

Insurance Technology Outlook 2025

Turning Disruption into
Competitive Advantage



concentrix[™]

Exec Summary

Insurers find themselves needing to seek out new solutions in the face of disruption. With 60% of insurance executives agreeing that traditional ways of doing business in the industry are being disrupted, the path to relevance remains slippery. We firmly believe that with change comes opportunity—and the opportunity in the industry lies in embracing digital transformation.

The future of the insurance industry hinges on leveraging data to boost value and operational efficiency, which requires having the data infrastructure in place to capitalise upon any digital transformation. The emergence of AI, especially generative AI models, will play a pivotal role in revolutionising everything from conventional underwriting processes to the customer experience.

More than anything else, it's this commitment to improving customer experiences that will drive the most exciting—and most impactful—transformations to come. Through what we term “moments of truth,” companies are looking to leverage generative AI as an opportunity to enhance customer service which, in turn, further builds loyalty and trust.

It's not just a one-sided transformation. Win-win scenarios offer an avenue of growth for both the insurance providers and their customers where, by providing personalised, innovative insurance products, companies are not only adding value for their customers, but also propelling their own business growth.

Companies with a digital-first approach will be best positioned to disrupt traditional insurance practices, but it's important to ensure that the human touch is not lost. While AI and machine learning provide exciting prospects for cost optimisation and risk mitigation, maintaining the balance between technology and human interaction is vital to ensuring better customer relationships.

Transitioning toward a digital-first model also presents certain challenges, such as the need for skilled personnel and effective internal change management. This is especially apparent when looking at how generative AI can impact things like policy documents, where technology and transparency can empower longer-term relationships with customers.

Ultimately, navigating this digital transformation is no small feat. It requires not only the apt use of technology like generative AI for risk mitigation, automation efficiencies, and customer service, but also the support of skilled personnel to maximise it.

While the journey may be complex, the rewards far outweigh the risks of falling behind.



Stewart Jackson

Global BFSI Lead, Concentrix Catalyst

Risky Business: Entering a Period of Disruption

The insurance industry is being reshaped by powerful forces from all sides: technological innovations, changing demographics, evolving customer behaviour, and a constantly shifting regulatory environment.

Against this backdrop, transformation isn't just valuable for insurers to stay relevant, it's essential if they're to be competitive and resilient. The risks of failing to invest in transformation include:

- **Threats of disruption:** Agile insurtechs are swiftly gaining ground on incumbents, and traditional insurers risk being left behind in a market that prizes speed and personalisation.
- **Missed opportunities:** Inadequate response to digital transformation can result in stunted growth, reduced market competitiveness, and lower customer retention.
- **Erosion of trust:** Failing to address societal and environmental concerns (data privacy, coverage transparency, etc.) is likely to erode trust and damage brand reputation.

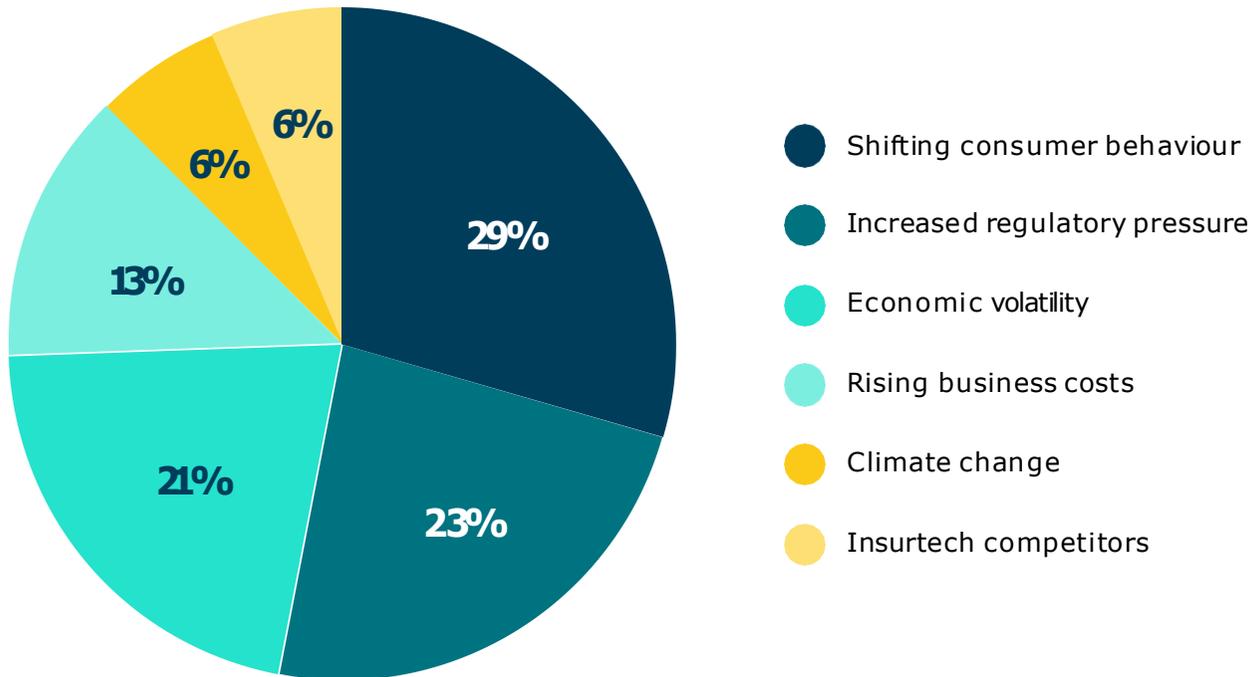
Disruption is increasingly pushing insurers toward digital transformation and the adoption of artificial intelligence. In this report, we look at the data uncovered from extensive survey work with 201 insurance executives across 17 countries in the Americas, EMEA, and APAC to see how insurers are—and aren't—keeping pace with what's coming.



Industry Shifts: Insights from Insurance Leaders

Input from executives across 11 insurance categories reveals an industry in flux. Right now, disruption is hitting both customers and insurers from every angle. For customers, disruption in their lives changes why they seek out insurance. For insurers, disruption in the industry reshapes how and why they engage with their customers.

Biggest Challenge Facing the Insurance Industry Today



60%

of insurance executives agree that traditional ways of doing business in the industry are being disrupted

1 Shifting Behaviour.

Whether it's using an app to file a claim or customising policies online, customers expect the convenience and transparency of personalised digital experiences.

2 Increased Regulatory Pressure.

From data privacy to environmental impacts, governments and regulatory bodies are increasingly scrutinising every aspect of the industry and forcing change upon it.

3 Economic Volatility.

Uncertainty in global markets, inflation, and fluctuating interest rates are driving up demand for products like unemployment or health insurance.

4 Rising Costs.

Business expenses are soaring, and the cost of underwriting is following suit, particularly in the wake of claims resulting from globally impacting events like pandemics.

5 Climate Change.

Extreme weather, like hurricanes and wildfires, is leading to higher claims and more unpredictable risk models, prompting revisions to coverage options premiums.

6 Insurtech Competitors.

With hyper-personalised services, lower costs, and faster processing times, insurtech companies are threatening traditional insurance models.

While insurance subsectors have their own unique needs and priorities—such as high-end risk modeling for reinsurance or reducing service cost for property and casualty—we've chosen to look at the industry as a whole in order to determine what's most relevant for all.



Disrupt. Innovate. Repeat.

63% of executives feel regulatory pressure is driving a rise in operational costs (with regulatory pressure felt more keenly by large organisations)

Disruption doesn't happen in a vacuum. So many of the challenges hitting the insurance industry are interconnected.

Most insurers indicate they're prioritising adaptation to new regulations and meeting evolving customer expectations—make-or-break situations—over and above addressing rising business costs. The reality, however, is that these challenges are expensive to meet, and are a driving force behind rising business costs. The good news is that they can be managed or mitigated with the right strategies.

