



Embracing Innovation and Growth Opportunities in P&C Insurance

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Executive Summary

Crisis can create opportunity

History indicates that disruption is often a catalyst for sweeping change and new ways of doing things. Examine most post 19th Century crises or catastrophic events, and you will likely notice a correlation between the upheaval and new prospects driven by innovation in business and technology. Most recently, COVID-19 – together with a perfect storm of cultural, demographic, and global pressures – is changing policyholder behaviors and business models to create demand for new risk products, value-added services, and customer experience (CX)

The [World Insurance Report 2021](#) noted that the pandemic led to a 30% spike in insurance demand across the globe.¹ Now, that demand is creating opportunities to enhance and personalize coverage through the swift application of appropriate technology.

The burgeoning gig economy with individuals working independently or in agile networks will require new risk products. In addition, we are seeing business models shift permanently to become more digital and flexible. These days, online buying, same-day (or faster) delivery, and curbside pickup have become the norm. And these new norms demand new coverage such as cyber, umbrella, and commercial auto along with new and innovative large- and mid-market commercial and specialty products.

But capturing opportunity requires a novel mindset and a different operational and technology foundation to launch greenfield business models and quick-to-market products and services. The gig economy, remote work, NatCat events, changes to the National Flood Insurance Program in the United States, and the rise of smart devices all require a reassessment of personal and commercial property insurance.

The starting gun has been fired. And the highly competitive digital and data race to the future is on. Today's policyholders demand personalized, consistent, transparent, and convenient CX – everything from sophisticated price quoting to fast claims processing – all of which require new data and technology sources. So, what will separate the front runners from the firms left trailing?

The answer lies in innovative new products underpinned by real-time data and technology. Proactive market leaders are redefining the competition in terms of pricing, quality, and customer experience.

Credit often goes to the inventor, designer, and entrepreneur Steve Jobs for reimagining computing, making us mobile, and making technology consumer-friendly to change how the world communicates, works, and shops. Increasingly powerful data storage and more widespread internet connectivity helped turn Jobs' creativity into reality, but sometimes, adversity sparks dramatic change.

Before the ongoing pandemic, the industry grappled with perceptions of being slow and out of touch. And when insurance executives were interviewed as part of the [World InsurTech Report 2020](#), around 50% said COVID-19 had affected their firm's customer acquisition efforts and customer service.² In the past, insurers were challenged to be quicker and more willing to evaluate, purchase, and implement new technologies.

Now, COVID-19 and economic crises have organizations scrambling to effectively support the enormous shift in policyholder risk needs, demands and expectations. Today's insurance customers seek CARE – Convenience, Advice, and Reach – across the value chain, from distribution through engagement

And as we mentioned, innovation and invention are often the results of adversity.

Today's personal, commercial, economic, and social recovery offer gateways to opportunities for those willing to adopt an innovative insurer mindset and leverage technology to adapt to market changes. Innovators can come out of the pandemic stronger and more able to meet rising customer expectations and global demands – to ultimately accelerate growth.

But, unfortunately, change is rarely easy.

¹ [Capgemini](#), "World Insurance Report 2021," May 12, 2021

² [Capgemini](#), "World InsurTech Report 2020," Sep 15, 2020

Today's P&C Dynamics Require Innovation, Preparation

As changes come fast and furious

Times are changing within the property and casualty industry – from insurers to reinsurers, brokers, and MGAs – whether an existing player, greenfield, or InsurTech. The rapidly evolving industry dynamics are offering new growth opportunities for those who dare to capture them.

P&C industry dynamics are reshaping in five significant areas.

- 1. Emerging and evolving risk scenarios:** Business clients are emerging with new or unknown risks. Existing businesses are moving to digital business models that require updated coverage, such as cyber. Enterprises that use IoT and artificial intelligence need new coverage. Disruptive environmental patterns are intensifying and expanding risks. And the pandemic impact on nearly every industry and business is pressuring P&C insurers to rapidly and profitably adapt to new needs, demands and expectations.
- 2. Increasing competition:** Significant growth in Managing General Agents (MGAs) and program business, and reinsurers that directly bring new products and businesses to market are creating rivalries. What's more, non-traditional players such as automotive, retail, and product manufacturers are entering the market to intensify competition even more. According to the [World InsurTech Report 2021](#), more than 50% of customers are willing to purchase coverage from non-traditional players.³
- 3. Expanding customer expectations:** Policyholders now seek complete protection, and they conduct independent research to learn what's available and from which providers. More importantly, they want digital access to their risk products and value-added services on the go and at a faster pace, holistically and conveniently, 24/7. Customers seek peace of mind that their coverage is appropriate, and they are taking preventive measures to protect their assets and avoid claims. Changing customer expectations require P&C insurers to expand and reevaluate old paradigms (Figure 1).



