



Property & Casualty Insurance Top Trends 2021

Drivers, opportunities, and risks shaping financial services





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Executive Summary

Time to revisit business and operating models

Our last [Top Trends in Property and Casualty Insurance](#) report (published in Q4 2019) explored a landscape rife with evolving risk, steep business competition, changing customer expectations, new regulations, and aggressive newcomers. While these factors remain relevant, the **global COVID-19 crisis** added black swan new challenges. Hands down, the No. 1 priority for P&C insurers beginning in the first half of 2020 was business continuity.

COVID-19 has adversely affected business operations across almost all industries, which has had a ripple effect on P&C insurance in terms of **policy lapses and high-value business interruption claims**. Also, natural disasters such as forest fires adversely impacted insurance firm books. As insurers struggle to keep their lights on, BigTechs are providing uninterrupted customer services and are beefing up CX standards.



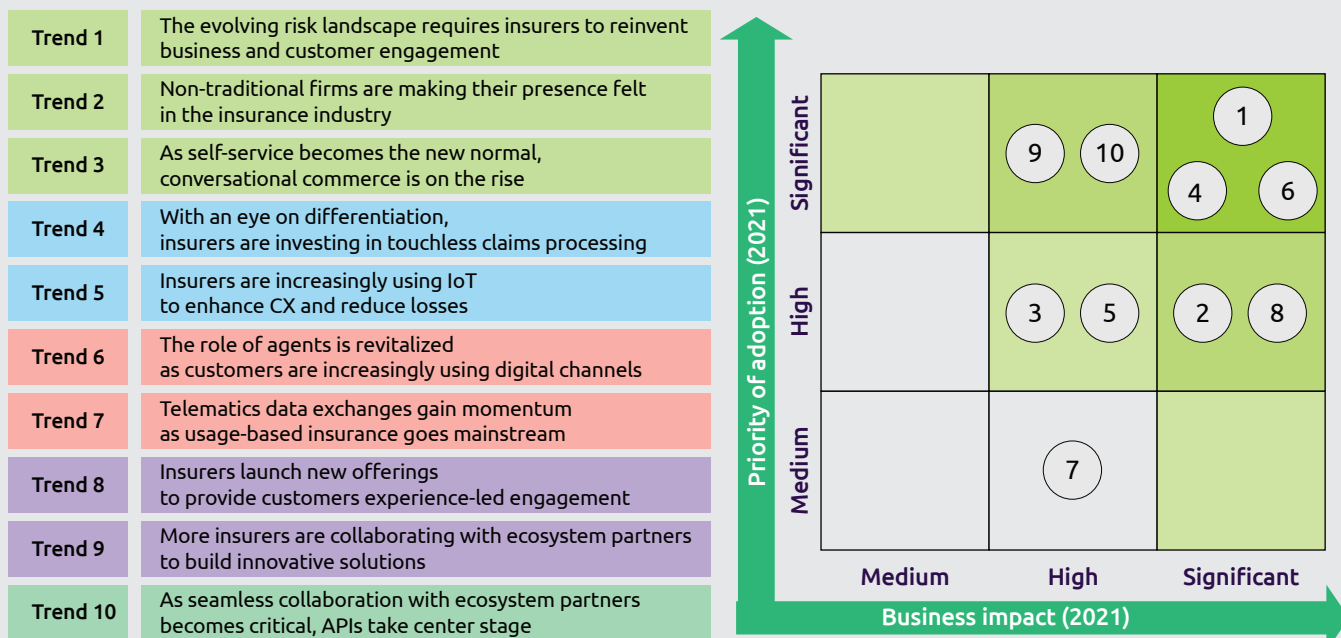
Thanks to BigTechs, customers today expect **24/7 access to offerings** via digital channels. The prolonged lockdowns have further intensified the need for **self-service options** and **touchless processes** – particularly in claims processing, a critical moment of truth for policyholders.

The need to provide **BigTech-like experiences** while enhancing operational efficiency and underwriting profitability are driving firms to revisit their business and operating models. Increasingly, insurers are using **internet of things (IoT)** devices to access real-time data from customers and provide **usage-based insurance** and other **risk prevention services**. As usage-based insurance becomes mainstream, we notice the emergence of **telematics data exchanges** – third-party providers that aggregate the data on driving behavior captured from multiple sources.

The increased use of **digital tools** is enabling agents to assume new roles and act as customer advisors. To meet evolving needs, insurers are developing new offerings by collaborating with ecosystem partners and leveraging **open APIs**.