80% of executives agree that digital transformation is essential for survival in the insurance industry

The vast majority of insurers agree that digital transformation is crucial for survival, and our data shows that disruption is seen as a catalyst for innovation. From developing distinct digital strategies for distribution and fulfillment across sectors to managing the impact of the API economy on the traditional value chains within fintech, insurance companies are already looking ahead. Disruption isn't just a challenge to be overcome—it's an opportunity to innovate and evolve.

80% of executives say that shifting consumer expectations are pushing insurers to rapidly innovate and improve customer journeys

Media Hype vs. What the Data Reveals

Digital transformation is reshaping how customers and insurers engage with one another. In a positive feedback loop, it's also informing those interactions. The media often portrays the industry as responding reactively to disruption, only addressing challenges as they arise. In a digital world, where information travels fast, customers are disproportionately exposed to that negativity.

As Insurers Around the U.S. Bleed Cash From Climate Shocks, Homeowners Lose

(New York Times. May 13, 2024)

Floods will add to rising UK home insurance bills

(Financial Times. January 5, 2024)

Major Japanese insurers admit to leaking customer info to competitors

(KYODO NEWS. May 23, 2024)

Australian Insurer Says Rise in Claims, Third-Party Costs to Push Up Premiums

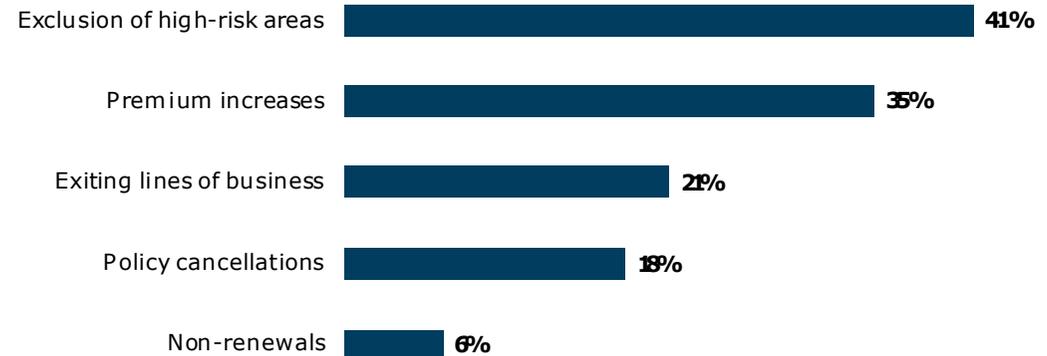
(Insurance Journal. August 21, 2024)

Responses to Biggest Challenges in the Industry Today

Proactive



Reactive



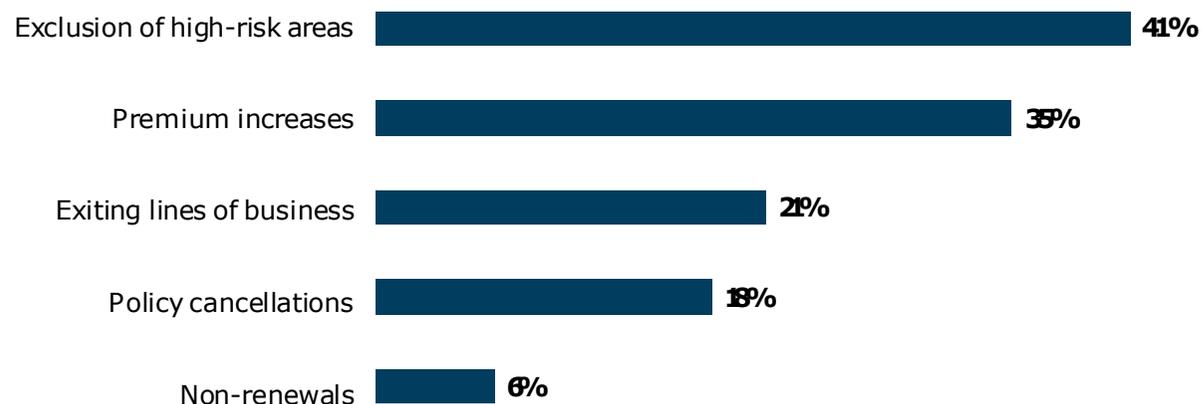
The data, however, tells a much different—and much more positive—story.

Despite the media hype, only a handful of insurers are opting not to renew policies, and just 18% are choosing to cancel them. Instead, the majority are focusing on more positive, proactive strategies, educating their customers, and working to better understand their needs.

Is Transformation a Level Playing Field?

When it comes to insurance, size may matter, but it doesn't always determine the approach to market disruptions. Both larger companies (\$1B+ in revenue) and their smaller counterparts are engaging in proactive responses when facing challenges. However, larger companies are also more likely to pursue reactive strategies, such as cancelling policies or hiking premiums, which they are better positioned to do, given their size and resources.

Reactive Challenges in the Industry Today by Revenue



In terms of high-priority initiatives, the data indicates two key areas where size matters: automation and AI. The bigger players are prioritising these technologies, as they can afford the hefty investments needed to implement them. This may mean an uneven playing field in the near future, where larger insurance companies are reaping the benefits of their automation and AI investments, while smaller insurers are playing catch-up.

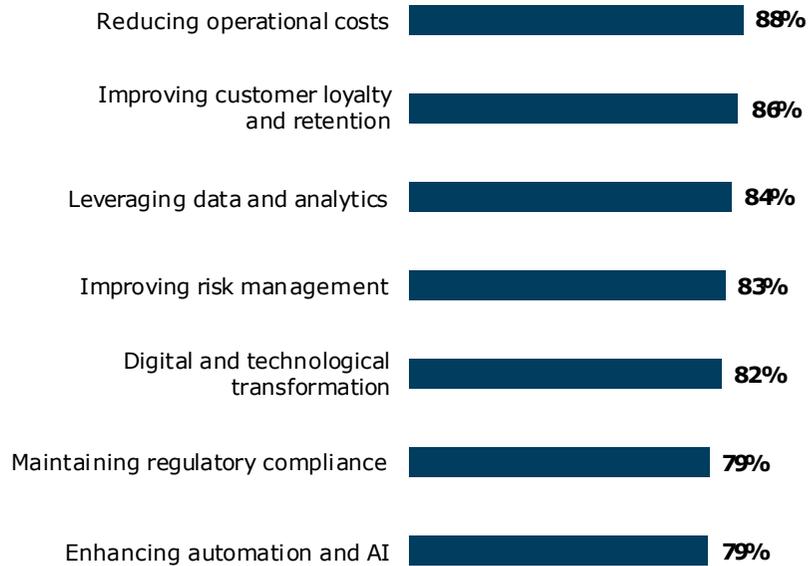
"By harnessing its power and automation, we are able to **develop more innovative and competitive product offerings.**"

- Senior Director, Financial

"Our department is efficiently implementing **automation for document reviews.**"

- Senior Vice President, Customer Experience

Expected Difficulty of Planned Initiatives

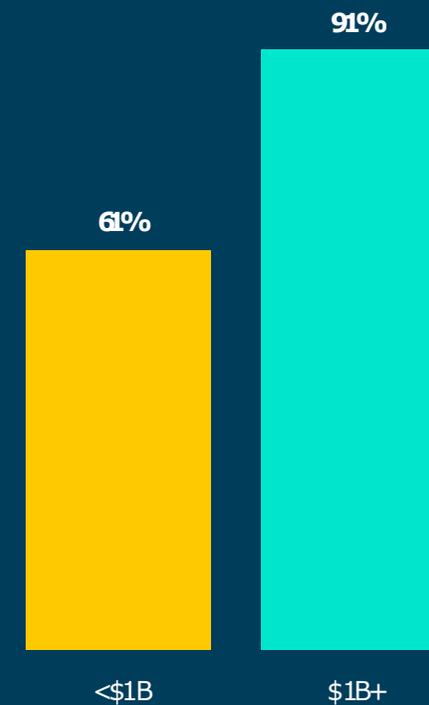


Those who are already planning digital transformation initiatives, of course, face challenges of their own, particularly in balancing revenue growth with technological reliance. Here is where the data shows larger companies already on their path of digital transformation are more realistic about the hurdles ahead. Reducing operational costs is a significant concern for all respondents, as is improving customer retention, but when it comes to AI, the difference in outlook is one of haves and have-nots.

