



# Life Insurance Top Trends 2021

Drivers, opportunities, and risks shaping financial services





# TABLE OF CONTENTS

Executive summary	4
Trend 01 Customer engagement takes center stage	6
Trend 02 Omnichannel sales and novel ways to interact with customers	8
Trend 03 Providing customers with self-service options	10
Trend 04 Simple, innovative, and differentiated products for better customer experience	12
Trend 05 Life insurers are adopting intelligent automation	14
Trend 06 Life insurers increasingly leverage alternate data sources for underwriting decisions	16
Trend 07 Life insurers are detecting and preventing fraud through new methods	18
Trend 08 Life insurers are transitioning out of legacy platforms	20
Trend 09 Collaborating with ecosystem players speeds up the game	22
Conclusion	24
Ask the experts	25



# Executive summary

## Miles to go before I sleep...

COVID-19 continues to have a serious impact on the life insurance industry. Job losses, defunct traditional channels, and lack of real-time response have significantly **affected the entire customer life cycle** from acquisition to retention. Prolonged lockdowns and social distancing norms have impacted customer service as well. The low-interest-rate environment has also had a major impact on insurance firm profits. At the same time, **interest in life insurance policies has grown** significantly during this same period.



Insurers face three critical questions during today's challenging times: How do we generate demand and attract customers, how do we improve customer retention, and how can we make underwriting more profitable?

Looking back at Capgemini's [Top Trends in Life Insurance: 2020](#) findings (published Q4 2019), wherein we identified **innovative products for evolving risk scenarios**, explored ways to **improve operational efficiency**, discussed **being both a partner and a preventer** – and offered a rationale for **close collaboration with ecosystem partners**.

Much of what we said last year holds true today. A trend that is gaining traction lately is the hunt for **flexible products**. Life insurers find themselves grappling with different product needs of aging boomers and emerging millennial and Gen Z populations.

This year main trend is about the growing need for **operational efficiency** as life insurers seek to minimize losses and expenses and drive underwriting profitability.

Looking at the glass half full, life insurers are enthusiastically **adopting technologies**. As they seek to enhance operational efficiency, digital tools and techniques are becoming their **enablers for operational efficiency and business continuity**. They are also working to provide **omnichannel experiences** as customers purchase policies or seek post-purchase service. Many insurers are reinventing themselves to innovatively engage with customers to reduce policy lapses and improve customer retention.

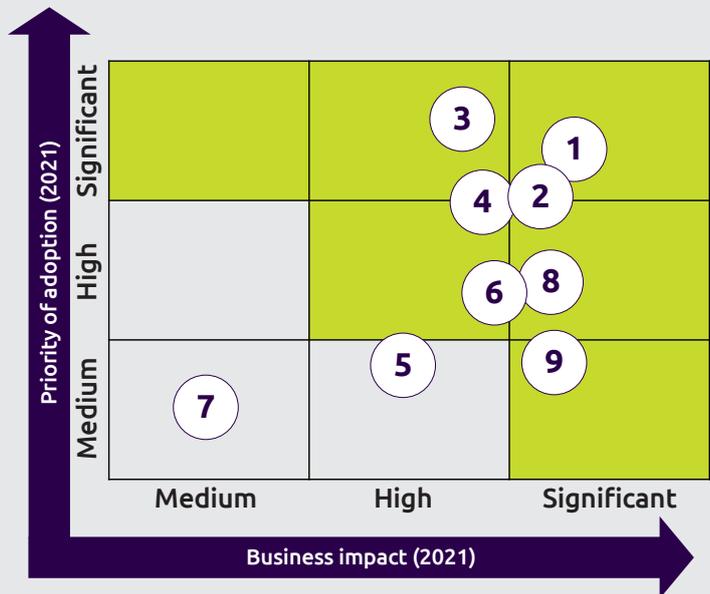
To become winners of the future, life insurers are embarking on long-overdue **legacy platform modernization** efforts to gain agility and respond quickly to shifting market dynamics.

With a ticking clock and constrained budgets, the focus is on **collaboration and co-innovation**. Successful life insurers today are collaborating at scale with ecosystem partners such as InsurTechs and technology providers to acquire business-critical capabilities to maximize *new normal* operational conditions.

Becoming an **Inventive Insurer** – acquiring competencies across dimensions of customer centricity, product agility, intelligent processes, and an open ecosystem – will boost life insurers' relevance and long-term profitability.

**Exhibit 1. Top life insurance trends in 2021 – adoption priority and business impact**

- 1 Customer engagement takes center stage
- 2 Omnichannel sales and novel ways to interact with customers
- 3 Providing customers with self-service options
- 4 Simple, innovative, and differentiated products for better customer experience
- 5 Life insurers are adopting intelligent automation
- 6 Life insurers increasingly leverage alternate data sources for underwriting decisions
- 7 Life insurers are detecting and preventing fraud through new methods
- 8 Life insurers are transitioning out of legacy platforms
- 9 Collaborating with ecosystem players speeds up the game



Note:

- *Priority of adoption* refers to the urgency of adopting a particular trend to maximize value creation in 2021. This rating is based on the identified trends for an insurer operating in current environment.
- *Business impact* represents impact of an identified trend on an insurer’s business in 2021. The impact could be on customer experience, operational excellence, regulatory compliance, or profitability.
- This matrix represents the view of Capgemini analysts for an insurer working in the current operating environment.
  - Low interest rate environment
  - Operational disruption due to COVID-19
  - Uncertain regulatory environment
  - High competitive environment and increased focus on customer centricity due to new-age players
  - Emerging consumer preferences.

The factors above will vary by insurer depending on business priorities, geographic location, and several other factors. For specific requirements, please contact [insurance@capgemini.com](mailto:insurance@capgemini.com).

# Trend 01

## Customer engagement takes center stage

*Life insurers are bridging customer disconnects through initiatives such as health and wellness programs to improve persistency and thereby policyholder stickiness.*

### Context



While some products have natural customer engagement, such as dental plans with twice a year checkups, traditional life insurance products provided minimal engagement opportunities. However, lately more and more life insurers are offering customers experience-led engagement with rewards for healthy lifestyle choices enabled by wearable devices and mobile apps.

- Experience-led engagement helps insurers partner in customers' life journeys, which often results in fewer policy lapses and increased persistence.
- Health and wellness initiatives help shift mortality tables to the right, invigorate premiums, and create up-sell and cross-sell life insurance opportunities.<sup>1</sup>

### Catalysts



- Customers are willing to share real-time data with insurers in exchange for health benefits, and for financial benefits such as premium discounts, rewards, and cashback.
  - According to the World Insurance Report 2019, 37% of the insurance customers we interviewed globally said they were highly willing to share additional data for risk control and prevention services.<sup>2</sup>
- Customer retention also is likely when an insurer offers a value-added, interactive program with non-financial benefits such as wellness coaching and education rather than merely a policy payout.
  - More than half of the policyholders we surveyed in 2019 said they would be more likely to stay if their insurer offered add-on services.<sup>3</sup>
- Insurers can continuously monitor a user's health status, assess the risk, and ensure timely intervention by offering risk-control consultation.