To ensure growth and future-readiness, the most strategic insurers strive to be an **Inventive Insurer** – assuming a customer-centric approach, deploying intelligent processes, practicing business resilience and go-to-market agility, and embracing an open ecosystem.

Exhibit 1. Top property & casualty insurance trends in 2021 – adoption priority and business impact



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.

Trend 01

The evolving risk landscape requires insurers to reinvent business and customer engagement

In today's rapidly evolving risk landscape, policyholders want to understand risks better and learn how to foresee and mitigate potential threats.

Context

As highlighted in the World Insurance Report 2019, environmental, technological, social, and business factors are significantly changing the risk landscape.¹ And now, COVID-19 has impacted almost every business operations across the globe and has driven high-value business interruption claims.

- Natural disasters, such as the forest fires in Australia and California, have led to substantial insured losses.
- Insurers should assess the impact of emerging risks on customers and structure new offerings to better meet policyholder needs.

Catalysts

- The increase in the frequency and severity of claims have adversely impacted the profitability of insurance firms.
- Traditional channels of customer engagement are not effective during a crisis.
- There is a need to engage with customers at multiple touchpoints to gain their mindshare and capture critical data to assess their needs and preferences.
- Customers are also likely to have high retention if the insurer offers value-added services in-addition to policy payout.
 - According to the World Insurance Report 2019, more than 50% of insurance customers surveyed are likely to have high retention if insurers provide add-on services.²

In a nutshell

- COVID-19 related claims are severely impacting insurance firms' financials, which has spurred the industry to revisit risk assessment and pricing techniques.
 - In a recent announcement, Lloyd's of London estimated that it might pay around USD6.5 billion in COVID-19-related claims.³
 - Insurers also are facing hefty business interruption claims. Recently, the German court directed an insurer to pay more than USD1 million to a large beer garden to cover pandemic-related business interruption losses.⁴
- COVID-19 has heavily impacted traditional customer acquisition and service channels.
 - According to the World insurance Report 2020, around 70% of insurance executives said that new customer acquisition is significantly affected by pandemic conditions. Also, about half of insurers said COVID-19 had affected their customer service touchpoints.⁵

¹ [Capgemini](#), "World Insurance Report 2019," May 14, 2019.

² [Ibid.](#)

³ [Bloomberg](#), "Lloyd's of London Says Covid Claims Could Reach \$6.5 Billion," September 10, 2020.

⁴ [Reuters](#), "German court rules insurer must pay restaurant's lockdown claim," October 1, 2020.

⁵ [Capgemini](#), "World Insurance Report 2020," May 14, 2020.

- To reduce the frequency and severity of claim incidents and engage better with customers, more and more insurers are offering risk prevention services.
 - Zurich Insurance Group launched Climate Change Resilience Services to help businesses better prepare for current and future risks associated with climate change.⁶
 - Japanese insurance company MS&AD is collaborating with climate risk specialist Jupiter to predict the effect of natural disasters on companies. MS&AD will share the data with clients wanting to implement risk-control measures.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

Figure 1. Evolving risk landscape



Source: Capgemini Financial Services Analysis, 2020.

Impact



- New tools and techniques can help insurers assess the impact of emerging risks and improve their underwriting profitability.
- Insurers that accelerate their digitalization pace will be able to serve customers effectively during crises.
- Insurers that collaborate with ecosystem partners can offer customers real-time risk assessment and provide risk prevention services.

⁶ [Zurich press release](#), "Zurich launches dedicated Climate Change Resilience Services to help businesses tackle climate change risks," September 17, 2020.

⁷ [NIKKEI Asia](#), Japan's MS&AD to predict climate-change impact on companies," July 6, 2020.

⁸ [ICW press release](#), "ICW Group Expands its Risk Management Offerings with Safety OnDemand," July 22, 2020.

Trend 02

Non-traditional firms are making their presence felt in the insurance industry

Newcomers are leveraging their digital expertise and data management capabilities to provide experience-led engagement to insurance customers.

Context

New players are distributing insurance products or adding insurance offerings to product bundles to enhance customer engagement and increase revenue streams.

- BigTechs, with vast customer bases and advanced technology capabilities, are entering into various insurance value chains.
- Product manufacturers and retail giants are joining the insurance space, primarily via distribution.