“Generative AI will help in **creating personalised insurance products and services** based on customer data, enhancing customer satisfaction and loyalty.”

- Vice President, Information Security

Expected Difficulty of Planned Automation and AI Initiatives



Companies that are more mature in planning and adoption of AI are more aware of issues they may have, and are more realistic about their capabilities—and limitations.

“Adoption of Gen AI has **automated our critical processes** and helped us proactively manage the risks.”

- Director, Digital

Tech, Data, and Insights: Generating a False Sense of Confidence?

67%

of insurance executives say their data infrastructure is best in class

Insurance executives are confident they have the technology, data, and insights they need to meet customer expectations and better monetise insurance offerings.

Four in five say the right data is reaching the right people at the right time, and they believe they have the necessary tech to act on that data. For companies with \$1B+ in revenue, these numbers are even higher.

Insurance Executives Agree...



"We are planning to use GenAI for transforming our data analysis, helping us uncover insights that drive strategic decision making."

- C-Suite, Financial (CFO)

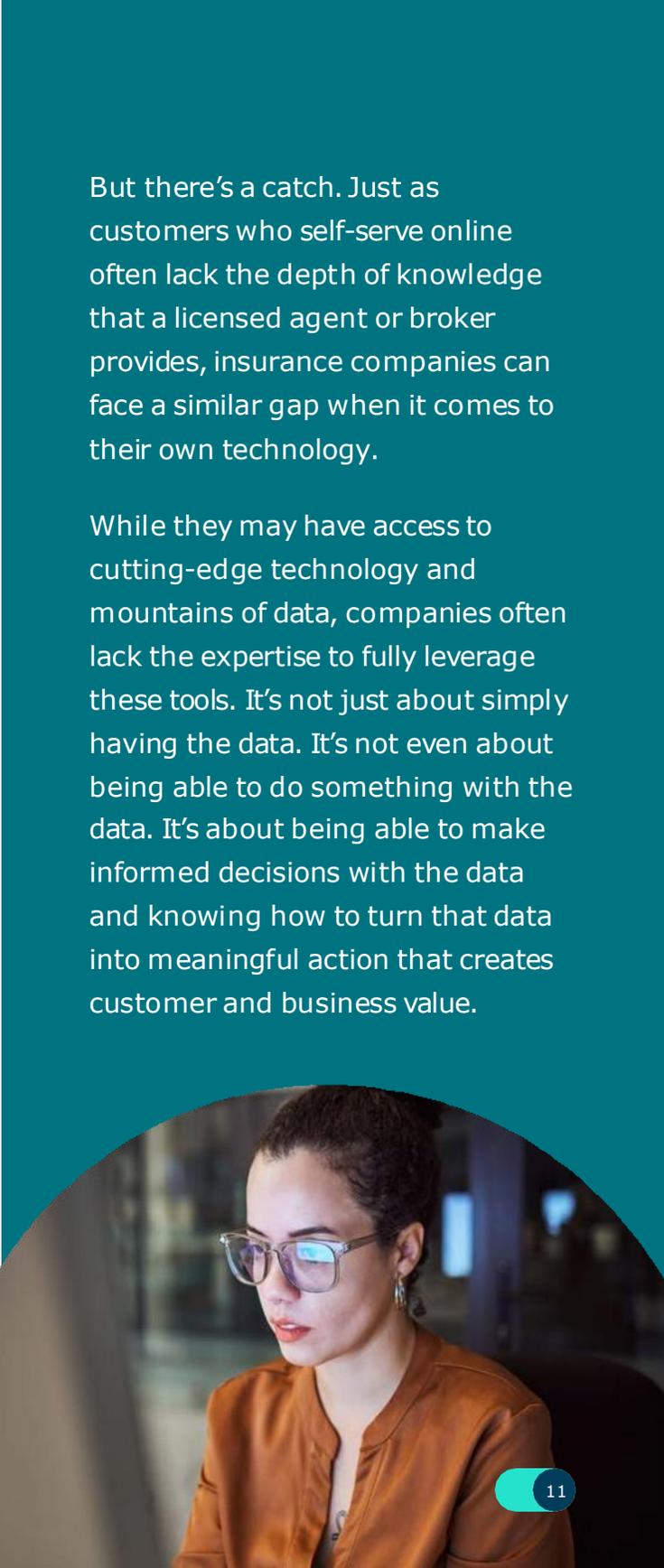


Larger companies have more mature data and technology architecture to support advanced CX



● <\$1B ● \$1B+

“We are not able to use the customer data properly for providing personalised services and products to the consumers.”
 - Senior Vice President, Operations

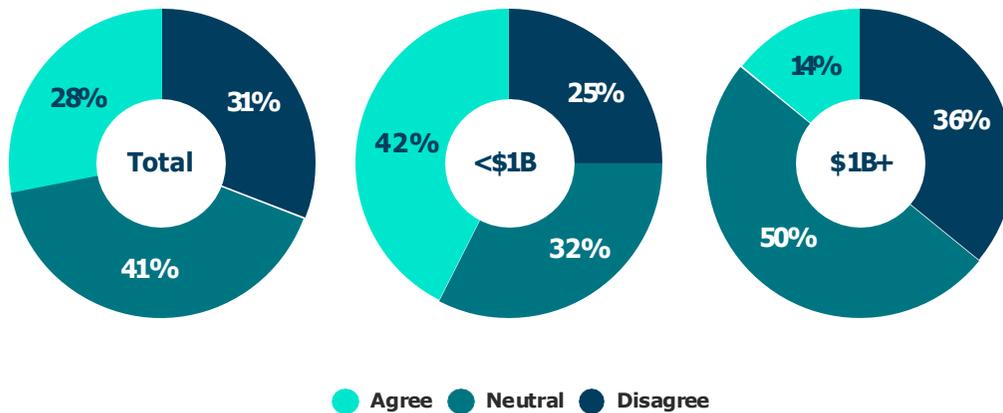


But there’s a catch. Just as customers who self-serve online often lack the depth of knowledge that a licensed agent or broker provides, insurance companies can face a similar gap when it comes to their own technology.

While they may have access to cutting-edge technology and mountains of data, companies often lack the expertise to fully leverage these tools. It’s not just about simply having the data. It’s not even about being able to do something with the data. It’s about being able to make informed decisions with the data and knowing how to turn that data into meaningful action that creates customer and business value.

Why Tech Maturity Is Only Part of the Puzzle

We are Missing out on Revenue Opportunities in Current Customer Interactions



Simply having next-level technology doesn't always translate into better business outcomes—especially when it comes to monetisation. Fewer than one in three executives believe they're fully maximising revenue opportunities during customer interactions, and larger companies are even more aware of this shortfall.