### In a nutshell



- Life insurers that use mobile apps and wearables can incentivize customers to lead healthier lifestyles through rewards and engagement programs.
  - In the United States, John Hancock has developed a wearable program called Aspire, which provides coaching, clinical support, education, and rewards designed to help people with diabetes manage and improve their health.<sup>4</sup>
  - UK-based InsurTech YuLife partnered with Virgin Experience Days, which offers curated experiences to consumers and corporations, to reward its group life clients for participating in app-based wellness activities.<sup>5</sup>

<sup>1</sup> [Think Advisor](#), "Mortality Table Shift Pumps Up Life Sales," March 11, 2020.

<sup>2</sup> [Capgemini | Efma](#), "World Insurance Report 2019," accessed October 8, 2020.

<sup>3</sup> [Ibid.](#)

<sup>4</sup> [InsuranceNewsNet](#), "John Hancock Aspire™, the First and Only Life Insurance Solution Designed for Americans Living With Diabetes," April 30, 2020.

<sup>5</sup> [Insurance Edge](#), "Yulife Partners Up With Virgin Experience Days," May 12, 2020.

- Life insurers are leveraging data captured from connected devices to refine their existing risk assessment models.
  - US-based insurer MassMutual is exploring the use of health-related data collected from wearables to predict long-term mortality risk.<sup>6</sup>
  - Canadian health and wellness company Sprout acquired data analytics firm Vivametrica to create a digital solution for life insurers. The solution uses data from wearables and sensors to anticipate disease and health-related risks better than traditional risk assessment models.<sup>7</sup>

Figure 1. Enhanced customer engagement sparks positive impact



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- Data collected from connected devices help insurers better identify risk factors and create more granular customer segments.
- Keeping customers engaged through health and wellness initiatives leads to increased mindshare and trust while creating more up-sell and cross-sell opportunities.
- Policyholders with genetic and lifestyle conditions can earn better premiums through active participation in health and wellness programs.
- By expanding their payer role to partner and preventer, insurers can achieve the golden mean between growth, customer centricity, and profitability.

<sup>6</sup>[Information Week](#), "MassMutual Explores Health Data from Wearables," September 16, 2020.

<sup>7</sup>[Cision](#), "Sprout Acquires Health Analytics Company Vivametrica, Expanding Its Data-Based Wellness Solutions," August 4, 2020.

## Trend 02

# Omnichannel sales and novel ways to interact with customers

*An omnichannel experience gives customers the flexibility to seamlessly switch between modes of interaction, and innovative digital solutions help insurers enhance communication methods.*

## Context

Life insurers focus on virtual platforms and channels to facilitate insurance product sales and improve customer experience (CX).



- And they are equipping agents with digital tools and solutions to increase sales efficiency.
- While traditional offline channels remain essential for human touch and emotional connection, customers are shifting to digital channels to explore, compare, and purchase life insurance.
  - According to the World Insurance Report 2020, a hybrid blend of digital and emotional connection offers a balanced approach to personalized engagement.<sup>8</sup>
  - Today's policyholders want omnichannel experiences. 67% of customers prefer three or more channels to research insurers and products, and 51% for policy purchase.<sup>9</sup>
- As information availability drives shopping conversion, life insurers can raise their profile using multiple traditional and digital channels to provide consistent and complementary product information.

## Catalysts



- Lockdowns that restricted face-to-face interaction pushed traditional brick-and-mortar channels to the background, and now their necessity is in question.
- To speed up the underwriting process and enable straight-through processing, life insurers are turning to integrated customer data captured from multiple channels.
- Needs for hyper-personalization and more intimate digital sales interaction are encouraging insurers to explore novel ways to enhance CX through communication.

## In a nutshell



- Insurers are offering products via direct-to-customer channels to provide a seamless buying experience.
  - Prudential Individual Life Insurance, a Prudential Financial subsidiary, launched a term life product *SimplyTerm* in the United States through its digital platform *Assurance IQ* that enables customers to apply for coverage without complex preliminary examinations.<sup>10</sup>
- Life insurers are leveraging ecosystem players' platforms for better product distribution.
  - Lincoln Financial Group launched a life insurance product *Lincoln TermAccel* through Policygenius, an online insurance marketplace, to help customers quickly access coverage without a medical exam.<sup>11</sup>

<sup>8</sup> [Capgemini | Efma](#), "World Insurance Report 2020," May 14, 2020.

<sup>9</sup> [Ibid.](#)

<sup>10</sup> [Prudential Newsroom](#), "Prudential brings digital term life offering to new platform with Assurance IQ," June 17, 2020.

<sup>11</sup> [InsuranceNewsNet](#), "Policygenius Expands Marketplace With Accelerated Life Insurance from Lincoln Financial Group," September 15, 2020.

- Life insurers are empowering sales agents with digital solutions and virtual platforms that speed up the application process.
  - Manulife Hong Kong launched a virtual sales platform that enables agents and life insurance applicants to interact via a secure video conferencing platform and digitally share application information.<sup>12</sup>
  - John Hancock enables its insurance agents with a digital application that helps streamline and accelerate quick underwriting decisions.<sup>13</sup>
- Life insurers are leveraging innovative digital solutions for experience-led engagement.
  - In Japan, Rakuten Life Insurance leveraged text-to-speech technology to create a conversational interface for its application process, using lifelike avatars that interact with conversational content.<sup>14</sup>
  - US-based Sagicor Life Insurance partnered with Hispanic InsurTech Vida Life to provide customers authentic bilingual pre-purchase advice.<sup>15</sup>

**Figure 2. Benefits from omnichannel sales and innovative digital solutions**



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- By offering customers multiple engagement channels, life insurers can generate insights on their distribution channel efficacies, which can feed into their channel strategy.
- With the data generated through digital interaction with customers, insurers can analyze the critical times and stages when a buyer seeks life insurance coverage.
- Omnichannel interaction drives experience-led engagement and superior CX.

<sup>12</sup> [Life Insurance International](#), "Manulife launches virtual agency sales platform in Hong Kong," June 15, 2020.

<sup>13</sup> [John Hancock](#), "John Hancock Launches Electronic Application Platform to Streamline Life Insurance Sales Process," June 23, 2020.

<sup>14</sup> [PR Newswire](#), "Sensely Partner Rakuten Life Insurance Launches Innovative Insurance Application," April 10, 2019.

<sup>15</sup> [NS Insurance](#), "Sagicor, Vida Life join forces to enhance insurance buying experience," September 15, 2020.

# Trend 03

## Providing customers with self-service options

*Self-service allows customers to have an alternative path to traditional agent and broker channels as per need and convenience.*

### Context

Life insurers engage with customers through digital portals that allow customers anytime, anywhere, access to policy details and self-service options.

- COVID-19 laser-focused attention on touchless/contactless processes for all customer interactions.
- Digital initiatives that allow self-service options help life insurers speed-up processes right from customer onboarding to claims and payouts.
- Digital assistants and intelligent chatbots are helping customers to independently and intuitively understand policy coverage and benefits.

