

Manageable complexity.
How insurance companies identify structural pain points and solve them sustainably.

A hand is shown interacting with a futuristic digital interface. The interface features several icons: a plane, a car, a house, a heart with a pulse line, a shield with a checkmark, a document with a checkmark, a speech bubble, and a list with three checkmarks. The background shows a person's arm and hand, with a large blue curved line and a white curved line overlaid on the image.

TOLERANT Software

Insurance companies today are under pressure on many fronts. Increasing regulatory requirements, growing portfolios, complex IT landscapes and high expectations from customers and supervisory authorities are impacting organisations whose structures have evolved over decades. Many of the resulting problems are well known: manual rework, clarification cases, special processes, limited automation and high auditing costs. At the same time, these problems are often considered unavoidable.

This whitepaper shows that these challenges are not isolated cases, but rather the expression of structural patterns. It describes why issues such as data quality, unique identification and integrated compliance are business-critical – and why sustainable improvements are achieved not through actionism, but by stabilising the fundamentals. The aim is to give insurance companies an analytical perspective to better classify their pain points and make them manageable in the long term.



1. The structural starting point of the insurance industry

The insurance industry differs from many other sectors in key respects. Its business model is long-term, risks are calculated over years, and contracts often run for decades. Income and expenditure are decoupled in time, and decisions often have a delayed effect.

This long-term nature creates stability, but also means that processes, systems and data stocks grow over long periods of time. New regulatory requirements, product adjustments and technological developments are usually supplemented rather than replaced. The result is a high level of structural complexity that is often only indirectly visible in everyday life.

Many insurance companies have learned to deal with this complexity. Manual clarifications, special processes and additional controls ensure smooth operations. At the same time, they tie up resources and increase costs – without directly contributing to value creation. This normalisation of effort is one of the central pain points of the industry.



2. Core business processes as a reflection of structural weaknesses

Regardless of sector and size, the operational processes of insurance companies can be described along a few central processes: application, portfolio, claims, payment and compliance. These processes are not only functional units, but also carriers of structural effects.

> **Application and new business**

The application is the first structured point of contact between the customer and the insurance company. This is where personal data is collected, risks are assessed and contracts are established. Errors or ambiguities in this phase are rarely immediately apparent, but they have a long-term effect. Multiple customer entries, ambiguous data or inconsistent information often accompany the organisation for years.

> **Portfolio management**

The portfolio forms the operational backbone of the insurance company. This is where it becomes apparent how well an organisation can deal with change. Address changes, name variations, new payment information or regulatory adjustments must be processed on an ongoing basis. In many organisations, inconsistencies arise because information cannot be kept consistent across systems. This results in manual corrections, limited automation and uncertainty in evaluations.

> **Claims management**

The claims process is the most visible process for customers. This is where it is decided whether an insurance company is perceived as reliable. At the same time, this process is particularly susceptible to delays if data is ambiguous or customers cannot be clearly identified. Structural weaknesses become immediately apparent here.

> **Payment transactions**

Premium collections and payouts are highly sensitive processes. Errors lead to chargebacks, manual rework and loss of trust. Here, too, it is clear that problems rarely arise from individual bookings, but rather from unclear or outdated data.

> **Compliance**

Compliance is not an isolated function, but a cross-functional task. Sanctions, PEP checks, money laundering prevention, data protection and documentation requirements accompany all processes. They reveal where data is unclear, identities cannot be clearly assigned or decisions are not properly documented.



3. Data quality as a business-critical foundation

All of the processes described are based on data. Customer data, contract data, payment data and audit information form the basis of every decision. If this data is not clear, consistent or up to date, friction losses occur. Processes slow down, manual interventions increase and risks rise.

Data quality is not a one-off project, but an ongoing process. Every new entry, every change and every comparison affects the quality of the database. Insurance companies that do not systematically consider data quality often compensate for deficits with additional effort. This effort is accepted because it is part of everyday life – until it no longer seems manageable.

Many digitisation and automation initiatives fail at precisely this point. New systems reinforce existing conditions. Clean processes become more efficient, while unclean processes become problematic more quickly. Without a stable database, digitisation remains fragmented.



4. Unique identification as a prerequisite for efficient processes

Closely related to data quality is the issue of identification. Insurance companies manage large amounts of personal data. Name variations, spelling mistakes, relocations or different data sources lead to the same person being recorded multiple times or ambiguously.

This ambiguity affects all processes. It increases the amount of compliance checks required, complicates portfolio evaluations, delays claims processing and causes clarification issues in payment transactions. Many of these effects are considered unavoidable, but they are structurally determined.

Unique identification is therefore not a technical detail, but a prerequisite for organisational efficiency. It reduces complexity at its root instead of shifting it to downstream processes.