"Setting prices can be really tough because **it's hard to find the right balance between risk and profit without good data.**"

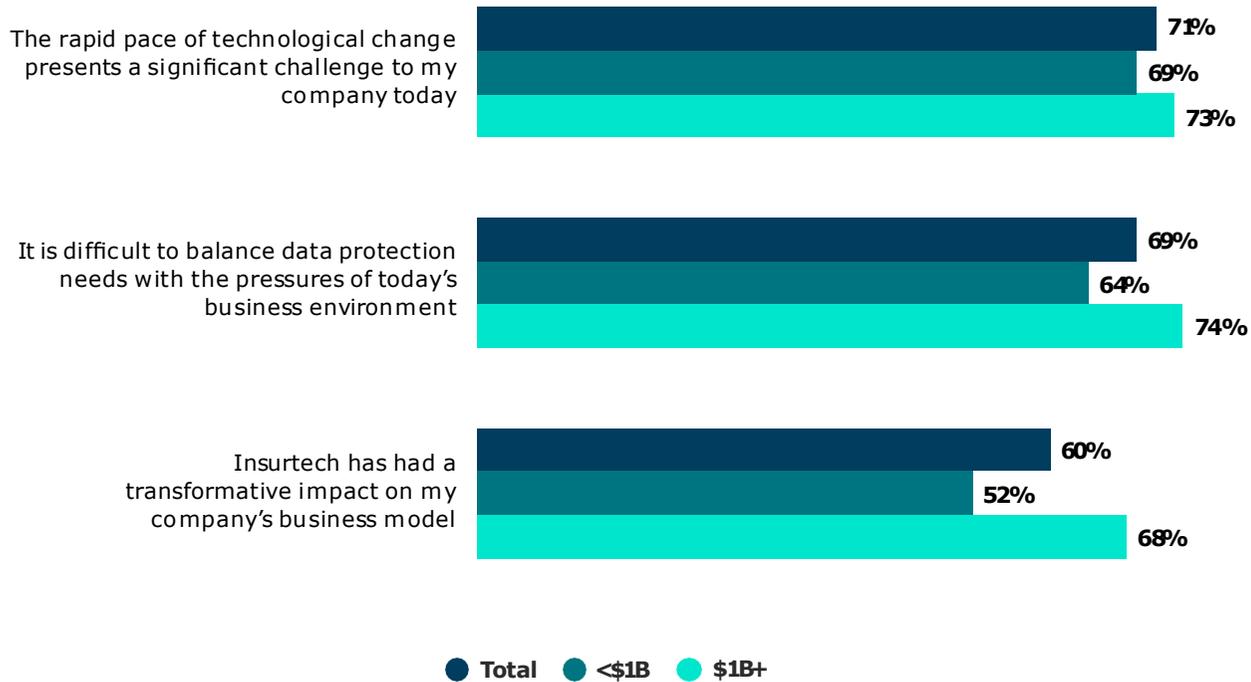
- Director, Digital

"I believe that **we are unable to fully utilise customer feedback to identify potential needs or gaps** in our offerings."

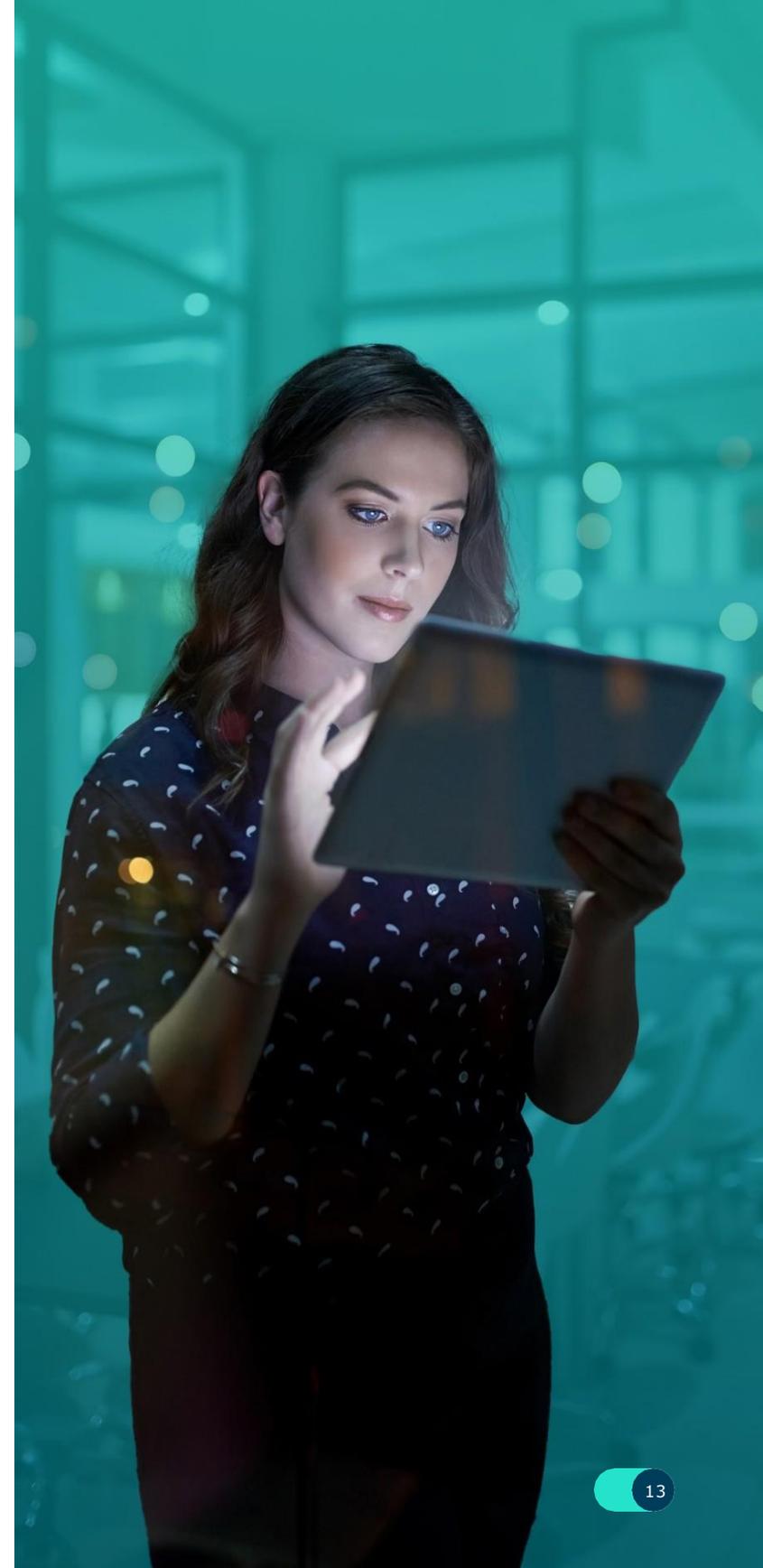
- Vice President, CX

And it's not just about falling short on potential gains. Technology itself can be a double-edged sword. While it's a critical tool for growth, executives believe the rapid pace of technological change brings its own challenges, a sentiment echoed consistently across companies of all sizes.

Insurance Executives Agree...



In other words, tech maturity alone isn't enough. Without the right strategies and agility to adapt to constant change, companies risk being stuck in a state of complacency, rather than driving real innovation and growth.