### Catalysts

- End-to-end digital self-service platforms add useful functionalities to all parts of the value chain and help provide data-driven insights to insurers and customers.
- As digital adoption becomes mainstream across age groups, customers demand a hassle-free experience by engaging in an insurer's self-service options.
  - Digital adoption among insurance customers is no longer a function of age.<sup>16</sup>
- Advancements in natural language processing (NLP) technology enable insurers to engage customers via conversational assistants – and offer experiences at par with human agents.

### In a nutshell

- Customers prefer self-service options for quick and convenient access, and the global health crisis has made it even more necessary.
  - Responding to pandemic conditions, US-based Prudential Financial boosted its chatbot and voice-activated systems to extend customers' self-service options.<sup>17</sup>
- The application process for life insurance policies is undergoing a major digital transformation as insurers modernize and automate customer-facing workflows.
  - US-based Ohio National Financial Services turned to new-age player Insurance Technology to simplify its term life application process, speed-up policy and document delivery to clients, and significantly reduce policy delivery costs.<sup>18</sup>
  - Nebraska-based WoodmenLife collaborated with technology provider iPipeline to implement the latter's e-sign functionality to secure applicants' signature remotely, a requirement for issuance and delivery of life insurance policies.<sup>19</sup>
- Life insurers are launching smart bots to assist customers in gathering policy information.
  - Indian life insurer HDFC Life launched conversational assistant bots on social media channels such as Facebook, WhatsApp, Twitter, and Alexa and Google Assistant-supported devices to help customers with their policy servicing needs.<sup>20</sup>

<sup>16</sup> Capgemini | Efma, "World Insurance Report 2020," May 14, 2020.

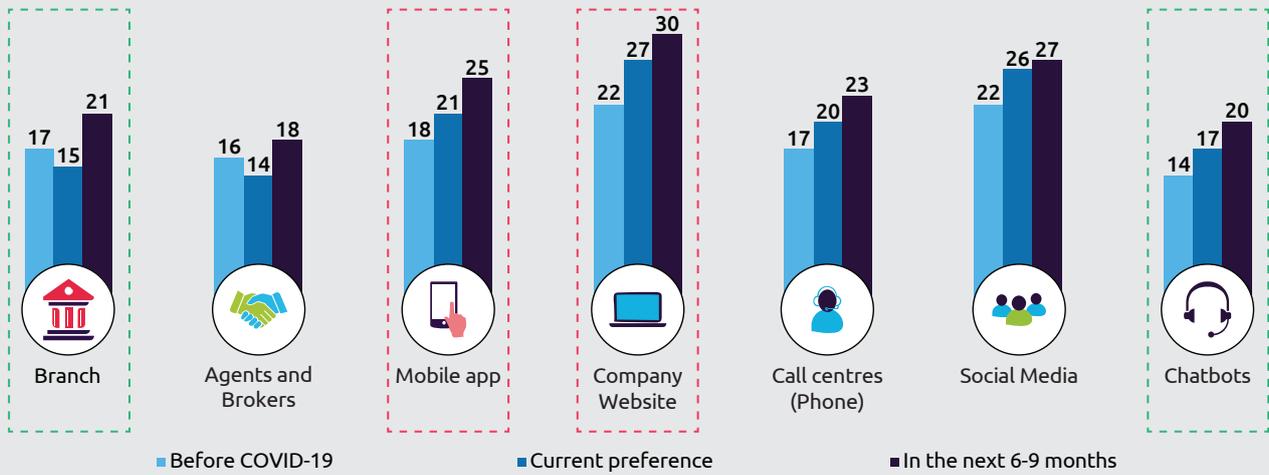
<sup>17</sup> Prudential, "What we're doing for our customers," April 30, 2020.

<sup>18</sup> Insurance Innovation Reporter, "Ohio National Adopts Insurance Technologies' FireLight e-Delivery," September 30, 2019.

<sup>19</sup> InsuranceNewsNet, "WoodmenLife Overcomes COVID-19 Obstacles to Facilitate Policy Delivery with iPipeline's AlphaTrust e-Sign," July 21, 2020.

<sup>20</sup> TechHerald, "HDFC Life serves customers with Ezra – a Google bot," August 14, 2020.

Figure 3. The percentage of digital channel customer interactions is on the rise, 2020



Source: Capgemini Financial Services Analysis, 2020; COVID-19 and the financial services consumer.

### Impact



- These days, life insurers can quickly scale their policy servicing operations and enhance process efficiency while reducing costs.
- Self-service options help insurers provide 24/7 assistance, and convenient and instant query resolution, thereby offering experience-led engagement.
- Digital assistants can help customers understand insurance value by educating them about life risk protection.
- Self-service options enables life insurers to create a unified platform that automates the entire customer acquisition process – from application to approval and underwriting to policy issuance.

# Trend 04

## Simple, innovative, and differentiated products for better customer experience

***Changing demographics and evolving customer preferences are driving life insurers to revisit their product portfolios and create innovative products that stand out.***

### Context



Life insurers are developing new, experience-centric products to cater to policyholders evolving needs. Firms are creating products that are simple to understand and transparent in their coverage details.

- Insurers are revisiting eligibility criteria, creating pre-underwritten products to enable instant purchase without a medical exam.
- They are adding benefit riders and creating hybrid products to make their value proposition innovative and appealing.

### Catalysts



- Vital life insurance growth segments – millennials and Gen Z – have different demands for simple, innovative, and entirely digital products.
- Meanwhile, aging baby boomers want supportive concierge and long-term care products.
- Complexities in the life insurance purchase process are leading to lower conversion rates.

### In a nutshell



- Life insurers are offering simple and easy access to life coverage products with clear eligibility criteria to increase purchase adoption.
  - In the UK, Aviva introduced Simple Life Insurance coverage to provide financial protection to a broader section of customers who may have previously shied away from comprehensive life insurance because of its purchase complexities.<sup>21</sup>
  - Mass Mutual subsidiary Haven Life launched an online term life insurance product *Haven Secure* that requires no medical exam and provides beneficiaries a steady monthly benefit for a minimum of five years.<sup>22</sup>
- Life insurers are creating hyper-personalized and customer-centric offerings to cater to policyholders' emerging needs.
  - In the United States, Allianz Life contributes to the retirement plans of employees whose personal input may be restrained because of student loan debt – a new benefit.<sup>23</sup>
  - New York-based Guardian Life introduced a term life product with a built-in charitable benefit rider to allow civic-minded policyholders to support a charity after their death in donations by the insurance company.<sup>24</sup>

<sup>21</sup> [Cover Magazine](#), "Aviva launches 'no frills' life cover," February 6, 2020.