5. Compliance as a permanent state and control instrument

Regulatory requirements are an integral part of the insurance business. Errors in this area can have significant financial and reputational consequences. At the same time, the greatest effort is often not required by the audit itself, but by documentation, traceability and preparation for audits.

False positives, manual clarifications and inconsistent decision-making bases tie up resources and create uncertainty. These effects are exacerbated when data quality and identification are not accurate. Compliance then becomes a reactive burden instead of a stabilising function.

This whitepaper shows that compliance can also be understood as a management tool. Clean foundations reduce auditing effort, increase transparency and create security. Compliance thus becomes an indicator of organisational maturity rather than an obligation.

6. Consent and data protection as part of the customer relationship

The GDPR has fundamentally changed the way customer data is handled. Consent must be actively managed, documented and taken into account. Customers expect transparency and control over their data. Incorrect or contradictory communication appears unprofessional and undermines trust.

Consent management is therefore not only a legal challenge, but also an organisational one. Without clear assignment of consent to individuals and processes, uncertainty and effort arise. Here, too, it is clear that stable foundations are a prerequisite for reliable implementation.



7. Small causes, big effects

A key finding of the analysis is that many improvements do not result from major transformations, but from targeted stabilisation of the foundations. Issues such as name quality, address accuracy and bank data verification may seem unspectacular, but they cause a disproportionate amount of effort if they are not properly resolved.

Improvements in these areas have an impact across multiple processes. They reduce returns, clarification cases and manual rework. These effects are subtle but lasting.

8. From project thinking to state logic

Many insurance companies organise changes in projects with clear start and end points. However, this approach falls short when it comes to structural issues such as data quality, identification and compliance. These issues are ongoing tasks.

Organisations that understand these issues as a state of affairs are more successful in the long term. They establish mechanisms to maintain quality, integrate change and accommodate new requirements. This shift in perspective is challenging, but it pays off.



9. Organisational maturity as the key to mastering complexity

A key finding of the study is the importance of organisational maturity. Many insurance companies have powerful specialist systems, well-trained employees and established processes. Nevertheless, friction losses arise because these elements are not always based on a common, stable foundation. Organisational maturity is reflected less in the number of systems or initiatives and more in the ability to manage complexity on a permanent basis.

Mature organisations do not accept operational problems as a given, but question their causes. They recognise that manual rework, special processes and recurring clarification cases are indications of structural weaknesses. Instead of continuing to compensate for these weaknesses, they take targeted action at the root cause. This approach requires patience and consistency, but pays off in the long term.

The whitepaper makes it clear that organisational maturity is not a goal that is achieved once and then completed. It is a continuous development process. New regulatory requirements, technological changes and changing customer expectations constantly present organisations with new challenges. The decisive factor is whether these challenges encounter stable structures or create additional complexity.



10. Dealing with mature IT landscapes

EA key factor in the complexity described above is the historically grown IT landscape of many insurance companies. Over the years, specialist systems have been added, interfaces expanded and special solutions established. These landscapes often continue to perform their technical tasks reliably, but are not designed to respond flexibly to new requirements.

The whitepaper shows that the existence of legacy systems is not problematic per se. Problems arise when deficits are compensated for by additional logic, manual workarounds, or parallel processes. These solutions ensure short-term operation but increase complexity in the long term.

A mature approach to IT landscapes therefore does not necessarily mean replacement, but rather stabilisation. Clear data models, unambiguous identification logic and consistent data flows relieve existing systems and extend their usability. Many supposed IT problems are in reality data and process problems that can be mitigated by clean fundamentals.



11. Specialist departments between pragmatism and structural overload

Specialist departments bear a large part of the operational burden in everyday insurance business. They develop pragmatic solutions to deal with unclear data, special cases and time pressure. This pragmatism is an expression of high professionalism and commitment. At the same time, it often masks structural deficits.

The whitepaper emphasises that many specialist departments take on tasks that actually need to be solved structurally. Manual clarifications, double checks or individual corrections keep processes running, but prevent the causes from becoming visible.

This creates a deceptive stability for the organisation. Sustainable improvements are not achieved by placing additional burdens on departments, but by reducing their workload. This requires investment in fundamentals that enable departments to concentrate on their actual tasks. Organisations that take this step benefit twice over: they reduce effort and increase employee satisfaction at the same time.

12. Compliance as an indicator of organisational maturity

Compliance plays a special role in the whitepaper. It is not only considered a regulatory obligation, but also an indicator of organisational maturity. Where compliance processes are clean, traceable and integrated, transparency is created. Decisions become explainable, risks are better assessed and responsibilities become clearer.