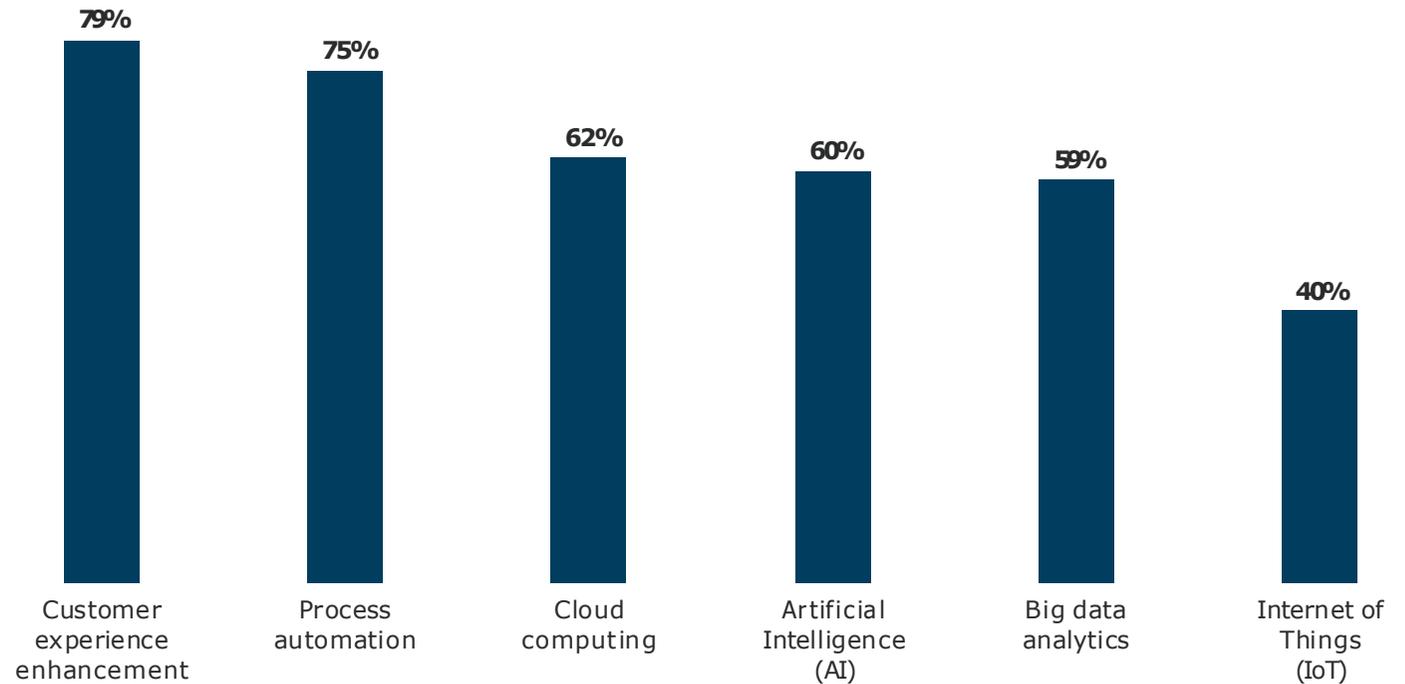


Understanding Risk vs. Reward

One of the biggest challenges for insurance companies diving into digital transformation is reliance on edge technologies. The limited understanding of these technologies leads to ongoing concerns about risks versus rewards.

The larger the company, the more self-aware it tends to be about this balance. For these bigger players, the stakes are higher, and so is their awareness of the risks involved.

Digital Transformation Initiatives Being Pursued



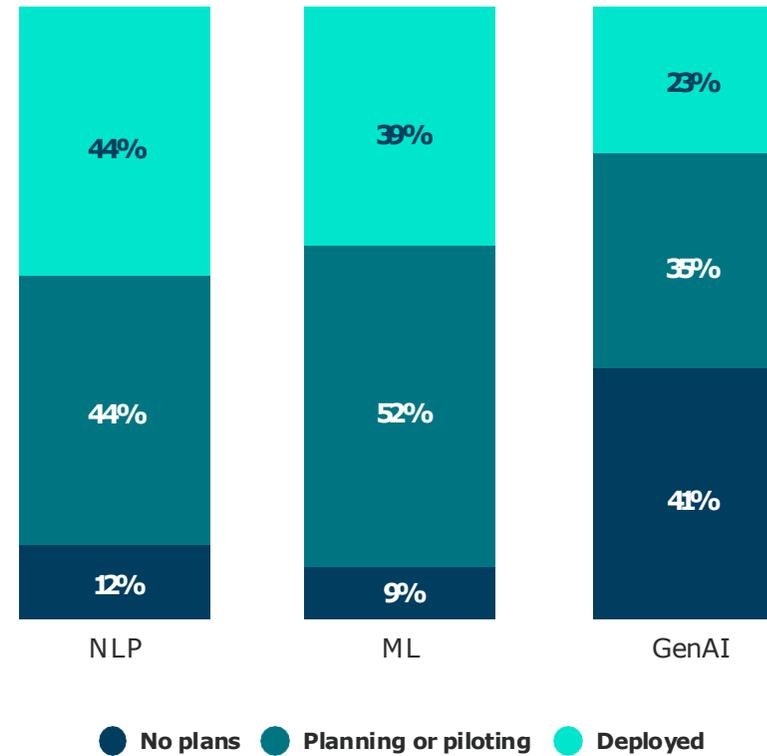
Companies with \$1B+ in revenue are significantly more focused on pursuing advanced technology like cloud computing (75% vs 55%) and AI (81% vs 51%) than their smaller counterparts.

Laser-Focused on Customers

Customers' lives, families, and possessions grow and evolve, and their insurance needs grow with them. Insurance companies face their own evolution too—toward more complex and costly technologies to satisfy shifting customer expectations. Just because these technologies are being deployed, though, doesn't always mean they're seeing clear, measurable success.

Many insurers are already diving into AI, with the highest deployment in natural language processing (NLP), where 88% of insurers are planning, piloting, or have already deployed the technology. Machine learning (ML) is mostly in the planning phase, but shows the lowest percentage of respondents having no plans, which is indicative of a growing maturity and interest in more complex interactions.