Catalysts

- BigTechs and product manufacturers have access to detailed consumer data, enabling them to secure nuanced insights into customer needs and preferences.
- Offering insurance at product point of sale can increase purchase potential because customers are more likely to buy insurance when its value is top of their mind.
- Customer appetite to purchase insurance from non-traditional players is rising.
 - Policyholder willingness to purchase from BigTechs rose from just 17% in 2016 to 36% in 2020, according to a Capgemini Research Institute report.⁹

In a nutshell

- Besides providing coverage for their products or merchandise sold on their platform, BigTechs are now collaborating with insurers to distribute a wide range of insurance policies through their platforms.
 - In India, Amazon partnered with auto insurer Acko to provide car and bike insurance as a new core offering.¹⁰
- BigTech firms are actively investing in the insurance space and providing innovative solutions to insurers.
 - UK insurer Brit partnered with Google Cloud in May 2020 to launch Ki, the first fully digital and algorithmically driven Lloyd's syndicate. Google Cloud will help Ki access innovative technologies that can accelerate the pace of digital transformation.¹¹
- Product manufacturers are collaborating with InsurTechs to offer tailor-made insurance policies to customers at point of sale.
 - Ford, a leading automobile manufacturer, partnered with Metromile, US-based InsurTech firm, to offer pay-per-mile insurance for select connected vehicles at point of sale.¹²

⁹ [Capgemini Research Institute](#), "COVID-19 and the financial services consumer," April 2020.

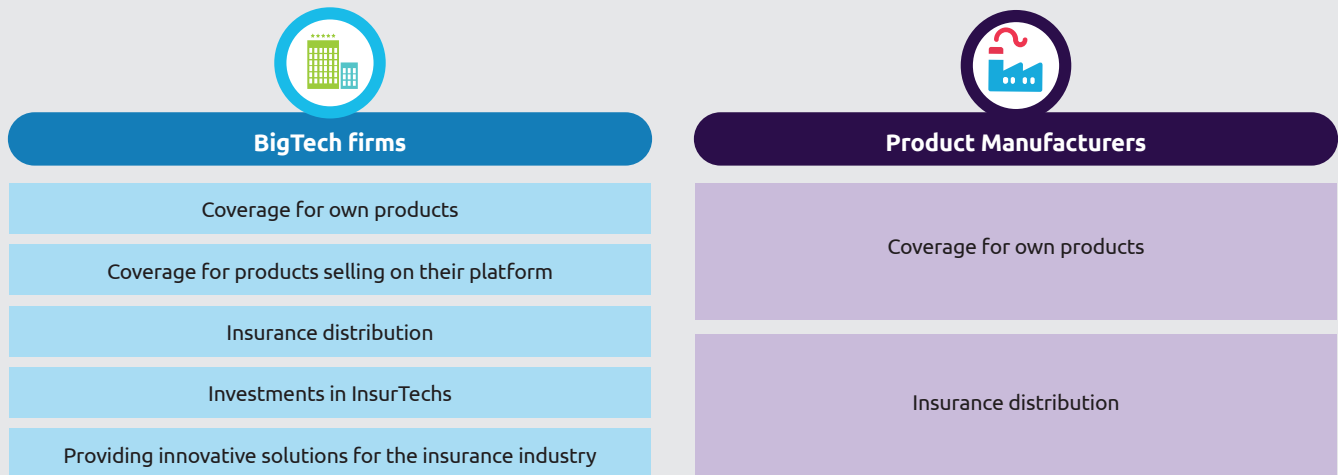
¹⁰ [Money Control](#), "Amazon in insurance push, working with Acko to offer more products, better experience," May 12, 2020.

¹¹ [Reinsurance news](#), "Brit & Google Cloud launch first algorithmically driven Lloyd's Syndicate, Ki," May 13, 2020.

¹² [RDN](#), "Ford-State Farm, Ford-Metromile, Honda-Verisk among insurer-OEM telematics connections," September 9, 2020.

- Product manufacturers and retail giants have in-depth information about their products and customers' purchase preferences so that they can develop flexible, affordable, and personalized coverage.
 - Tesla leverages its electric cars' advanced technology, safety, and serviceability to calculate personalized auto insurance pricing.¹³

Figure 2. Non-traditional firms in the insurance industry



Source: Capgemini Financial Services Analysis, 2020.



Impact

- The entry of non-traditional players in the insurance space has raised the bar for customer expectations, leading insurers to step up customer engagement efforts.
- By collaborating with non-traditional firms, insurance firms can access real-time customer data to develop more innovative and personalized offerings.
- Insurers have an opportunity to expand their outreach to a broader section of customers by collaborating with non-traditional companies.

¹³ [The Conversation](#), "Why is Tesla selling insurance and what does it mean for drivers?," January 31, 2020.