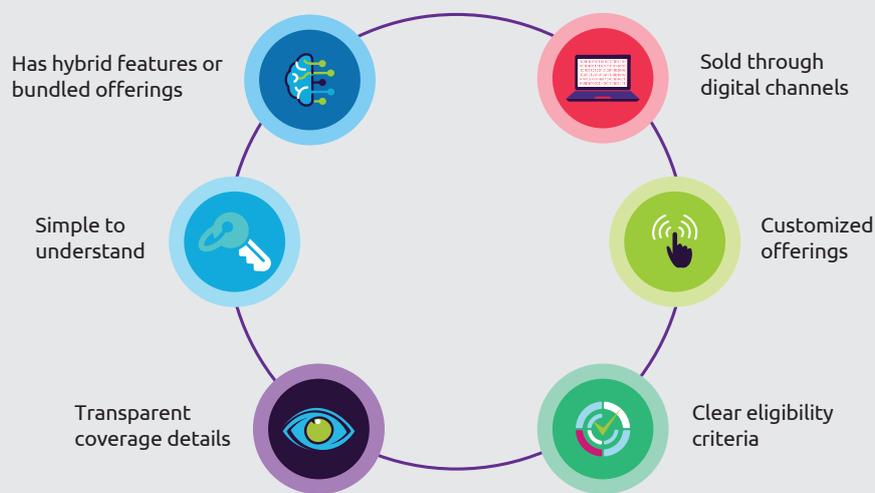
<sup>22</sup> [PR Newswire](#), "Haven Life launches Haven Secure, an innovative term life insurance option that provides a steady monthly benefit for your loved ones," August 12, 2020.

<sup>23</sup> [InsuranceNewsNet](#), "Allianz Life Rolls Out New Benefit To Help Employees With Student Loans Save For Retirement," June 15, 2020.

<sup>24</sup> [PR Newswire](#), "Guardian Life Introduces Term Life Insurance with a Built-in Benefit for Charity," May 18, 2020.

- Life insurers are offering concierge services to long-term care customers to enhance care quality.
  - Chicago-based CNA Financial supports long-term care policyholders with a 12-month concierge program that helps insureds remain in their homes longer by offering advice about community resources.<sup>25</sup>
- As life expectancies go up across the globe, life insurers are developing hybrid long-term care products.
  - In the United States, MassMutual introduced *CareChoice Select<sup>SM</sup>* whole life, offering life coverage with a long-term care benefits rider.<sup>26</sup>

**Figure 4. What do policyholders want from their life insurance policy?**



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- Simple insurance policies with clear eligibility criteria make underwriting decisions easier with quick turnaround times.
- Policies purchased through digital channels provide economies-of-scale, helping life insurers mitigate customer acquisition costs.
- Insurers help customers plan for their future needs by offering customized products that match their aspirations and financial needs.
- Life insurers can become more caring partners by offering products that combine the benefits of life coverage and long-term care needs.

<sup>25</sup> [ThinkAdvisor](#), "CNA to Offer Some LTCI Insureds Free Concierge Services," June 26, 2020.

<sup>26</sup> [MassMutual](#), "Another option for funding long term care now available from MassMutual," July 15, 2020.

# Trend 05

## Life insurers are adopting intelligent automation

*Intelligent automation can be a critical success factor in achieving cost efficiency and more speedy operational processes.*

### Context

Back-office processes for life insurance firms have always been complicated, cumbersome, and time-consuming.

- The life insurance industry is replete with back-office processes that are transactional, high-volume, and repetitive.
- These labor-intensive processes are prone to human error.
- Traditionally, rule-based algorithms were the backbone of robotic process automation (RPA). Now, RPA is being combined with the power of machine learning (ML) and artificial intelligence (AI) to power up existing processes by making them smarter and faster.

### Catalysts

- Life insurers are exploring options to automate repetitive processes to reduce operational costs and speed up operations.
- The rising volume of unstructured data from multiple customer touchpoints enables life insurers to explore advanced data mining techniques and leverage AI and ML models for intelligent automation.

### In a nutshell

- Life insurers are using AI to extract unstructured data from various sources and touchpoints and structure them to streamline and accelerate back-end processes.
  - In Japan, Sompo Himawari Life Insurance leverages artificial intelligence technology from InsurTech Omnisciences to retrieve health screening data from images (in Japanese) to understand policyholders better and automate voluminous data processing.<sup>27</sup>
  - In partnership with data analytics firm Verisk, French life reinsurance company SCOR automated an underwriting platform that leverages machine learning and natural language processing algorithms to accelerate underwriting time.<sup>28</sup>
- Life insurers are turning to AI-based models to improve their end-to-end processes, leading to enhanced customer experience.
  - In India, Max Life uses AI-based face-matching algorithms to automatically verify a customer's photograph and validate other proof of identity details. The insurer also uses an AI-based automated interactive voice response and email intent prediction engine to draw customer sentiment insights for actionable intelligence.<sup>29</sup>
  - American insurer The Standard partnered with technology provider FastTrack Disability Risk Management Solutions & Services to drive process automation using AI to enhance its existing claims processing techniques.<sup>30</sup>

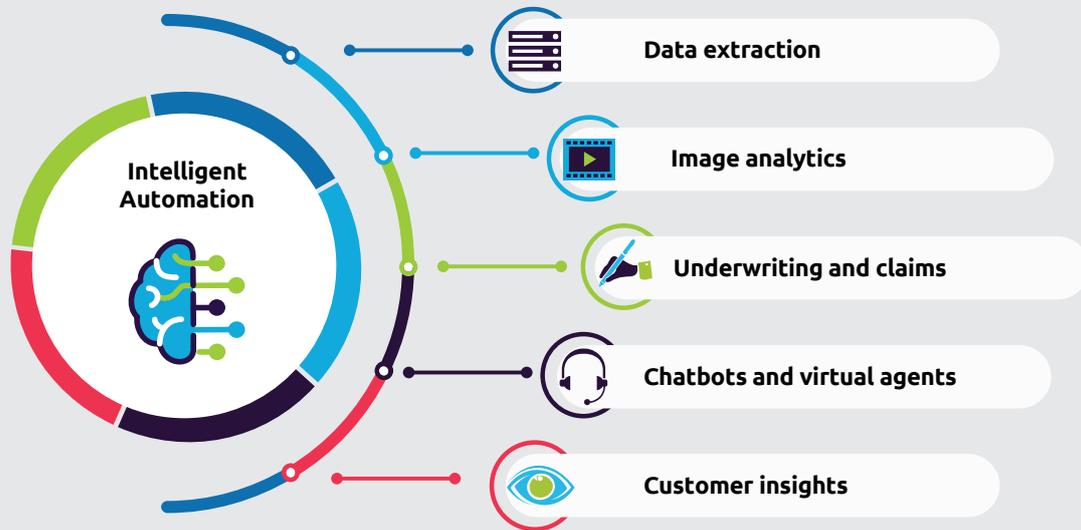
<sup>27</sup> [NS Insurance](#), "Japan's Sompo Himawari Life Insurance selects Omniscience AI technology," July 10, 2020.

<sup>28</sup> [Reinsurance News](#), "SCOR partners with Verisk to help streamline US life underwriting process", August 11, 2020.

<sup>29</sup> [Analytics India Magazine](#), "How Max Life Insurance Deployed AI Models To Optimise Processes," July 23, 2020.

<sup>30</sup> [PR Newswire](#), "The Standard Partners with FastTrack for Innovative Life and Disability Claim Technology," November 5, 2019.

Figure 5. How can life insurers get the most from intelligent automation?



Source: Capgemini Financial Services Analysis, 2020.

### Impact



- A fast and accurate intelligent automation solution reduces the need for manual interventions, increases process efficiency, and reduces costs.
- Intelligent automation enables faster turnaround time in underwriting and claims decisions.
- Staff can redirect their saved time to more high-impact activities such as customer service.
- Fewer manual errors will boost regulatory compliance as well as CX.