Figure 1 *How can P&C insurers align to evolving customer expectations*

Source: Capgemini, Majesco

³ [Capgemini](#), "World Insurance Report 2021," Sep 16, 2021

4. **New products and business models:** InsurTech startups, greenfields launched by existing insurers, reinsurers, MGAs, brokers, and other ecosystem players are collaborating and debuting new products and business models that address unmet risk needs, emerging risks such as climate change, new gig and sharing economy risks, new channels with embedded insurance and new product bundles to meet customer needs and expectations.
5. **Accelerated technology adoption and landscape showing more opportunities:** Explosive growth in new data sources, AI/ML capabilities, cloud platforms with APIs, microservices, ecosystem models, and new digital platforms provide unmatched opportunities for insurers to enhance business operations, innovate and redefine their business for the future.

While some may consider the challenges translating to the worst of the times, this is the best of times for innovative-minded P&C companies who are ready to embrace new opportunities to become the new leaders in the future of insurance.

NOW is the time to align business strategy with the new, shifting market needs to execute efficiently.

Revisiting Product Strategy as Market Needs Shift

Today's policyholders expect more than indemnity. They view insurance coverage as a combination of protection from risk, value-added services, and convenient experience associated with engaging with the firm. Accordingly, companies must focus on three key areas.

1. **Revitalizing product strategy:** Insurers need to rethink their product strategy and the value proposition by identifying new risk areas, new value-added services, and thinking beyond premiums and claims payouts. Insurers should focus on providing comprehensive coverage, coming up with innovative products to cater to new customer segments, exploring new business models such as usage-based insurance and embedded insurance, and simplifying their offerings.
 - Nationwide has launched a comprehensive coverage for customers working from home - providing homeowners or renters insurance, usage-based auto insurance, and identification of theft.⁴
 - Google is partnering with Allianz and Munich Re to cover cyber breaches and related risks for client businesses that use Google's cloud services.⁵
 - Online recreational vehicle rental and outdoor travel business Outdoorsy is partnering with InsurTech Roamly to provide commercial and personal policies so owners can safely rent their RV, trailer or camper on marketplaces like Outdoorsy without losing coverage or worrying about loopholes.⁶

⁴ [Nationwide News](#), "Working from home? New insurance bundle is built for you and could save you money!," Jun 24, 2021.

⁵ [Insurance Journal](#), "Google to Offer Cyber Insurance from Allianz, Munich Re to Cloud Users," Mar 2, 2021.

⁶ [Outdoorsy news release](#), "Outdoorsy raises \$120M to support accelerated marketplace growth and rapid expansion of insurtech division, Roamly," Jun 24, 2021.

2. **Rolling-out value-added services:** Insurers must go beyond just the risk product to focus on ensuring a speedier return to normalcy and intervening at the right time for risk prevention and mitigation. Insurers should provide risk advisory and encourage safe behavior, enhancing the customer experience. They can leverage technology to alert customers about loss incidents, thereby preventing losses or reducing their severity. By expanding their role to partner and preventer, insurers can achieve the golden mean between growth, customer centricity, and profitability.

Home insurers offer non-insurance maintenance services and leak detection with connected devices and wireless networks.

- International insurance specialist Hiscox partnered with the provider of LeakBot, a smart water leak alarm, to offer policyholders a mobile-app leak detection system.⁷
- California-based ICW Group Insurance launched an online safety and learning management system to provide policyholders with free access to a wide range of pre-packaged, ready-to-go safety tools and training.⁸

3. **Rethinking customer engagement:** Customers are always looking for a better experience, and in insurance, that experience can be created and managed with digital tools and digital proficiency. But, insurers need to get beyond the basics and traditional approach of digitalizing only front-end systems. An effective CX strategy takes an outside-in approach, considering what and how the customer wants to engage – rather than an internal operational view. The CX strategy needs data to anticipate possible needs, and insurers must move from transactions to personalized experiences and use a 360° view for the customer whether for buying, servicing, submitting or paying claims, and accessing value-added services – making insurance relevant when needed.