Trend 03

As self-service becomes the *new normal*, conversational commerce is on the rise

Chatbots, voice assistants, and other digital conversational platforms enable P&C insurers to offer service and support, help customers purchase policies, file claims.

Context

Empowered by self-service options, customers today expect 24/7 access to products and services. While the trend was on the rise before COVID-19, lockdown restrictions thrust it further to the forefront.

- BigTechs such as Google and Amazon use conversational platforms such as chatbots and voice assistants to offer real-time product access and swift response to customer queries.
- Some insurers are beginning to use artificial intelligence (AI) and machine learning (ML) to analyze customer sentiments and develop tailored – personalized and contextual – communications.
- Chatbots and voice assistants collect granular data that enables insurers to understand the nuances of customers' coverage needs and identify opportune times to pitch a policy.

Catalysts

- Agents and call center support systems undergo duress during crises, and COVID-19 amplified the pressure.
- While the global health crisis accelerated touchless insurer/customer interaction, signs are that it will not wind down when pandemic conditions abate.
 - According to a Q2 2020 report from the Capgemini Research Institute, 77% of customers are expected to increase touchless technology use during COVID-19, and 62% will continue to expand use even after a vaccine is broadly distributed.¹⁴
- Advancements in natural language processing (NLP) and AI have led insurers to adopt voice assistants and AI-driven chatbots for superior customer experience (CX).

In a nutshell

- P&C insurers leverage voice assistants and third-party messenger apps to engage with customers for policy service needs.
 - In the UK, LV= General Insurance launched a voice skill for Amazon Alexa and Google Home assistants to answer customer questions about their car insurance policy.¹⁵
 - In India, Bharti AXA General Insurance leverages the WhatsApp chatbot to deliver policy documents, renewal notices, and claims status notifications.¹⁶
 - US-based P&C insurer GEICO embedded a virtual assistant in its mobile app to help customers with questions about policy coverage, billing information, and insurance documents.¹⁷
- P&C insurers are using video platforms to help policyholders file claims.
 - In response to COVID-19, Farmers Insurance in the United States uses video collaboration tools to virtually assess home damages.¹⁸

¹⁴ [Capgemini](#), "COVID-19 and the age of the contactless customer experience," May 2020.

¹⁵ [The Drum](#), "LV= General Insurance launches industry-first voice skill," February 4, 2020.

¹⁶ [The Economic Times](#), "Bharti AXA General uses WhatsApp to deliver policy and renewal documents," February 26, 2020.

¹⁷ [GEICO](#), accessed October 2020.

¹⁸ [Farmers Insurance](#), accessed October 2020.

- US-based P&C insurer State Farm uses Google Duo and Apple’s FaceTime to help customers with virtual inspection of their vehicles.¹⁹
- Insurers are collaborating with InsurTechs to leverage new-age technologies for enhanced customer engagement.
 - US-based insurer The Travelers partnered with a Hartford InsurTech startup Pineapple to develop a mobile app that helps customers get an instant quote by uploading an image of the item to be insured.²⁰
 - Tryg, a Scandinavian insurance firm, collaborated with Boost.ai, a conversational AI platform, to develop a virtual agent Rosa. Rosa helps the customer support team with instant answer for their queries, enabling them to provide a faster and efficient service, enriching the customer experience.²¹

Figure 3. Benefits of conversational commerce



Source: Capgemini Financial Services Analysis, 2020.

Impact



- Conversational assistants enable insurers to respond quickly to customer queries and identify critical touchpoints that require agent interaction, enabling fast resolution, optimized use of call center staff, and improved CX.
- Conversational assistants offering support in multiple languages can help insurers effectively cater to multilingual customer segments.
- With conversational assistants, insurers can cost-effectively scale capacity on demand.
- Voice authentication can boost fraud detection capabilities and trigger red flags in real time so that insurers can quickly intervene.

¹⁹ [State Farm](#), accessed October 2020.

²⁰ [Hartford business](#), “Travelers develops personal insurance app with Hartford startup,” September 1, 2020.

²¹ [Boost.ai website](#), “How Denmark’s largest insurer successfully resolves 97% of all internal chat queries,” November 6, 2019.

Trend 04

With an eye on differentiation, insurers are investing in touchless claims processing

As providing better claims experience is becoming a level playing field, carriers are adopting touchless claims processing to gain a competitive advantage.

Context

Claims processing is a critical *moment of truth* for customers. Lack of end-to-end, digitalized processes for claims processing will increase the cycle time for processing the claims, leading to customer dissatisfaction.

- Touchless claims processing leverages emerging technologies, such as AI and ML, and a vast partner ecosystem to provide a seamless claims experience to customers.