## Trend 06

# Life insurers increasingly leverage alternate data sources for underwriting decisions

*The pandemic is spurring life insurers to switch to alternate data-driven underwriting techniques, use AI models, and shift to virtual medical exams.*

## Context



Traditionally, life insurance underwriting required significant time from both applicants and staff.

- Invasive medical testing often turns off life insurance applicants and leads them to shy away from in-person medical exams.
- Alternate data-driven underwriting was gaining ground in life insurance before COVID-19. And, now, restrictions on non-essential medical treatments and face-to-face meetings have pushed it to the forefront.
- The use of alternate data enables life insurers to evaluate risks over time for continuous underwriting.
- Even when labs are needed, there are now providers of at-home self-testing.

## Catalysts



- The pandemic sparked interest in life insurance purchases – and firms are exploring initiatives to help applicants shop for coverage seamlessly.
  - According to Capgemini’s COVID-19 consumer survey conducted in April 2020, interest in life insurance purchases was expected to increase from 32% to 41% within six to nine months.<sup>31</sup>
- Post COVID-19 outbreak the use of no paramedical exam or at-home self-testing has increased.
  - US-based software company UdoTest, which focuses on at-home lab testing, recently launched the COVID-19 testing platform for employers.<sup>32</sup>
- Alternate data collected from electronic health records (EHR) and other databases enables the transition away from in-person medical exams.
- Technological advancements in artificial intelligence and machine learning are helping life insurers enhance underwriting decisions.

## In a nutshell



- Life insurers deploy AI-based systems to generate insights from EHRs, prescription databases, and the previous claim reports to accelerate their underwriting decision.
  - In the United States, John Hancock partnered with InsurTech Human API to access applicants’ electronic health records in real-time to streamline and expedite underwriting.<sup>33</sup>
  - New York-based Mass Mutual subsidiary Haven Life uses AI algorithms to assess applicants’ historical lab results and medical claims data to generate instant coverage quotes and dispense without in-person medical exams.<sup>34</sup>

<sup>31</sup> [Capgemini](#), “COVID-19 and the financial services consumer,” April 2020.

<sup>32</sup> [GlobeNewswire](#), “UDOTest Launches COVID-19 Employer Testing Platform,” June 26, 2020.

<sup>33</sup> [InsuranceNewsNet](#), “John Hancock Partners With Human API On Life Insurance Purchase Process,” January 14, 2020.

<sup>34</sup> [PR Newswire](#), “Haven Life rolls out new initiatives to help more applicants obtain life insurance coverage during the COVID-19 crisis,” April 9, 2020.

- Life insurers are leveraging alternate data sources for continuous underwriting.
  - In Poland, AXA launched a life insurance policy for senior citizens that continuously monitors users' vital health parameters via a wristband.<sup>35</sup>

Figure 6. Benefits of using alternate data for underwriting



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- The ability to forgo a medical examination for most policy applications helps insurers save time and cost.
- Less dependence on invasive medical testing can significantly improve customer acquisition and satisfaction.
- Life insurers that use alternate data for continuous underwriting can assess applicant risk more efficiently, leading to an expanded role in policyholders' lives - from payer to partner and preventer.

<sup>35</sup> [bobsguide](#), "Health and wealth: Happy together," October 5, 2020.

# Trend 07

## Life insurers are detecting and preventing fraud through new methods

*Life insurers are now turning to advanced data analytics, artificial intelligence, and predictive modeling for effective fraud detection and timely prevention.*

### Context



Using AI and data analytics in fraud prevention helps life insurers reduce financial losses and maintain their reputation and consumer trust.

- Life insurers are using AI to detect anomalies in the behavior of applicants.
- The use of predictive modeling on claims data combined with data from other business lines (LoB) helps life insurers identify and predict fraud.
- Fraudulent account takeover activity has spurred US insurance trade associations members LOMA and LIMRA to create a cross-industry reporting tool that alerts companies to intervene quickly.<sup>36</sup>

### Catalysts



- Manually verified life insurance claims can be time-consuming and prone to human errors.
- The opportunity cost of *not* detecting a fraud could potentially be huge.
  - The FBI estimates the total cost of insurance fraud, excluding health insurance, to be more than USD40 billion per year.<sup>37</sup>
- The digital transformation of life insurance companies is eliminating internal siloes and disparate databases.
- AI models have the potential to leverage entire enterprise data to recognize previously undetected fraud patterns and develop business rules for fraud identification.

### In a nutshell



- Life insurers are using AI to validate claims.
  - China Pacific Insurance uses voice sentiment analysis to identify fraudulent claims process behavior and identify claims that require further investigation.<sup>38</sup>
- Life insurers are developing fraud prediction systems leveraging AI and predictive modeling.
  - In South Korea, Kyobo Life Insurance developed a fraud prediction system leveraging internal and external data sources to identify individuals likely to commit fraud.<sup>39</sup>
  - Canada-based insurer Manulife uses advanced analytics to develop fraud detection models leveraging claims data.<sup>40</sup>

<sup>36</sup> [InsuranceNewsNet](#), "LIMRA, LOMA Launch Fraudshare To Help Members Combat Fraud," October 27, 2020.

<sup>37</sup> [Insurance Information Institute](#), "Background on: Insurance Fraud," March 31, 2020.

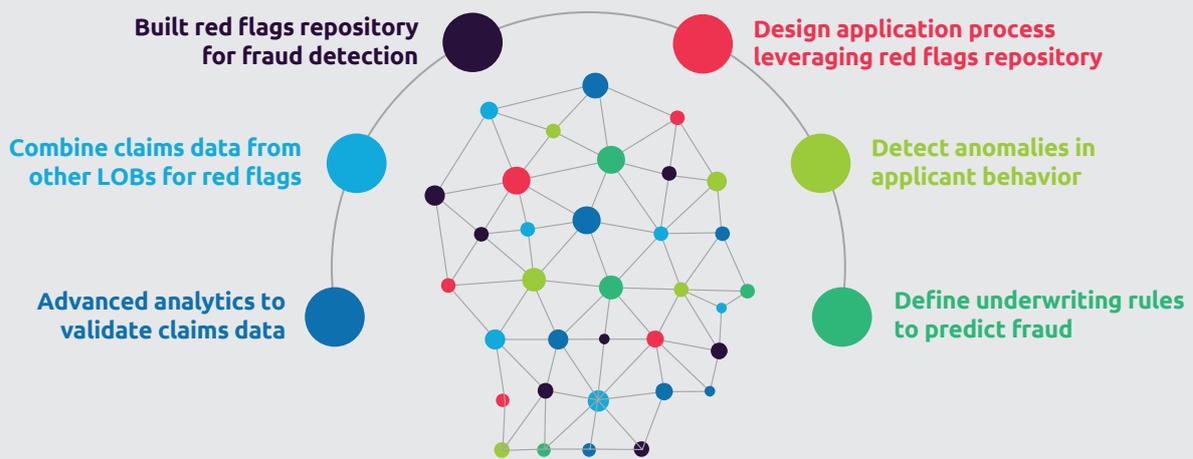
<sup>38</sup> [Life Insurance International](#), "CPIC selects Nemesysco's voice analytics to reduce life insurance fraud," July 1, 2020.