- Commercial flood cover by FloodFlash is a rapid payout parametric insurance that changes the way landlords and businesses recover from flooding. FloodFlash is setting new standards for fast, transparent claim payments.⁹

In short, next-gen CX that engages and excites customers must take a holistic experience view rather than a transactional view. Significantly changing customer risk management needs and engagement expectations are forcing the insurance industry to move from practices and technologies of the past to new platform-based technologies and business models that will carry them into the future. Innovative and holistic approaches are no longer nice-to-haves– they are survival tools. However, insurers should be aware of the challenges that can slow down the pace of their innovation (Figure 2).

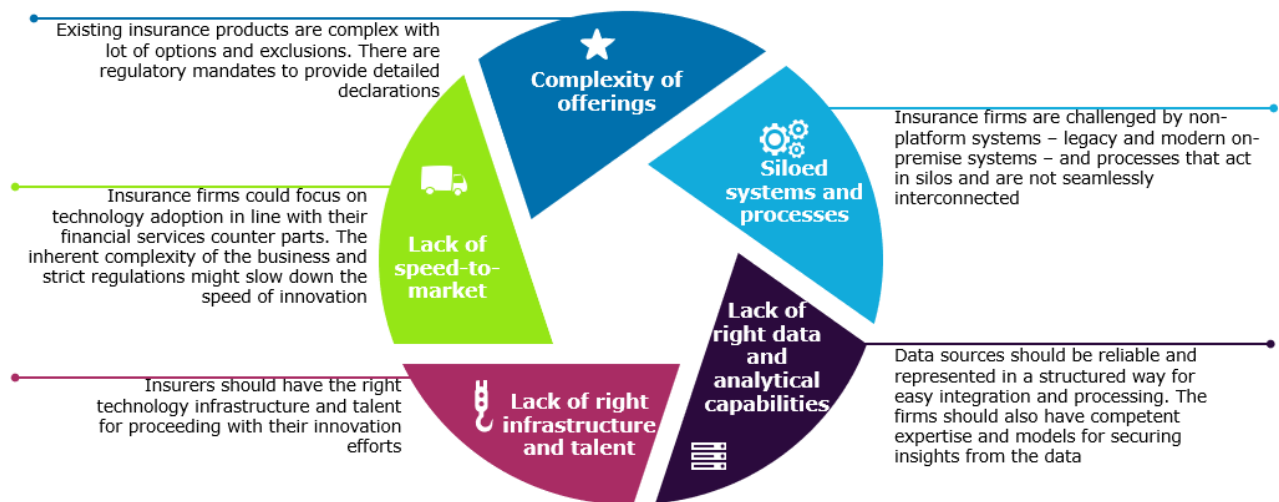


Figure 2 Challenges that can slow down the pace of innovation

Source: Capgemini, Majesco

⁷ [Insurtech News](#), "Hiscox partners with LeakBot," Feb 11, 2020..

⁸ [Hacienda Pulse](#), "ICW Group Launches E-Learning Safety Platform," Nov 13, 2020.

⁹ [Insurance Times UK](#), "FloodFlash pays Storm Christoph catastrophe claim in 9 hours 44 minutes," Jan 26, 2021.

Strategy for Innovation

How can insurers navigate through the shifting industry dynamics and emerge successfully? Two approaches are vital.

- **Shift from push to pull:** Transform insurance to something that is bought, not sold
- **Improve speed and agility:** Respond to market changes and opportunities to bring new products and channels to market faster

It is important to note that innovation can only happen if companies rapidly adapt to changing market dynamics, opportunities, and customer needs and then assess the results. Firms must prepare to fail fast if necessary and then move forward to success.

Shift from push to pull: Insurance becomes a product that is purchased, not sold

In this new insurance era, nearly every process is rapidly becoming frictionless, including buying. If distribution channels are easy to use with products that are easy to understand, then insurers can grow through a friction-free, multi-channel distribution system. According to the World Insurance Report 2021, more than 70% of customers expect a seamless multi-channel experience for policy research and purchase.¹⁰ The benefit of adapting to these channel dynamics is that we move from needing to sell people on purchasing insurance to introducing insurance that is ready to be bought seamlessly at the point of need, creating a scalable, sustainable business model.