Catalysts

- COVID-19 has spurred demand for touchless technology in every industry, and claims handling is no exception.
- According to the World Insurance Report 2020, consumers of all ages are increasingly using digital channels for insurance transactions.²² There is a demand for digitalizing the claims experience.
- Advancements in IoT devices and mobile technologies provide real-time data to insurance firms and AI/ML technologies to generate insights from the data received.
- With an evolving risk scenario and increased severity of claims, claims optimization is emerging as a critical priority for insurance firms.

In a nutshell

- Loss adjustment expenses account for 9–12% of an insurer's direct written premiums. Insurance firms can reduce this cost drastically by moving towards touchless claims processing.
- Insurance firms are acquiring the capabilities to automate claims processing by collaborating with ecosystem partners.
 - USAA collaborated with Google and Mitchell International for touchless claims processing. Now, customers can use Google Cloud's Vision APIs to upload photos of their damaged vehicles for analysis, and Mitchell International offers damage assessment.²³
 - Spanish insurance firm MAPFRE is collaborating with Shift Technology, Paris-based InsurTech firm to automate its claims processes and provide a transparent and quick claims experience to its customers.²⁴
- InsurTech firms, who are full carriers, also collaborate with other InsurTechs to acquire touchless claims processing capabilities.
 - US-based auto insurer Clearcover enlisted support from Snapsheet, a pioneer in virtual claims management processing technology, to offer policyholders and key stakeholders a touchless, automated claims experience.²⁵

²² [Capgemini](#), World Insurance Report 2020, May 14, 2020.

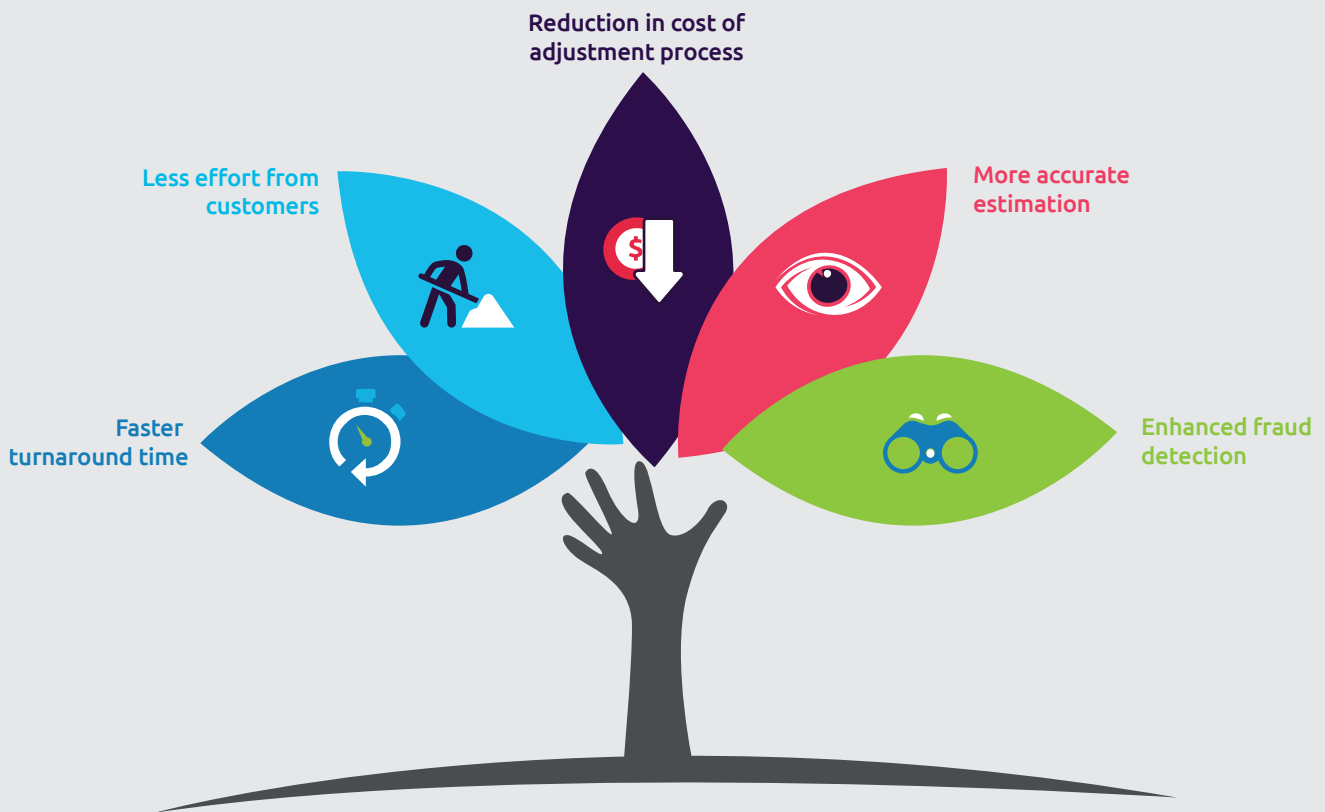
²³ [Google Cloud](#), "USAA and Google Cloud work together to speed auto claims," September 24, 2019.