<sup>39</sup> [Korea JoongAng Daily](#), "Kyobo Life Insurance can catch fraud before it happens," May 26, 2020.

<sup>40</sup> [Manulife](#), accessed October 8, 2020.

- Life insurers are exploring options to enhance customer trust by sharing insights to help prevent the need for claims.
  - In Australia, OnePath Life Limited, part of Zurich Insurance Group, found a correlation between air temperature and drowning of men aged 55 to 65 through its AI-powered claims data analysis. It now plans targeted messaging to enlighten the demographic about the findings.<sup>41</sup>

Figure 7. Fraud detection using AI and advanced data analytics



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- AI-powered systems will enable skilled claims examiners to focus on more complex cases, leading to efficient and productive claims handlings.
- Life insurers can design their application process more effectively and use their red flags repository to detect fraud cases early in the policy lifecycle.
- Adoption of industry-standard platforms and repositories, where life insurers can share fraud-related details, will accelerate as AI and ML models detect fraud patterns and identify red flags more rapidly and accurately.

<sup>41</sup> [CMO](#), "How AI is helping OnePath lift life insurance claims insight," December 4, 2019.

# Trend 08

## Life insurers are transitioning out of legacy platforms

*Life insurers are adopting modern platforms or migrating existing legacy modules to the cloud to modernize core systems.*

### Context

Aging and outdated platforms are inflexible when it comes to supporting new business changes. Additionally, IT infrastructure is often an expensive-to-change labyrinth of redundant systems.

- A modern platform can reduce the complexity of existing business processes, quickly deploy new functional capabilities, automate routine tasks, and centralize highly transactional activities.
- Instead of completely shifting to a modern platform, some firms are electing to migrate their core functionalities to the cloud, keeping the system of records intact. This *hollowing of the core* approach minimizes business dependency on legacy platforms.
- Modernizing core systems offers the agility to effectively enable the organization's digital strategy and the flexibility to respond to industry changes and emerging market opportunities.

### Catalysts

- Life insurers are looking at a cloud-first approach that helps them move away from expensive-to-maintain data centers and mainframe applications.
- Modernizing core systems helps insurers rapidly launch new products, integrate widespread multiple channels for consistency, and enable effective policy service and timely problem resolution - which all lead to enhanced customer experience.
- Modern platforms empower life insurers with advanced business analytics capabilities, helping them understand customers better and generate up-sell and cross-sell opportunities.

### In a nutshell

- Life insurers are adopting modern policy administration systems (PAS) to reinvent themselves to become digitally agile.
  - As part of its digital transformation journey, US-based National Western Life Insurance partnered with technology company Equisoft to replace its core legacy policy administration system with the Oracle Insurance Policy Administration (OIPA) platform.<sup>42</sup>
  - To enable rapid product development and faster time to market Greenhouse Life Insurance, a Reinsurance Group of America subsidiary, partnered with US-based InsurTech Socotra to adopt the latter's policy administration platform.<sup>43</sup>
- Life insurers are migrating applications to the cloud to gain operational efficiency and scalability.
  - Dutch life insurer, Nationale-Nederlanden (NN), upgraded its claims platform with help from technology provider FINEOS, migrating from on-premises infrastructure to the cloud.<sup>44</sup>
  - In the United States, MetLife partnered with cloud-based software solution provider PlanSource to streamline its benefits administration process through automation and real-time API integrations.<sup>45</sup>

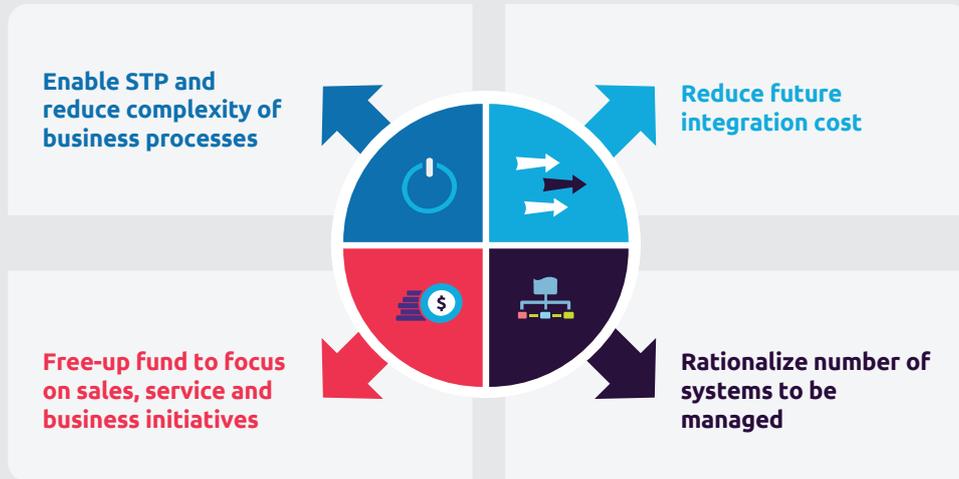
<sup>42</sup> [Life Insurance International](#), "National Western Life turns to Equisoft to drive digital growth," November 19, 2019.

<sup>43</sup> [Reinsurance News](#), "RGAX partners with insurtech Socotra to develop life products," May 13, 2020.

<sup>44</sup> [Business Wire](#), "Nationale-Nederlanden, in the Netherlands, Upgrades to the FINEOS Cloud Platform," April 15, 2020.

<sup>45</sup> [Business Wire](#), "MetLife Expands Relationship With PlanSource to Enhance Employee Benefits Experience," June 30, 2020.

Figure 8. Why are life insurers modernizing their core systems?



Source: Capgemini Financial Services Analysis, 2020.

### Impact



- For policy administration system modernization, life insurers must consider their current state and upcoming products, future markets, and future service strategies.
- While following the core, firms must prioritize the modules to be converted and develop a cost-effective solution as per strategic interests.
- Modernizing core systems and platforms enables insurers to leverage open APIs, web services, and microservices, which reduce integration costs with other platforms.
- Adopting modern platforms helps insurers take full advantage of new and emerging technologies, e.g., intelligent automation for straight-through processing (STP).

# Trend 09

## Collaborating with ecosystem players speeds up the game

*Life insurers are collaborating with ecosystem players to acquire technology capabilities, expand their distribution network, and provide bundled offerings.*

### Context

Life insurers are closely collaborating with ecosystem players to acquire critical capabilities for business continuity, accelerate their digitization efforts, and differentiate their offerings.

