9th August, 2016

Regulatory uncertainty drives insurers towards more agile hosted technology

- **55% of insurers see hosted Software as a Service (SaaS) technology as a way to cope with fast changing regulatory requirements**
- **Insurers turning their backs on large-scale core IT system implementation programmes in favour of more agile, quick-to-deploy solutions, says SSP**
- **82% would consider deploying SaaS (whether throughout all business lines, on major lines, in niche / orphan lines or as a test)**

Insurer adoption of cloud hosted 'Software as a Service' (SaaS) technology is set to grow as a response to unprecedented regulatory change, according to new research from insurance technology specialist, SSP. 82% of insurers are considering deploying SaaS technology within their business in some form, with 55% citing its ability to enable them to respond to regulatory changes as the overall the most recognised benefit.

The research, which surveyed 94 senior insurance decision makers and insurance IT professionals, also found that insurers see SaaS as a way of making their businesses more nimble. Just under half of insurers see cost reductions (48%) and increased product speed to market (47%) among the benefits of SaaS technology. This is possible because SaaS technology moves insurers away from costly 'on premise' installations to a more rapidly deployable, externally hosted and managed model.

There are strong indications that SaaS is becoming more mainstream solution across the industry. Amongst insurers considering implementing SaaS, more than half (59%) said they would across their whole business, compared to 34% who would consider deploying the technology across selected niche or orphan business lines.

However, some insurers remain concerned about a perceived loss of control in moving their software to a SaaS model with a quarter (27%) of respondents saying this is a barrier to adoption. SSP believes that the flexibility provided by SaaS solutions will swing opinion in the long term and expects 80% of its insurance policy administration clients to move to a SaaS model by 2020.

Stephen Lathrope, Chief Customer Officer at SSP said:

"Insurers tell us again and again that they need their IT systems to be able to respond more quickly to changing demands on their businesses and enable them to take advantage of emerging market opportunities. Compared to traditional "on premise" systems which typically involve expensive and time consuming development and installation, SaaS-based solutions provide new and enhanced capabilities more rapidly and at lower cost. By having these capabilities delivered to them via specialist providers, insurers can focus their time and money more on innovation within their business, and less on keeping their technology up to date.

"This approach is particularly useful when dealing with the level of change that we see resulting for the current regulatory climate. Insurers have been grappling with Flood Re, changes in the Insurance Premium Tax and the Competition and Markets Authority's reforms to motor insurance to name just a few. Having these changes handled for them by their service provider reduces the level of distraction within their own teams, enabling them to focus on competing in the marketplace".

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*TLF Research conducted research among 94 senior insurance and senior IT insurance decision makers on behalf of SSP. The research was conducted in April and June 2016.

Notes to editors

About SSP

SSP is the leading provider of general insurance technology solutions, operating in more than 50 countries across the UK, Europe, Asia-Pacific, Africa and USA.

With more than 25 years' experience and industry expertise, we develop and implement technology solutions and back office systems that enable our customers to reduce the cost of their operations, increase their distribution and create a better customer experience - improving our customers' profitability and effectiveness.

Uniquely positioned, with end-to-end visibility "from the insurer to the insured", we understand the challenges our customers face and leverage our capabilities to provide significant industry value across the entire value chain.

www.ssp-worldwide.com

*About SaaS

SaaS uses cloud-based technology to deliver software to insurers. This software is provided through offsite hosting by an external partner like SSP on a pay per transaction or subscription basis. SaaS software is developed, improved and upgraded offsite by the provider. Little end user interaction is required to implement upgrades.

What are the benefits of SaaS?

Compared to traditional upgrades which require complex management and installation, a SaaS based model allows insurers to benefit from upgrades and new capabilities on a continual basis. This is provided by the flexibility and freedom from offsite hosting that removes the need for costly upgrades. Disaster recovery is also handled automatically with security, backed ups and restoration managed off-site. The software is also updated and maintained on a continuous basis which means that insurers are protected better with up-to-date security.

By removing these burdens and making upgrades faster, insurers are free to focus on innovation and product development. This allows insurers to test new approaches and products without committing to large investment spends. Technology delivered through SaaS can be tailored to the specific needs of the insurer with features added or removed to as required, while pricing scales based on usage.

How is SaaS different?

SaaS is not dependent on onsite implementations which underpin legacy systems. Traditionally insurers have invested in physical hardware, specialist IT departments and regulatory expertise in order to deliver software. Even after the initial implementation, further time and investment is required to update software, maintain hardware and keep abreast of regulatory requirements. SaaS greatly reduces these setup and maintenance costs by passing responsibility for these roles to a dedicated insurance technology specialist such as SSP.

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