²⁴ [Reinsurance News](#), "MAPFRE partners with insurtech Shift on customer claims experience," October 20, 2020.

²⁵ [Globe Newswire](#), "Snapsheet Brings Claims Management Platform to Clearcover," May 5, 2020.

- Technology providers are partnering with InsurTechs to include touchless claims processing in their portfolio of offerings.
 - Merimen Technologies, a SaaS platform for insurance ecosystems, wove real-time damage estimates for passenger vehicles from Claim Genius into its *TrueSight* suite of analytics products.²⁶

Figure 4. Benefits of touchless claims processing



Source: Capgemini Financial Services Analysis, 2020.



Impact

- Touchless claims reduce claim intake costs and improve claims cycle times.
- Loss adjustment expenses are reduced.
- By providing touchless claims processing, insurers can offer superior CX at critical moments of truth.
- Fewer manual interventions can reduce error potential throughout the claims processing cycle.
- Real-time claims processing can reduce the risk of fraud.

²⁶ [Claim Genius](#), "Merimen and Claim Genius to Launch Artificial Intelligence Solution for Auto Claims," September 22, 2020.

Trend 05

Insurers are increasingly using IoT to enhance CX and reduce losses

The use of IoT plays a critical role in enabling insurers to be a preventer of risks and partner in customers life, in addition to being a better payer.

Context

The proliferation of connected smart devices – the internet of things (IoT) – has enabled insurance firms to access real-time information. It started with adoption in personal auto, but these days firms that specialize in homeowners and commercial insurance also use IoT.

- P&C insurers adopt IoT to drive better customer engagement by monitoring risks and improving safety.
- With real-time data from IoT, firms can offer more personalized policies.

Catalysts

- The use of IoT devices has increased multi-fold in the past years.
- Insurance firms have started building advanced data management capabilities to handle a large volume of real-time data.
- Customers are willing to share real-time data with insurers in exchange for financial benefits such as a discount on premiums, rewards, and cashback.
 - According to World Insurance Report 2019 global survey data, 37% of policyholders are highly willing to share additional data for risk control and prevention services.²⁷

In a nutshell

- Insurers are tracking driving behavior via telematics to mitigate risks and reward safe drivers with discounts.
 - In collaboration with Cambridge Mobile Telematics, Nationwide Insurance launched mobile app *SmartRide* in the United States to let drivers know when they are distracted. Nationwide also offers discounts on safe driving through this program.²⁸
 - Allstate Insurance partnered with Ford to help the automaker launch *Milewise*, a program that sends car mileage directly to the insurer. Policyholders who drive less receive lower premiums.²⁹
- Also, insurers are providing additional value-added services at critical touchpoints.
 - US car insurer Root partnered with roadside assistance firm Agero to offer policyholders a digital roadside assistance experience. Perks include service requests directly from the Root mobile app, vehicle location mapping, and live service truck tracking.³⁰

²⁷ [Capgemini](#), "World Insurance Report 2019," May 14, 2019.