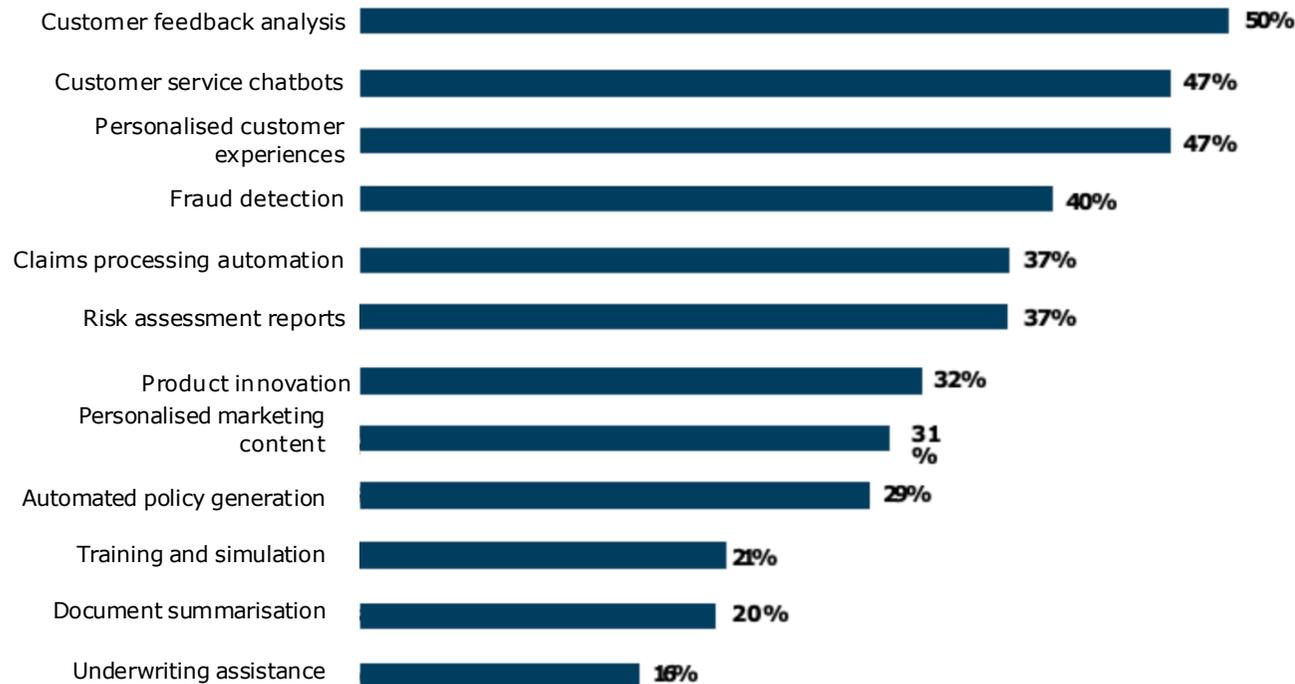
AI Adoption by Type



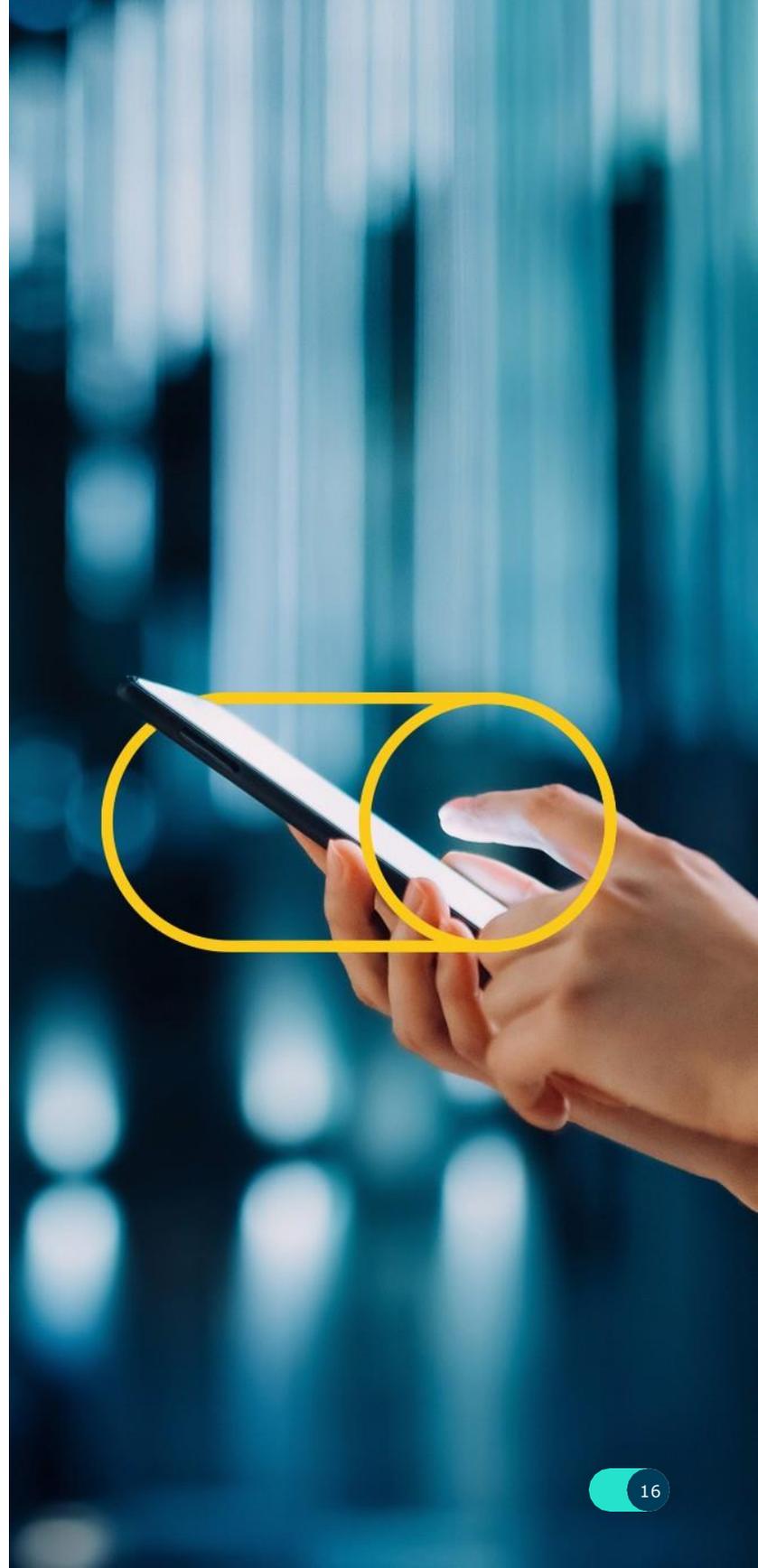
Generative AI, of course, is a big step forward, and one that builds off of ML implementation, which may be why 41% of companies currently have no plans to implement it. As the data has shown elsewhere, this is where size truly does matter, with the deployment of generative AI two-and-a-half times higher for companies with \$1B+ revenues.

As insurers move from NLP to ML, and eventually build upon those learnings to begin exploring generative AI, it's the largest, most mature companies that the data shows leading the way.

Priorities for GenAI Advancement



For those who are exploring generative AI implementation, the immediate focus is on enhancing the customer experience via feedback analysis, chatbots, and personalised CX. These are all prime examples of the kind of hyper-personalisation being pioneered by the retail, ecommerce, and entertainment industries, which are leading the disruption of customer expectations. When it comes to insurance, companies are directly addressing the number one challenge of shifting customer behaviour, and the number one priority of investing in better understanding customers.



Defining Measures of Success

What are the measures of success? Top of the list is enhanced customer experience and increased efficiency, which directly connect to the industry's biggest challenges of shifting consumer behaviour and economic volatility.

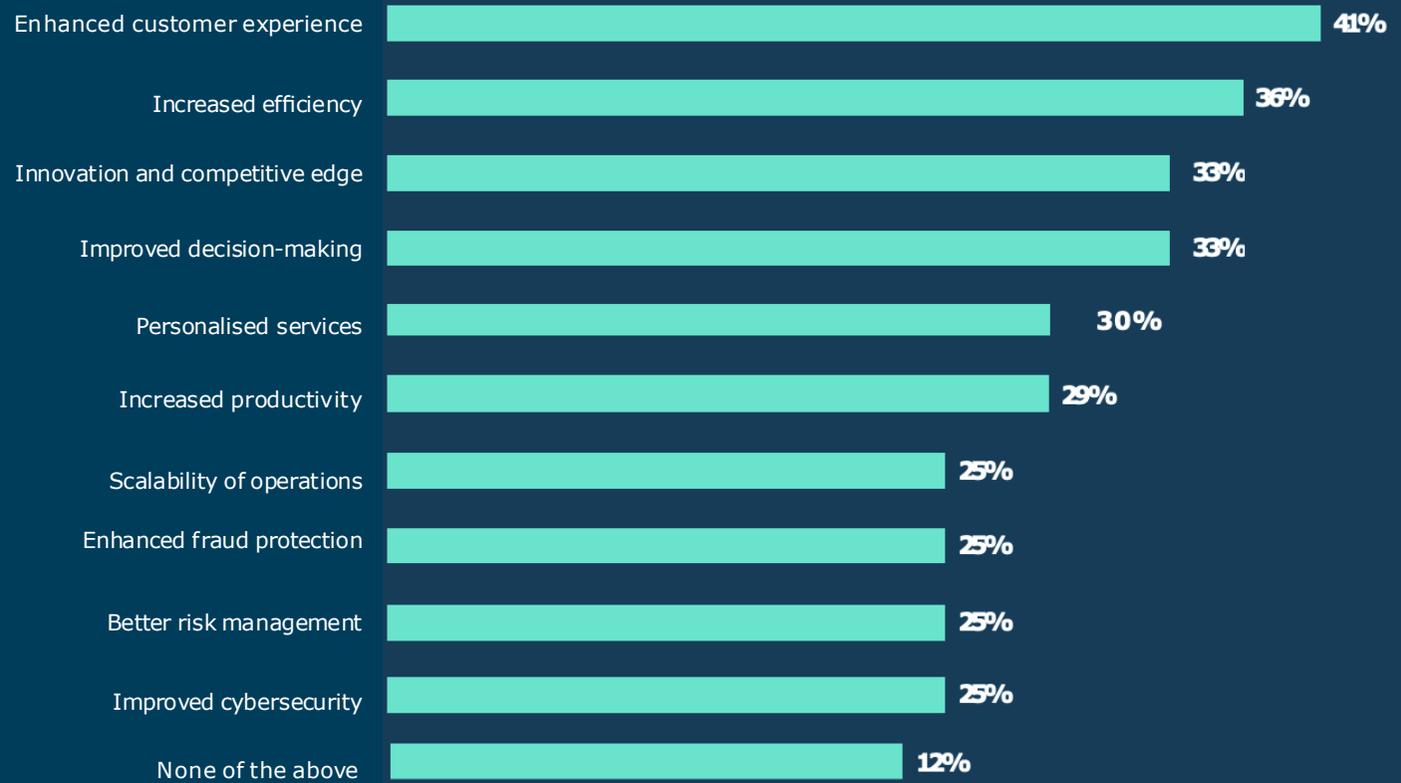
"We used to receive numerous complaints about our responsiveness to customer queries. After implementing GenAI, customer satisfaction has improved along with reduced operational cost."

