take place.

This becomes even more important as AI technology expands. When data exists in silos, AI lacks a single source of truth to learn from, leading to questionable results and reduced user confidence.

By leveraging a platform with embedded AI and ML that can continuously learn from all available data, insurers can rapidly deploy new automation capabilities at scale. And because AI improves with use, this approach allows the technology to enhance faster, driving even more innovation and time-saving opportunities.

Organizations that leverage AI and advanced analytics can eliminate the rote manual work of transforming data into accounting; enable automated predictive analysis around revenue, expenses, and other variables; and easily compare automated forecasts against finance teams' forecasts to detect variances and problems—all while saving time and staying future-focused.

Get it done.

Insurers should ensure that AI is built on a high-quality data foundation by looking for a platform with a unified intelligent data core combined with comprehensive reporting and analytics tools. Organizations should also establish clear AI use cases, ethical boundaries, and a strategy to move quickly.

With embedded analytics and AI, insurance firms can render mundane tasks obsolete while processing higher-volume transactions faster and more precisely.

Specifically, insurance companies can effortlessly:

- Complete expanded variance analysis
- Conduct productivity and performance analysis of individual agents and associates
- Calculate client retention

The right advanced analytics capabilities should allow organizations to blend and analyze data in many ways, generating high volumes of rich debt-portfolio details that are often dropped when aggregating data for posting to the general ledger.

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CEOs recognize that AI and generative AI are technologies with huge potential for their business because they touch on so many core aspects of what insurers do. AI models can simulate future scenarios, enhance the accuracy of risk estimation, and drive better pricing. They can also identify false claims more effectively. There are powerful AI applications for the insurance industry, and it will likely force innovation in many areas.

Simona Scattaglia
Global Insurance Technology Lead, KPMG International

KPMG insight.

With real-time and historical data consolidated in a unified hub, organizations can leverage advanced analytics, AI, and machine learning to uncover deeper insights, predict trends, and optimize operations. This can lead to innovations in products and services, improved customer experiences, and more effective marketing strategies.

How Workday can help.

Workday embeds the latest Gen AI advancements into its core, helping insurers redefine their workplace dynamics while fostering increased productivity and amplifying human potential.

Data: Workday leverages huge amounts of your data within a uniform model so the data that feeds your AI use cases is always updated and reliable.

Platform: Since AI and ML are built into the core Workday architecture rather than bolted on after, insurance companies can enjoy increased agility, quick time to value, and proven strategies to stay a step ahead— all without a separate AI and ML stack or data integration.

Trust: Workday takes a responsible approach by transparently documenting each AI and ML model and keeping people at the center, ensuring that no decision is ever completely controlled by Workday AI and ML technologies. Humans are kept in the loop at all the right places and remain the final decision-makers.

58% of insurance CEOs expect to see ROI on AI investments within 3–5 years, exceeding the cross-sector average of 52% [3]

27% expect to see ROI in an even shorter time frame [3]

Partner for a smooth deployment.

Why it matters.

By now it's clear that the evolving insurance landscape requires the efficacy and agility of an enterprise management cloud. Choosing the right solution is critical—but it's not just about technology for technology's sake. To truly leverage the benefits, insurers need to use a cloud transition as an opportunity to redefine ways of working and build a future-ready data strategy to accelerate time to value.

An organization's cloud deployment can depend on multiple factors, including business structure and number of employees—and choosing the right one is vital to sustainable, profitable growth. Insurers need to select the option that's best for their specific needs while avoiding the temptation to simply "lift and shift" old processes into a new system.

> "
> Insurers' level of technical debt, lack of data availability, and lack of system agility introduce risk—but there's also risk inherent in moving to a new system. Beyond selecting the right technology solution, choosing the right implementation partner can really help to de-risk the digital transformation process.
>
> **Caroline Heckathorn**
> Senior Manager, Insurance Marketing, Workday

Get it done.

Insurance companies looking to deploy a cloud solution should embrace professional services' advisory and consulting teams that have years of deployment experience. Choosing the right partner helps smooth the transition by providing access to people who work with the platform on a daily basis and have aggregated best practices to define the best possible solution for an insurer's particular needs.

The right partner should have experience deploying financial solutions that integrate with underwriting and actuarial solutions to ensure accurate financial reporting for premiums, including more complex earning methods that can be calculated in Workday Accounting Center. Another partner priority: a proven track record of deploying multibook accounting solutions and designing and building reports and dashboards to meet statutory reporting requirements, as well as key insurance KPIs and analytics.

In addition to partnering with an experienced consultant, insurers should also involve more-senior team members in the day-to-day work of deployment so decisions can be made more quickly without delaying the effort.

> "
> Transformation starts with people, and insurers should look at how to bring teams and technology together to develop a cohesive, enterprise-wide digital solution that can deliver value to the business.
>
> **Brenden Tsang**
> Partner, KPMG UK

Conclusion.

To thrive in the future, insurers need flexible, real-time accounting processes built around an intelligent data core. By embracing enterprise cloud management that automatically converts data into a unified accounting system and marries it with sophisticated self-service analytics and reporting capabilities, insurance firms can achieve frictionless finance and deliver real-time insights that drive the organization forward.

As this guide has detailed, Workday Accounting Center and Workday Prism Analytics deliver the flexibility, scalability, and agility required to unlock value and spur growth—now and into the future.

Learn more:

Workday Accounting Center

Workday Intelligent Data Core for Insurance

Workday Prism Analytics

Ready to get in touch?

Visit workday.com/contact or call +1-877-967-5329.

Sources

[1] Workday, "CFO and CIO Indicator Study"; 2023.

[2] IDC, "From Legacy to Leading: How Modernizing Core Business Areas Can Propel Insurers to Resilience"; 2023.

[3] KPMG, "KPMG 2023 Insurance CEO Outlook"; 2023.

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