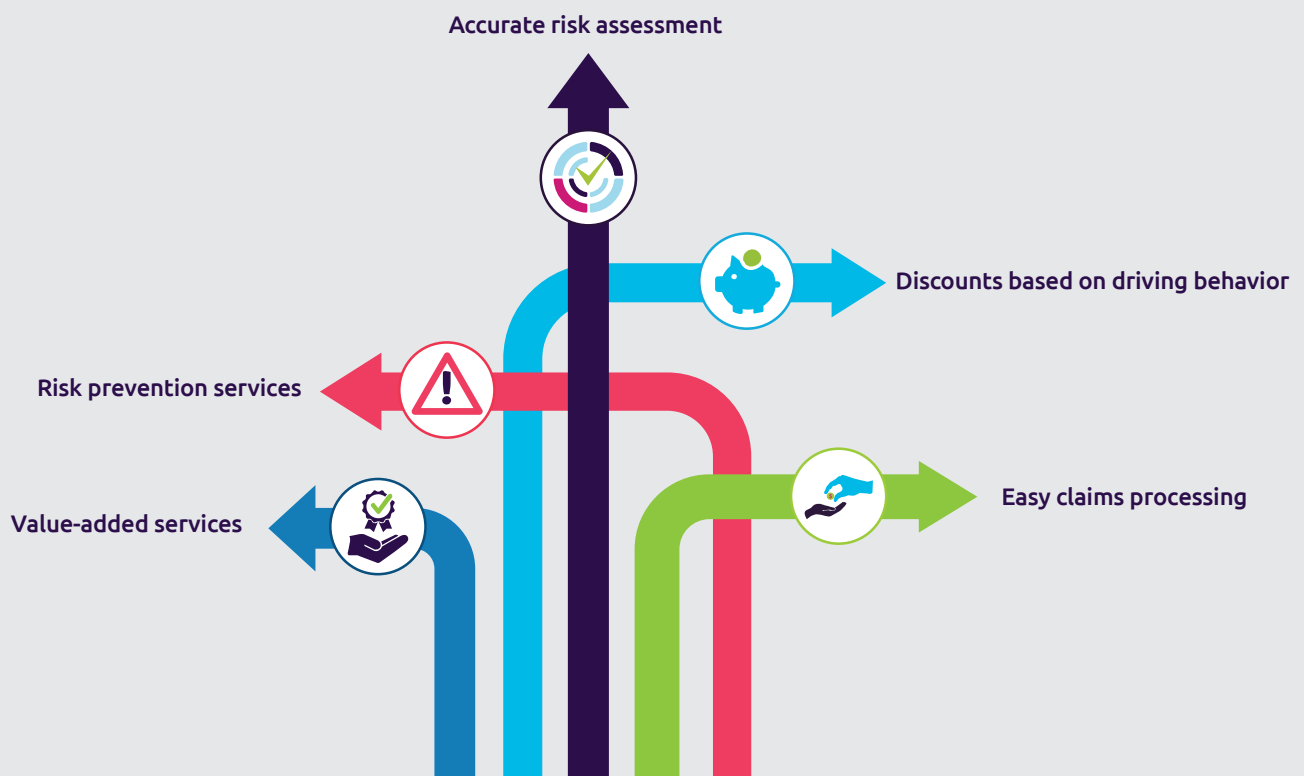
²⁸ [PR Newswire](#), "Nationwide and Cambridge Mobile Telematics Partner to Help Drivers Reduce Phone Distraction," October 6, 2020.

²⁹ [Insurance Journal](#), "Ford to Help Customers Connect to Allstate Insurance Driver Tracking Program," March 4, 2020.

³⁰ [Globe Newswire](#), "Root Insurance Extends Digital Business Model to Roadside Assistance with Agero, Powered by Swoop," May 27, 2020.

- With connected devices and wireless networks, home insurers offer non-insurance maintenance services and leak detection.
 - International insurance specialist Hiscox partnered with the provider of LeakBot, a smart water leak alarm, to offer policyholders a mobile-app leak detection system. Insureds also receive an annual engineer visit as part of the service.³¹
 - Zurich introduced a water-damage prevention technology in Spain. Named *Zurich Smart*, the firm provides a sensor that triggers an alarm if it detects water on a building floor. For restaurants, a *smart plug* responds to electrical outages that could lead to problems such as spoiled refrigerated goods.³²
- P&C insurers are offering risk assessment for customers by providing real-time data about weather conditions and the environment. They are also incentivizing customers for safer behavior.
 - UK-based insurer Flock provides usage-based policies for agriculture drone operators. Firms with fewer flights and safe pilots receive premium discounts.³³

Figure 5. Benefits of IoT



Source: Capgemini Financial Services Analysis, 2020.

Impact



- Insurers can continuously monitor the risk and ensure timely intervention by offering risk control consulting and prevention services.
- Insurers can use customer insights generated through connected devices to analyze user preferences and develop more personalized offerings and value-added services.
- By expanding their role to partner and preventer, insurers can achieve the golden mean between growth, customer centricity, and profitability.

³¹ [Verdict](#), "Hiscox releases smart water leak technology," February 10, 2020.

³² [Zurich website](#), "A smart approach to water damage is making waves in Spain," February 24, 2020.

³³ [Commercial Drone Professional](#), "Agriculture drone operators benefit from Flock's insurance offering," May 13, 2020.

Trend 06

The role of agents is revitalized as customers are increasingly using digital channels

Insurance firms are investing in digitalizing their agents and are enabling them to be a strategic advisor to their customers.