- Director, Financial

"It works well for us, by detecting fraud more effectively, we have saved a considerable amount of money that would have otherwise been lost."

- Director, Information or Information Security

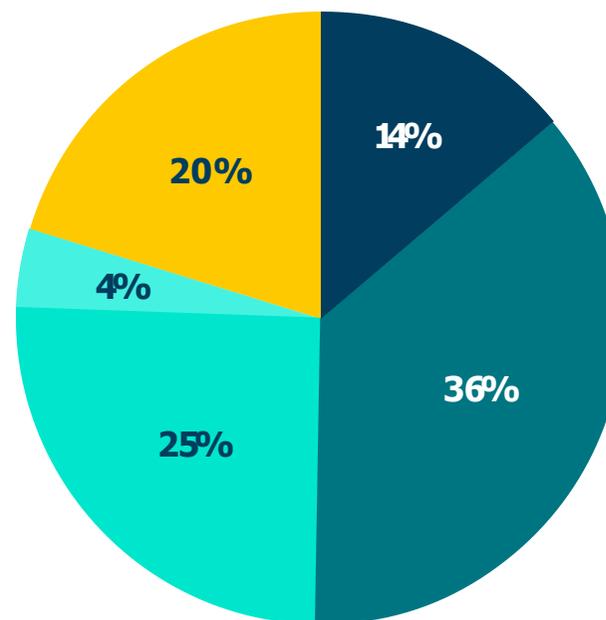
Outcomes from Generative AI



Is Success Really Being Measured?

Even when insurance companies are using generative AI, they often lack clear visibility into its impact—mainly because they aren't measuring it effectively. Nearly half of respondents in our survey are measuring only some outcomes, while just 14% say they track everything, leading to aimlessness and difficulty determining next best steps.

What Generative AI Outcomes Companies are Measuring



- All relevant outcomes
- Only a select few outcomes
- Most outcomes
- None
- Some key outcomes

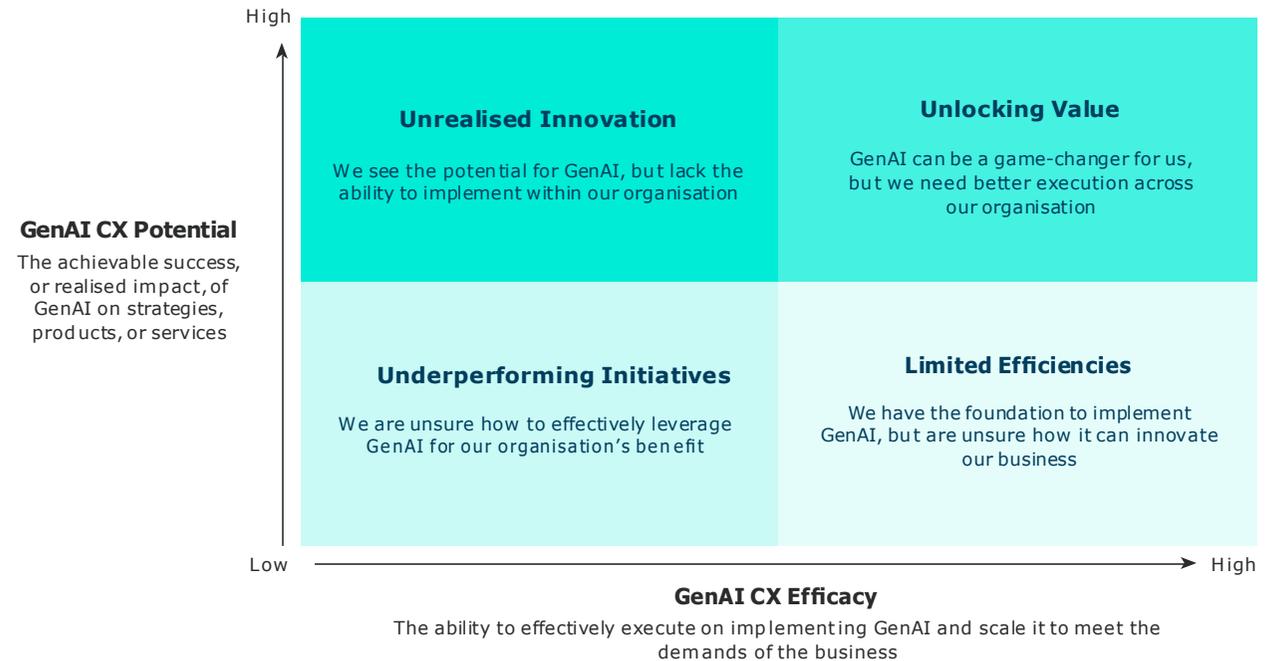
The problem is clear: some companies are implementing AI but not measuring its true value, while others are measuring but not getting the results they expect. There's a massive untapped potential for generative AI to drive real transformation in insurance.

Seeing the Big Picture

Our generative AI prioritisation matrix offers a powerful snapshot of an organisation's AI maturity by highlighting how well each capability could drive results.

It maps this by looking at how much transformative value a project could bring, and how well the project is performing right now. It's a visual tool to help identify strengths as well as areas that need improvement, setting the stage for smarter AI decisions.

Generative AI Prioritisation Matrix



Our analysis showed that more than 40% of companies face challenges with both their foundation and execution of generative AI. While they may see some success, they aren't shaking up markets, launching groundbreaking products, or getting a real competitive edge.

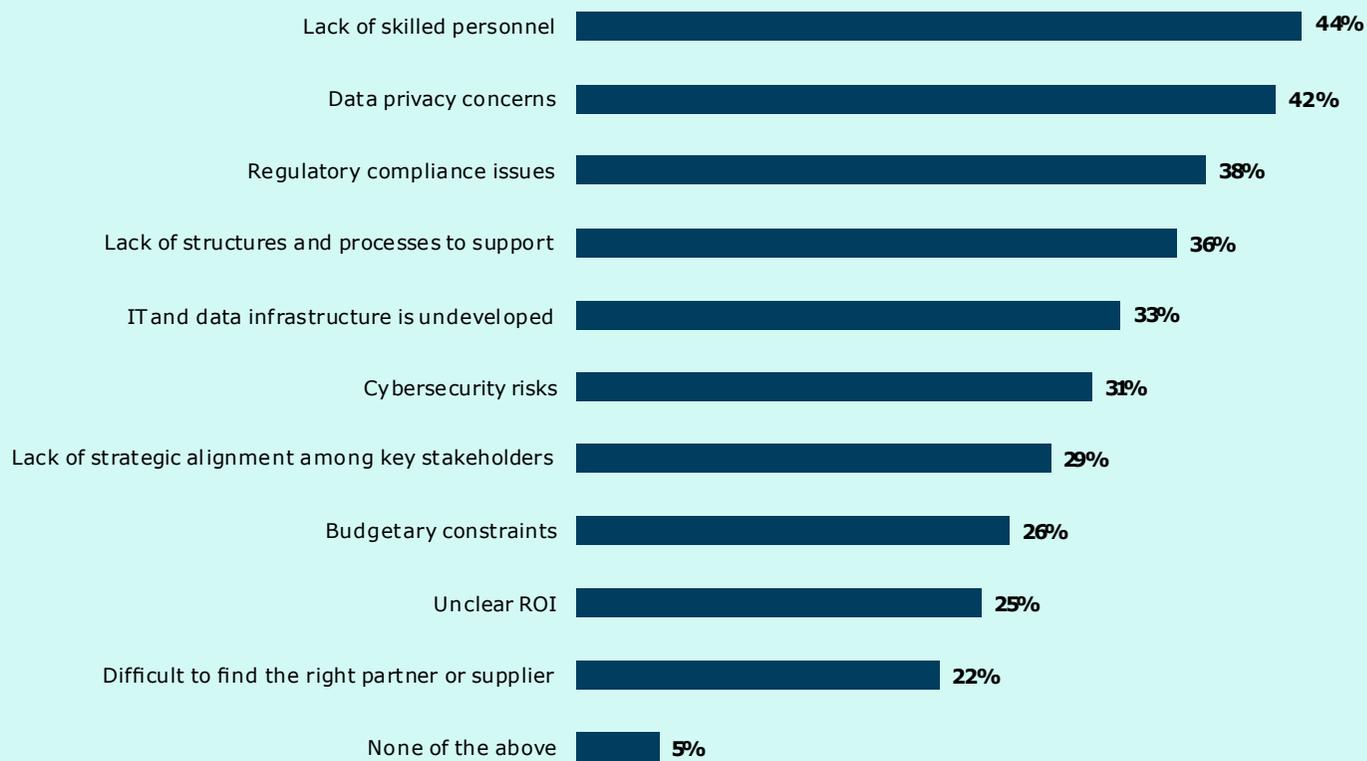
It could be a lack of focus on the technology, a weak strategy, or insufficient resources that are holding them back. To discover why they're underperforming, a closer look is needed.