- The changing business environment and COVID-19 are forcing life insurance firms to acquire critical capabilities.
  - In response to a World InsurTech Report 2020 survey, insurers said their key focus areas are capabilities to respond in real time, offer crisis-proof processes, provide insurance-as-a-utility, be a caring partner, and provide a superior digital experience.<sup>46</sup>
- Building a capability in-house requires the most time and capital, while collaboration with ecosystem partners allows life insurers to focus cost-effectively on business.
- COVID-19 has sparked interest in life insurance product purchases, and insurers want to boost go-to-market digital capabilities to respond swiftly.
- Firms are weighing their options to provide innovative offerings that match the stellar customer experience set by BigTech firms.
  - Customer willingness to purchase insurance from BigTechs jumped from 17% in 2016 to 44% in April 2020.<sup>47</sup>



### Catalysts

- With lockdowns accelerating digital adoption among customers, partnerships with ecosystem players can rapidly help firms acquire digital go-to-market capabilities.
  - More than 65% of insurance firms are interested in collaborating with InsurTechs and technology providers.<sup>48</sup>
- Increasing cost pressure and the desire to become operationally efficient have led life insurers to turn to ecosystem players for scalable solutions.



### In a nutshell

- Life insurers are partnering with InsurTechs to leverage the latter's technology capabilities and distribution network.
  - In Indonesia, Generali collaborated with Munich Re Automation Solutions to adopt the latter's underwriting solution to streamline its underwriting and risk assessment process.<sup>49</sup>
  - In Ireland, Aviva partnered with the UnderwriteMe platform to use its Underwriting Rules Engine to customize questions and amend underwriting rules for different channels or partners, without any IT support.<sup>50</sup>



<sup>46</sup> Capgemini, "World InsurTech Report 2020," September 15, 2020.

<sup>47</sup> [Ibid.](#)

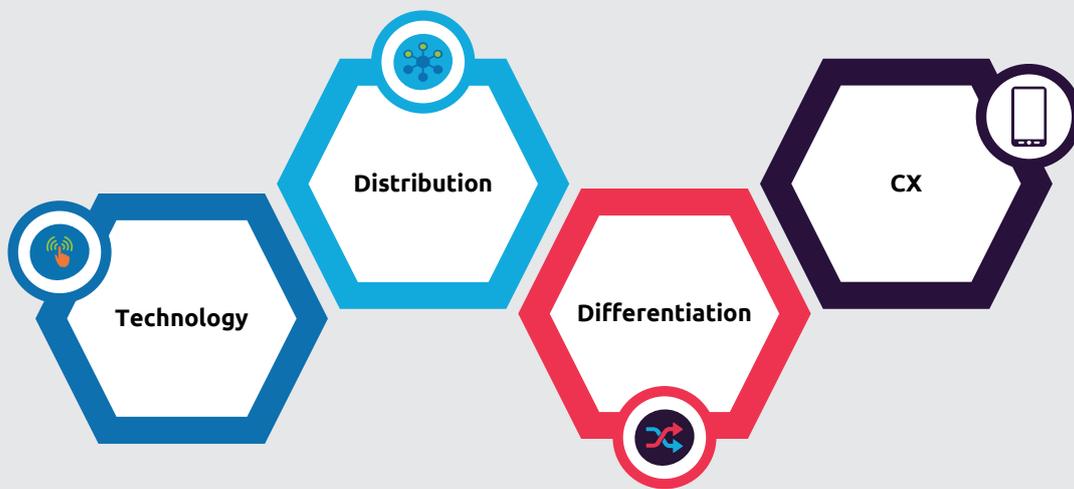
<sup>48</sup> [Ibid.](#)

<sup>49</sup> [Reinsurance News](#), "Munich Re insurtech subsidiary partners with Generali Indonesia," July 16, 2020.

<sup>50</sup> [Life Insurance International](#), "Aviva Ireland takes on UnderwriteMe's Underwriting Rules Engine," July 6, 2020.

- Insurers are creating differentiated offerings via bundling insurance with other products to facilitate adoption and enhance CX.
  - Singapore-based life insurer Singlife launched an insurance savings plan in partnership with Visa that offers savings plan interest linked to the life coverage and a Visa debit card option.<sup>51</sup>
  - In the Philippines, bancassurance firm BPI Philam collaborated with health care administrator Avega to launch *MedLife Protect Plus*, combining medical benefit riders and investment-linked life insurance.<sup>52</sup>
  - AXA partnered with Western Union to offer life and disability offerings using Western Union’s global omnichannel platform.<sup>53</sup>

Figure 9. Drivers for collaboration with ecosystem players



Source: Capgemini Financial Services Analysis, 2020.

## Impact



- Collaborating with InsurTechs will play a critical and long-lasting role in accelerating digital transformation for life insurers.
- Partnering with ecosystem players will help life insurers create new value propositions that will deepen customer relationships.
- Collaboration with specialists will drive life insurers to deliver better value to the end customer.
- Strategic collaboration with ecosystem partners will lead to continuous co-innovation for life insurers.

<sup>51</sup> [AiThority news](#), “Singlife Launches Singapore’s First Insurance Savings Plan with Visa Card to Spend,” November 11, 2019.

<sup>52</sup> [Tech and lifestyle Journal](#), “BPI-Philam launches investment-linked life insurance with health coverage,” September 2, 2020.

<sup>53</sup> [Business Wire](#), “Western Union Partners with AXA to Offer Insurance Services Through Its Global Payments Platform,” June 18, 2020.

# Conclusion

COVID-19 has been, and still is, a **catalyst**, pushing life insurers to **enhance technological capabilities to ensure crisis-proof operations**. Life insurers that had already begun their digital transformation journey were able to swiftly respond to changing dynamics and take advantage of emerging market opportunities. Customers will value those insurers as caring partners who have quickly launched protection products and seamlessly engaged with customers via digital channels during a crisis.

**Intelligent processes** built on new-age technologies that leverage alternate data sources enable firms to **implement straight-through processing in underwriting and claims processing** with an enhanced fraud prevention system. Traction for innovative digital solutions for customer engagement will accelerate further as life insurers look forward to low-touch options that are equally cost-efficient.

**Customer-centric** life insurers are developing innovative, hyper-personalized products to offer experience-led engagements to their customers. They are also adopting innovative approaches in policy distribution, such as seamless omnichannel sales and self-service options.

**Close collaboration with ecosystem partners** is the need of the hour. Life insurers turn to ecosystem partners for critical capabilities and distribution outreach to stay relevant and up-to-speed during these changing times.

Tomorrow's industry frontrunners will be those life insurers who are customer centric, have adopted intelligent processes, acquired go-to-market agility, and have closely collaborated at scale with ecosystem partners.

Challenging times and black swan events test firms to reinvent themselves and become future-proof, which requires strategic vision. The most successful mindset will be **an attitude that shifts from a product focus to embrace customer experience**. An approach that leverages data as a *critical asset*. A transition from asset ownership to a *shared economy* that features *partnerships* with specialists versus purchasing or building capabilities.

The time to act is now!

# Ask the experts



## Elias Ghanem

*Global Head of Financial Services Market Intelligence*

[elias.ghanem@capgemini.com](mailto:elias.ghanem@capgemini.com)

Elias Ghanem is responsible for Capgemini's global portfolio of FS thought leadership. Elias oversees a team of consultants and analysts who deliver strategic research to address complex issues related to the future of banking and insurance.



## Shane Cassidy

*Insurance Business Unit (BU) Leader*

[shane.cassidy@capgemini.com](mailto:shane.cassidy@capgemini.com)

Shane Cassidy is Executive Vice President and Head of Capgemini's Global Insurance Business Unit. Shane has been at the forefront of digital disruption and innovation for two decades, identifying and developing solutions to address market disruptions.