Technology is fueling customer expectations, altering and expanding markets and channels through which insurance is sold, including automotive, transportation businesses, BigTech, and more. To prompt customers to buy insurance products independently, in addition to identifying customers' needs and expectations, insurers have to understand and adapt to their behaviors (Figure 3). Customers want to buy where, when, how and from the provider that offers the best fit.

Crucial to this is the expansion of partner ecosystems where insurers can assume multiple roles, from the **owner** of the unifying experience to the **orchestrator** of the products and services or **provider** of products and services. This will lead to a transition of the insurance value chain from a monolithic to a modular one, where the industry players will focus on their strengths within a specialized value chain. This can lead to two future scenarios as highlighted by the World InsurTech Report 2021 – Insurance embedded as a value add within third-party ecosystems or Insurance with added value at the core of the offerings.¹¹

What they achieve will depend on their ability to enter the market while it is still an uncrowded white space. Ultimately this creates greater value for insurers with new revenue streams and access to a broader market through the multiplier effect. This is the heart of the new affinity and program business models emerging in the market.

Firms with a cultural mindset that insurance must adapt to the customer will overtake competitors that believe policyholders must adapt to insurance.

¹⁰ Capgemini, World Insurance Report 2021, May 12, 2021

¹¹ Capgemini, World InsurTech Report 2021, Sep 16, 2021

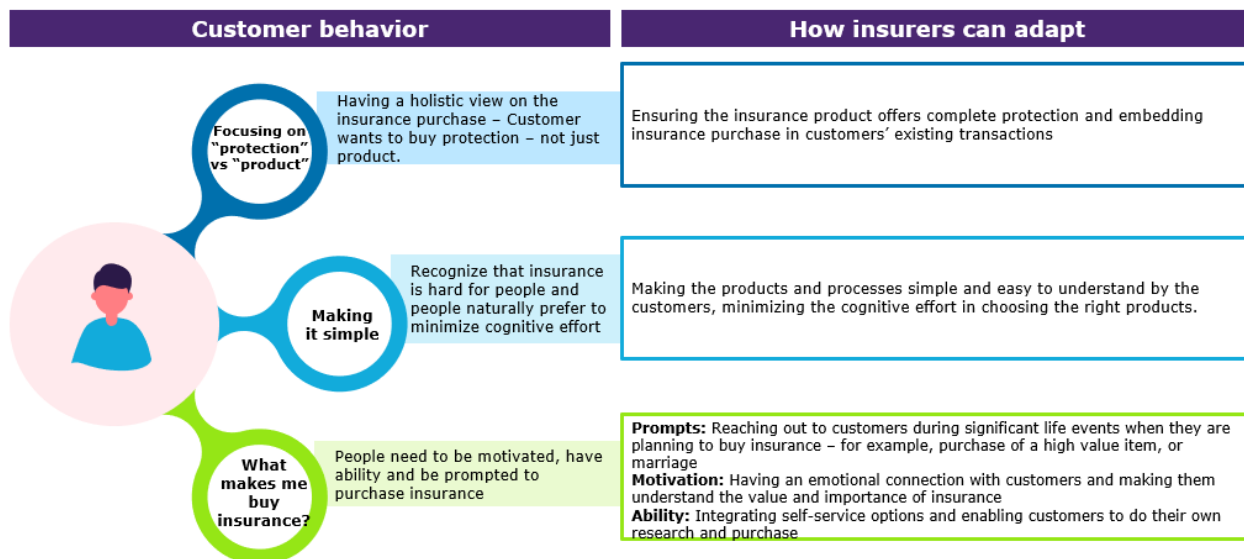


Figure 3 *How can insurers adapt to customer behavior and motivate them to buy insurance*

Source: Capgemini, Majesco

Improve speed and agility: Responding to market changes and opportunities to bring new products and channels to market faster

The secret of change is to focus all of your energy, not on fighting the old, but on building the new.
 A quote from Socrates, a character in Dan Millman's 1980 book, Way Of The Peaceful Warrior

For P&C insurers, the quote can inspire the move to speed and agility. How? Industry trendsetters no longer hold onto legacy operational traditions built into their current business core systems. Instead, they proactively shift their technological and administrative weight using a two-speed strategy for growth and future relevance.