Inefficient compliance processes, on the other hand, reveal where data, identification and processes are unstable. High documentation costs, many false positives and manual clarifications are symptoms, not causes. They show that the fundamentals are not sufficiently mastered.

The whitepaper argues that compliance should not be optimised in isolation, but rather understood as part of an overall system. Investments in data quality and clear identification not only reduce auditing effort in the long term, but also increase the security of decisions. Compliance thus transforms from a reactive obligation into a stabilising function.

13. Customer perspective: trust as a result of stable processes

Even though many of the topics described have an internal impact, they have a direct effect on customer relationships. Delays in the claims process, faulty communication or problems with payments are noticed directly by customers. They influence trust and satisfaction.

The whitepaper shows that customers rarely know or evaluate the internal causes of these problems. For them, it is the result that counts. Organisations that stabilise their processes and reduce friction losses therefore not only improve their efficiency, but also their external image. Trust is not created through marketing, but through reliable action.

Consent management and data protection are playing an increasingly important role in this context. Customers expect transparency and control over their data. Organisations that implement consent consistently and transparently strengthen their credibility. Here, too, stable foundations are a prerequisite for reliable implementation.

14. Management implications: From actionism to controllability

The relationships described above have clear implications for management. Many operational problems tie up management attention without generating strategic added value. Escalations, special approvals and audit stress are signs that processes are not sufficiently stable.

The whitepaper advocates a change of perspective: away from short-term actionism and towards structural controllability. Investments in clean foundations may not seem spectacular, but they reduce uncertainty in the long term, lower risks and create calm within the organisation. These effects are more difficult to measure than short-term savings, but they are more sustainable.

Management decisions about data, processes and control mechanisms have an impact for years to come. The whitepaper provides the analytical basis for making these decisions consciously and strategically.

15. Outlook for the future: manageable complexity instead of excessive demands

The insurance industry will continue to face increasing complexity in the future. New regulatory requirements, technological developments and changing customer expectations will create additional challenges. However, the whitepaper makes it clear that this development does not necessarily have to lead to overload.

Organisations that have their fundamentals under control can integrate new requirements without destabilising existing structures. They are able to manage complexity instead of being overwhelmed by it. The key lies not in constantly launching new initiatives, but in clarity, structure and long-term thinking.

Final conclusion

This whitepaper shows that the central pain points of insurance companies do not lie in a lack of technology or expertise, but in mastering structural complexity. Data quality, clear identification and integrated compliance are not marginal issues, but the foundation of functioning organisations.

Insurance companies that recognise these interrelationships and address them systematically create the conditions for efficient processes, regulatory certainty and stable customer relationships. Sustainable improvements do not come about through quick fixes, but through consistent stabilisation of the fundamentals.

This whitepaper thus provides analytical guidance for organisations that no longer want to view their challenges in isolation, but rather understand them in context – and that are prepared to move from reactive problem solving to manageable complexity.



List of TOLERANT Software products

TOLERANT Software GmbH offers a range of sophisticated tools designed to support companies in various aspects of data management. These products enable improved data quality, compliance with regulatory requirements and more efficient business processes. The following is an overview of TOLERANT's core products and their specific functions.

1. **TOLERANT Match**

Function: This tool is used to identify and merge duplicates within databases. It enables efficient and precise data cleansing, which forms the basis for reliable analyses and business decisions.

2. **TOLERANT Post**

Function: TOLERANT Post ensures the correctness and completeness of address data. It supports the standardization and cleansing of address information, which not only optimizes customer communication but also improves the deliverability of postal items.

3. **TOLERANT Bank**

Function: TOLERANT Bank checks bank data such as account number and sort code and corrects them if necessary. BIC and IBAN are determined automatically.

4. **TOLERANT MPM (Marketing Permission Management)**

Function: TOLERANT MPM manages the consents and authorizations for marketing activities and ensures that all customer communications comply with legal requirements and customer wishes.

5. **TOLERANT PEP**

Function: A specialized tool for identifying politically exposed persons (PEPs) in customer and business partner data. It helps companies to meet compliance requirements such as anti-money laundering (AML) guidelines.

6. **TOLERANT Name**

Function: TOLERANT Name structures name components and generates correct letter salutations so that customers are always addressed correctly.

7. **TOLERANT Sanction**

Function: This tool checks individuals and companies against national and international sanctions lists. It is crucial for compliance and prevents business relationships with sanctioned entities.

8. **TOLERANT Move**

Function: TOLERANT Move determines relocation data of unknown recipients and recognizes deceased persons in the address list.

This product range from TOLERANT Software covers a broad spectrum of functions, from data cleansing and compliance monitoring to customer authorization management, providing comprehensive support for data management in modern companies.