## Ian Campos

*Global Insurance Practice Leader*

[ian.campos@capgemini.com](mailto:ian.campos@capgemini.com)

Ian Campos is Executive Vice President and Head of Capgemini's Global Insurance Services team. Ian is an expert in core insurance transformation. He has worked across the entire FS consulting continuum — from strategy development to operational management.



## Chad Hersh

*Vice President, Insurance BU*

[chad.hersh@capgemini.com](mailto:chad.hersh@capgemini.com)

Chad Hersh leads the strategy and growth of Capgemini's North American L&A/Group Benefits practice, helping insurers transform their businesses from core systems to digital, leveraging emerging technologies.



## Ram Thai

*Vice President, Insurance BU*

[ram.thayi@capgemini.com](mailto:ram.thayi@capgemini.com)

Ram Thai is an Insurance Industry leader within the insurance BU of Capgemini with over 20 years of experience in providing digital transformation, and operating model transformation solution to insurance clients.



## Milind Shah

*Healthcare Leader, Capgemini Invent*

[milind.shah@capgemini.com](mailto:milind.shah@capgemini.com)

Milind Shah has over 20 years of experience in the consulting space with a focus on Healthcare. Milind is an expert in innovation, experience, design, and strategy and has driven transformation initiatives in areas such as wellness, cost adherence, care management, and member engagement.



## Aruna Mahesh

*Insurance Business Solutions and Innovation Leader*

[aruna.mahesh@capgemini.com](mailto:aruna.mahesh@capgemini.com)

Aruna Mahesh is an insurance industry leader with deep domain expertise. She comes with a rich experience of over 21 years in Domain Consulting, Innovation, and Crafting business solutions leveraging Emerging Technologies to create tangible business value.



## Vikash Singh

*Insurance domain Leader, Global FS Market Intelligence*

[vikash.singh@capgemini.com](mailto:vikash.singh@capgemini.com)

Vikash Singh leads the Insurance Practice in Capgemini FS Market Intelligence. Vikash has more than 17 years of experience in market intelligence and strategic analysis of insurance industry. He has authored several thought leadership pieces sharing his forward-looking POV.



## Kumaresan A

*Lead Analyst, Global FS Market Intelligence*

[kumaresan.a@capgemini.com](mailto:kumaresan.a@capgemini.com)

Kumaresan A has around ten years of experience in technology consulting, business consulting, and thought leadership with a focus on insurance. Kumar is proficient in technology disruptions and new business models and its application for the insurance industry.

# For more information, please contact

## Global

### Ian Campos

ian.campos@capgemini.com

### Seth Rachlin

seth.rachlin@capgemini.com

### Stanislas De Roys

stanislas.deroys@capgemini.com

## India

### Kiran Boosam

kiran.boosam@capgemini.com

### Ramesh Darbha

ramesh.darbha@capgemini.com

### Aruna Mahesh

aruna.mahesh@capgemini.com

## SE Asia

### Ramesh Darbha

ramesh.darbha@capgemini.com

### Sivakumar V

sivakumar.vankamaddi@capgemini.com

### Kimberly Douglas

kim.douglas@capgemini.com

## Australia

### Manoj Khera

manoj.khera@capgemini.com

### Mohit Jain

mohit.jain@capgemini.com

### Susan Beeston

susan.beeston@capgemini.com

## Italy

### Daniele Di Maio

daniele.dimaio@capgemini.com

### Michele Inglese

michele.inglese@capgemini.com

## Spain

### Christopher Stevens Diez

christopher.stevens@capgemini.com

### Belen Molina Cabellos

belen.molina-cabellos@capgemini.com

### Carmen Castellvi Cervello

carmen.castellvi@capgemini.com

## Belgium

### Jan Verlinden

jan.verlinden@capgemini.com

### Robert van der Eijk

robert.van.der.eijk@capgemini.com

## Japan

### Hiroyasu Hozumi

hiroyasu.hozumi@capgemini.com

### Masayuki Imazu

masayuki.imazu@capgemini.com

## Netherlands

### Jimut Basa

jimut.basa@capgemini.com

### Cuno van Diepen

cuno.van.diepen@capgemini.com

## France

### Thierry Loras

thierry.loras@capgemini.com

### Olivier Hoarau

olivier.hoarau@capgemini.com

## LatAM

### Roberto Ciccone

roberto.ciccone@capgemini.com

### Geovanni Alfonso Millan

geovanni.millan@capgemini.com

## United Kingdom

### Shane Cassidy

shane.cassidy@capgemini.com

### James Kruger

james.kruger@capgemini.com

### Kristofer le Sage de Fontenay

kristofer.le-sage-de-fontenay@capgemini.com

## Germany

### Gunnar Tacke

gunnar.tacke@capgemini.com

### Thomas Hillar

thomas.hillar@capgemini.com

## Nordics

### Kevin Jiang

kevin.jiang@capgemini.com

## USA and Canada

### Shane Cassidy

shane.cassidy@capgemini.com

### Chad Hersh

chad.hersh@capgemini.com

### Keith Gage

keith.gage@capgemini.com

# Market Intelligence core analyst team



## Avinav Chowdhury

Industry Analyst, Insurance  
Financial Services – Market Intelligence



## Saurav Swaraj

Industry Analyst, Insurance  
Financial Services – Market Intelligence



## Vipul Mehta

Industry Analyst, Insurance  
Financial Services – Market Intelligence

## Acknowledgments

### We would also like to thank the following teams and individuals for helping to compile this report:

Tamara Berry for overall leadership; Dinesh Dhandapani Dhesigan for illustrating the findings.

Ken Kundis, Mary-Ellen Harn, Marion Lecorbeiller, and Aparna Tantri for their overall marketing leadership for the report, and the Creative Services Team for producing the report: Kalasunder dadi, and Sourav Mookherjee.

---

### Disclaimer

The information contained herein is general in nature and is not intended and should not be construed as professional advice or opinion provided to the user. This document does not purport to be a complete statement of the approaches or steps, which may vary according to individual factors and circumstances necessary for a business to accomplish any particular business goal. This document is provided for informational purposes only; it is meant solely to provide helpful information to the user. This document is not a recommendation of any particular approach and should not be relied upon to address or solve any particular matter. The text of this document was originally written in English. Translation to languages other than English is provided as a convenience to our users. Capgemini disclaims any responsibility for translation inaccuracies. The information provided herein is on an “as-is” basis. Capgemini disclaims any and all representations and warranties of any kind concerning any information provided in this report and will not be liable for any direct, indirect, special, incidental, consequential loss or loss of profits arising in any way from the information contained herein.

This message contains information that may be privileged or confidential and is the property of the Capgemini Group.

Copyright © 2020 Capgemini. All rights reserved.



## About Capgemini

Capgemini is a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms.

Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17billion.

Visit us at

[www.capgemini.com](http://www.capgemini.com)

Learn more about us at:

[www.capgemini.com/insurance](http://www.capgemini.com/insurance) or  
email: [insurance@capgemini.com](mailto:insurance@capgemini.com)



**People matter, results count.**