- Speed of operation is for the traditional business model with mature systems and processes needing operational improvements through modernization and optimization using cloud and API-based modern solutions that deliver in months vs. years.
- Speed of innovation is for agile, fast, and MVP models to explore, test, and learn new business opportunities – many in 12 weeks or less. This strategy prepares the new business for the future using next-gen native cloud microservices and API-based solutions.

Visionary, inventive leaders see the market, customer segments, and technological trends as a gateway to new revenue. Therefore, they are preparing to use new data sources, reach new market segments, offer innovative customer-appealing products, create exceptional CX, and leverage new channels.

Frontrunners are leaving followers and laggards in a situation where they may not have the chance to catch up, given the exponential effect of change. The market is moving too rapidly, and opportunities could quickly evaporate. Agility, speed, and innovation are critical.

Leaders execute exceptionally well from Knowing to Planning and then Doing, aligning priorities to strategies and action.

When these are not aligned, a Knowing-Doing gap emerges that defines insurers as a Leader, Follower, or Laggard, based on Majesco's Strategic Priorities research. Interestingly, these research results strongly parallel the elements of AM Best's Innovation assessment approach. The Knowing and Planning gap aligns to Innovation Inputs; Doing aligns to Innovation Outputs; and the assessment of Leaders, Followers, and Laggards aligns with AM Best's Innovator segments, once again highlighting the need for visionary, inventive leaders.

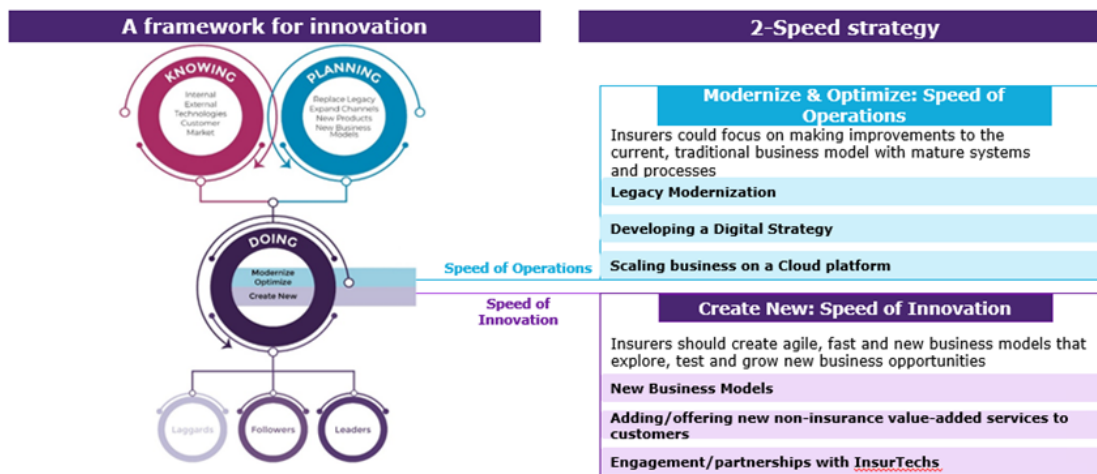


Figure 4 *The 2-speed strategy*

Source: Capgemini, Majesco

When priorities don't match strategies and action, insurers risk being lost in the ensuing market struggle.

Companies that procrastinate put their future at risk. The time for plans, preparation, and execution is now – recognizing that the gap is widening and the timeframe to respond is closing. Leaders, as early adopters, are positioned to succeed.

Platforms – and the technologies within them – become the bridge to the future

Insurance business transformation is successful only when company leaders from the top and throughout the organization believe in the need to change and approach it from a business focus, using an outside-in view with the customers' needs at the center. This is where platform technology makes a difference.

Platforms are underpinning robust business models with network effects that disrupt traditional models, create tremendous customer loyalty, and offer significant opportunities for growth. As a result, platforms are fundamentally changing businesses, and insurance is no exception.