What are the Roadblocks?

It's no surprise that one of the biggest roadblocks to generative AI transformation is the lack of skilled personnel. This challenge goes far beyond just frontline employees and touches every department that supports the business. Without the right talent to truly understand the technology, companies will face limited use cases, flawed measurements, and disappointing outcomes.

Obstacles in Leveraging Generative AI



Close behind are data privacy concerns and issues with IT and data infrastructure. Both are foundational hurdles where the right partner or supplier could step in with the expertise to help navigate risks and solve problems.

Although only 22% of companies said their number one obstacle is finding the right partner or supplier, 79% of insurance executives say their company is actively focused on consolidating technology vendors. Working with a partner that can reduce or eliminate the fragmented approach to solutioning can be a critical first step toward transformation.

The Ideal Tech Partner Checklist

A long-term partner needs to be someone who can help you:

- ✔ Streamline operations and boost productivity with a powerful mix of AI, analytics, and expert guidance.
- ✔ Tackle emerging challenges like cyber risks, market volatility, and shifting customer expectations.
- ✔ Stay agile, efficient, and ready for long-term growth in a fast-evolving industry.
- ✔ Effortlessly meet regulatory requirements with seamless onboarding, enhancing your reputation as a trusted insurer.
- ✔ Make purpose-driven decisions that embrace technology, cultural change, and upskilling where needed.
- ✔ Deliver intuitive omnichannel experiences powered by AI to boost customer satisfaction and loyalty.



Conclusion

The data is clear, and it points to a very clear path forward. The overwhelming majority of insurers say increasing costs are adversely impacting the acquisition and retention of customers, and that it's shifting customer expectations, more than anything else. They're being pushed to innovate and improve those customer journeys. We've seen that shifting consumer behaviour is the number one source of disruption, and that investing in better understanding customers is the number one challenge.

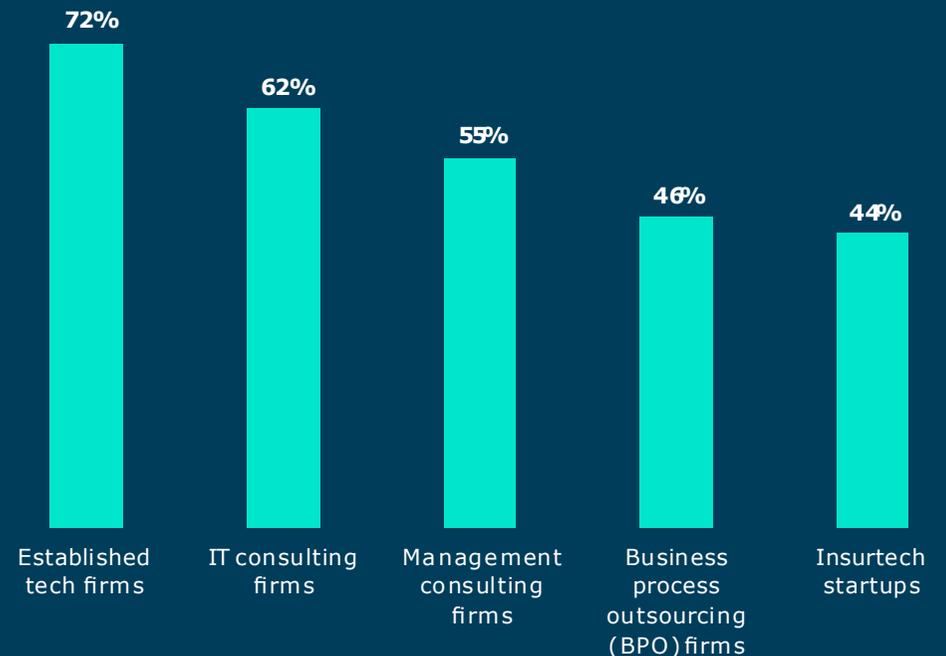
The insurance industry can't afford to stand still in the face of evolving customer behaviours or ongoing technology-driven innovation. Yet a false sense of confidence may prove to be more damaging than emerging technology trends. More than two-thirds of insurance executives say their data infrastructure is best in class, but less than a third feel they are maximising their revenue opportunities in current customer interactions. There's a clear gap between having the data and producing business outcomes that needs to be addressed to move forward.

While many insurers are on board with AI and automation, a lack of skills, knowledge, and experience is holding them back from fully tapping into its power. Larger companies are leading the charge, but they're still prioritising cost-cutting and automation, which doesn't address the number one source of disruption or their top challenge—customers. There's a desire (and an undeniable need) to disrupt the customer experience, to take generative AI from the back office and put it in front of clients, but they know that level of transformation won't be easy.

79%

of insurance executives say their company is actively focused on consolidating technology vendors

Types of Partners for Strategy and Technology



As such, it's no surprise that insurance companies of all sizes recognise one key factor for success: the need for strong, long-term partnerships (particularly with tech vendors) to stay competitive in this new era. You don't know what you don't know—and what you don't know risks disrupting you out of business.

Survey Methodology

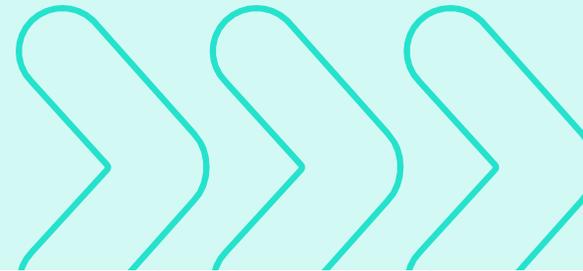
This study was based on a quantitative survey conducted in July 2024, with an average interview length of 22 minutes and 16 seconds.

We gathered insights from a diverse pool of 201 insurance executives across multiple departments, representing both B2B and B2C enterprise-sized companies from 17 countries worldwide.

To avoid affordability bias in digital transformation, companies ranged in revenue from \$100M to \$5B+. A wide range of insurance sub-sectors were included, with the only exclusion being companies solely focused on health insurance.



Rebecca Lucash
Director, Strategy



Departments:

- Commercial
- Customer Experience
- Data
- Digital
- Executive Office
- Financial
- Information Security
- Legal
- Marketing
- Operations
- Procurement
- Product
- Risk Management
- Sales
- Technology



Insurance Subsectors:

- Accident
- Annuities
- Auto
- Commercial & Business
- Health
- Home
- Life
- Property & Casualty
- Reinsurance
- Travel
- Other specialty



Country:

- Australia
- Brazil
- Colombia
- France
- Germany
- India
- Ireland
- Italy
- Japan
- Mexico
- Netherlands
- New Zealand
- Singapore
- Spain
- Turkey
- United Kingdom
- United States

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