

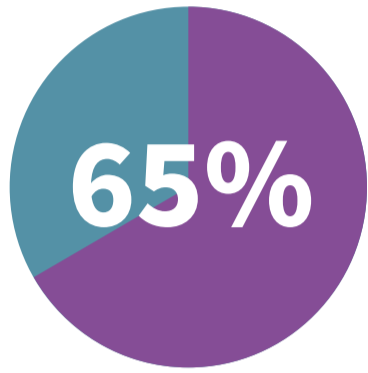
4 trends shaping the future of insurance

The future of insurance is customer centricity. What follows are four of the most pivotal trends that will help insurers secure a customer-experience led competitive advantage.

#1 Business model transformation

To respond to customer demands and create competitive advantage, **insurers face an urgent mandate to transform their products and revenue models.** Some noteworthy opportunities include:

- Usage-based insurance (UBI)
- Behavior-based insurance (BBI)
- Parametric insurance
- Risk prevention services (IoT)
- Direct-to-consumer



of consumers say they'd allow a telematics device to record their driving behavior if they got a discount.

Source: Forbes



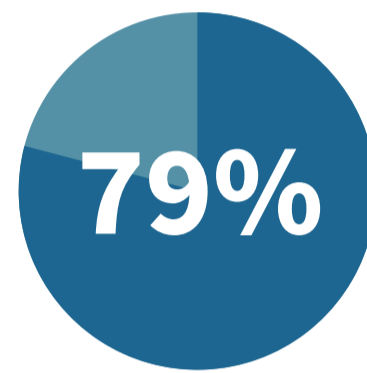
in total insurtech investments worldwide in 2021, up from \$7.2 billion in 2019.

Source: McKinsey

#2 Embedded insurance distribution

P&C insurers will increasingly **seek opportunities to embed their products into third-party sales processes**, such as new car or home purchasing. The advantages of strategically embedding insurance products, wherever it makes sense for the customer, include:

- Gaining access to customers who are ready to buy
- Simplifying the buying process
- Creating differentiation
- Tapping into new markets
- Reducing sales and marketing costs



of insurance executives believe insurers will increasingly engage in ecosystems.

Source: PWC



70%

of global customers are interested in bank-embedded insurance products.

Source: Forbes

#3 Insurance claims automation

Insurers must optimize claims performance by merging process automation with access to human help when customers need it. The vision for straight-through claims processing:

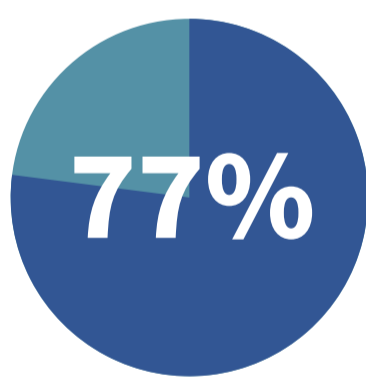
- Telematics notifies claims system an accident has occurred
- Customer interacts with digital agent, sharing accident photos, conditions, etc.
- Automated back-end analytics and decisions
- Digital agent presents settlement options
- Payment is issued



68%

of all insurance policyholder complaints were related to claims.

Source: ValuePenguin



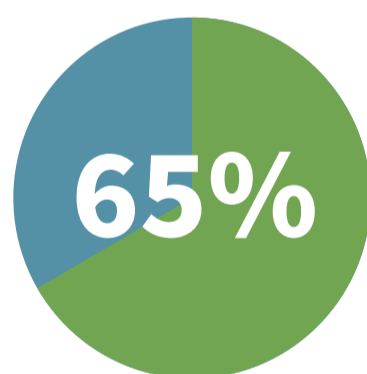
rise in percentage of consumers who prefer to submit claims via mobile from 2018 to 2021.

Source: PwC

#4 Rapid product development

Although product development and innovation haven't historically been strengths of the industry, speed to develop and launch new products will emerge as a key differentiator. To accelerate innovation, insurers must overcome roadblocks:

- Digital talent shortage
- Innovation relegated to the margins
- Innovation leaders lack budget authority
- Organizational and data silos
- Legacy technology limitations



of insurance leaders say their company doesn't have an active and comprehensive innovation plan.

Source: 2020 Global Concerns Survey



U.S. consumers surveyed said they are interested in usage-based insurance policies.

Source: EY

Technology checklist

What actions insurers should take now

Many insurers remain focused on enhancing legacy systems, products, and business models. However, by neglecting to devote enough resources to innovating the core, the chances of differentiating themselves in an increasingly customer-centric environment will fall short. A modern core platform must offer the following capabilities:

- Open APIs
- Cloud-native architecture
- SaaS delivery
- Low-code development
- Analytics and 360° customer view
- CI/CD
- Persona-based apps

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