The heart of the insurance platform is an orchestration of next-gen technologies, including cloud-native computing, microservices, APIs, new data sources, and artificial intelligence and machine learning, coupled with a vibrant ecosystem of partners that provide innovative or complementary products and services. This unified combination of components enables insurers to shift from owning complex core systems to owning greater technical agility and flexibility, digital fluency, innovation, and the speed to value required to meet today's pace of change.

From the front office to the back-office, platforms reshape the business focus from policy to customer, from process to experience, from static to dynamic pricing, from a point in time underwriting to continuous underwriting, from the historical view of data to predictive and machine learning of data, from traditional products to on-demand and parametric products, and so much more. And their ability to create and extend an ecosystem of partners to deliver increased value to the customer relationship gives insurers the power to drive customer loyalty.

Leading firms are partnering to expand reach, adopt new capabilities, access new data, and accelerate speed-to-market.

- Collaborating with ecosystem partners and InsurTechs enables insurers to cross-sell/upsell and launch innovative products.
- Carriers that deploy open APIs can reduce service cost, bundle services, and strengthen the value proposition
- Insurers that collaborate with ecosystem partners keep informed about future product needs
- And, they can bolster their digital strategies, adopt new business models, and add lucrative revenue streams

The most successful insurance leaders are increasingly adopting leading platform technologies and are innovating at a faster pace. They increasingly see themselves as technology companies providing protection services vs. insurance companies using technology to deliver insurance products.

Become a High-Impact Insurance Leader of the Future

Change, as we have known it, has changed. It is faster, deeper, wider, and more powerful than we've ever been used to before. As a result, forward-thinking leaders are making bold, warp-speed moves with a two-speed strategy to optimize today's business while simultaneously creating their future business. They are focused on next-gen platforms, ecosystems, new channels, new products, and business models – all key strategies that influence and accelerate growth.

To be successful and leaders in the future, insurers need fresh thinking. Six key focus areas can help insurance firms on the path to success (Figure 6).

- 1. Price the Real Risk:** Use data and advanced analytical techniques to improve the granularity, accuracy, and agility in underwriting and pricing
- 2. Flatten the Loss Curve:** Focus on reducing the frequency and severity of loss incidents by leveraging new technologies such as IoT and blockchain
- 3. Sell Digitally:** Align to customer expectations and design and implement seamless purchase journeys
- 3. Operate Touchlessly:** Deploy AI-driven automation across the value chain to reduce cost and cycle time and provide superior CX
- 4. Modernize Data Estate:** Adopt a data-driven approach, leveraging analytics/AI to innovate across the Insurance value chain
- 5. Build Future Enterprise:** Optimize cost with Inventive IT operating models and building cyber resilience, agility with cloud



Figure 6 *Fresh thinking and data-driven actions are critical to remaining successful*

Source: Capgemini, Majesco

Look at your strategic initiatives and see where you stand compared to Leaders, Followers, and Laggards. Resolve to boldly reprioritize, reallocate resources and accelerate plans with a two-speed strategy to close the gap. Become a technology company with insurance products and services.

Insurers with an inventive mindset are poised for the best of times.

About the Authors



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Denise Garth is the Chief Strategy Officer responsible for leading marketing, industry relations and innovation in support of Majesco's client centric strategy, working closely with Majesco customers, partners and the industry. She is a recognized Top 50 InsurTech Influencer and industry leader with both P&C and L&A insurance experience as CIO and business executive with deep global ties.



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About Us

About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 290,000 team members in nearly 50 countries. With its strong 50 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of €16 billion. For more details on Capgemini, please visit: www.capgemini.com

About Majesco

Majesco is the leading software partner to both the P&C and L&A insurance markets to modernize, optimize and innovate their businesses at speed and scale. Over 330 insurers, from greenfields, start-ups and MGAs to the largest insurers, reinsurers and brokers use Majesco's next generation SaaS platform solutions of core, data, and analytics, digital, distribution, absence management and a rich ecosystem marketplace of established and InsurTech partners to build the future of insurance.

Our technology, expertise and leadership help insurers innovate and connect to build the future of their business. With over 825 successful implementations and over 65% of our customers on Cloud with Majesco platform solutions, together we have an amazing track record of innovation and real-world results. For more details on Majesco, please visit www.majesco.com

Check out the Capgemini and Majesco resource hubs to find out how we're working together to transform the industry.

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