Context

- Traditional human-agent channels are increasingly focusing on their role as an advisor, educating customers on coverage requirements. Agents are also leveraging virtual platforms and digital tools to enable seamless policy purchase for customers.
- However, informed customer segments rely less on agents for their insurance purchase and instead prefer online research and social media testimonials for decision making.
 - For most customer segments, channels such as mobile apps and aggregator websites either exceed or match the importance of an agent for a policy purchase, according to the World Insurance Report 2020.³⁴
- Customers engage through omnichannel today, resulting in data generated through multiple touchpoints. Agents can leverage this data to connect with customers at a critical time and stage when a buyer is looking for insurance coverage.
- Insurers enable agents with digital tools that expedite the policy purchase journey, resulting in enhanced customer experience.

Catalysts

- Insurers are increasingly using digital channels to minimize their overhead sales and distribution cost.
- Products such as auto and home insurance have standardized and non-complex offerings, which can be sold without a human agent's need to explain the policy details.
- Agents are taking on new, non-transactional roles to provide customers an emotional connection as the direct-to-consumer channel and online marketplace become more commonplace for product sales.

In a nutshell

- P&C insurers are enabling agents with technology platforms that reduce policy quotation time.
 - In the United States, Nationwide introduced a tool for auto, homeowners, and renters insurance to reduce agents' time to quote multiple products.³⁵
 - US-based P&C insurer Plymouth Rock Assurance has launched a digital product for independent agents, which provides fast quotes without asking detailed questions.³⁶
- P&C insurers are empowering agents and brokers with digital tools to enhance their efficiency and to complete the purchase process remotely.
 - US-based Hanover Insurance plans to introduce capabilities such as e-signatures and policy e-documents to enhance its independent agent channel.³⁷

³⁴ Capgemini, "World Insurance Report 2020," May 14, 2020.

³⁵ Insurance Journal, "Nationwide 'Express' Portal Promises Agents Multiple Product Quotes in 2 Minutes," November 13, 2019.

³⁶ Plymouth Rock Assurance, "Plymouth Rock Assurance Launches New Digital Product Enabling Homeowners to Quote and Purchase Home Insurance in Just Minutes," December 11, 2019.

³⁷ NS Insurance, "Hanover to invest in new digital tools for entire insurance value chain," September 18, 2019.

- UK-based insurance specialist Beazley launched a platform to ensure effective communication with its brokers. Broking partners can arrange virtual meetings with Beazley’s underwriters and also securely share relevant documents before the meeting.³⁸
- P&C brokers are reinventing themselves to become insurers’ strategic advisors.
 - Morgan Stanley collaborated with insurance brokers HUB International, Marsh Private Client Services, and Willis Towers Watson to offer P&C insurance to high net worth clients. The brokers will help Morgan Stanley clients assess their risk exposures and provide solutions to protect their assets. Morgan Stanley plans to use this information to offer a comprehensive insurance solution.³⁹

Figure 6. Benefits of empowering agents with digital tools



Source: Capgemini Financial Services Analysis, 2020.

Impact



- Digitalization will enable seamless and consistent data exchange between agents and insurers.
- With digital tools, agents can turn around services more quickly.
- Agents now can increase their distribution reach by engaging with customers through virtual platforms, which was limited by in-person-only interactions.
- The agent role will shift to that of a personal advisor who leverages industry expertise and customer knowledge to develop personalized offerings, enhancing customer loyalty and stickiness.

³⁸ [Insurance Journal](#), “Beazley Launches Booking System for Virtual Broker Meetings in New Business Reality,” July 7, 2020.

³⁹ [Business Wire](#), “Morgan Stanley Launches Property & Casualty Insurance for High Net Worth Clients,” August 3, 2020.

Trend 07

Telematics data exchanges gain momentum as usage-based insurance goes mainstream

As usage-based insurance becomes mainstream, insurers are partnering with telematics data exchanges to create innovative offerings.



Context

Telematics data exchanges collect vehicle driving data from multiple sources such as driver assistant systems, mobile devices, or connected cars. The data is then cleaned, standardized, and shared with insurers.



Catalysts

- The need existed for a convenient and straightforward way for customers to share their driving data.
- With the emergence of multiple devices to track driving behavior – insurance firms wanted standardized and normalized data to feed into their usage-based insurance (UBI) systems.
- The volume and velocity of data generated by telematics devices are enormous – there is a need for a third-party to harness these data and share only actionable insights with insurance firms.

In a nutshell

- Telematic data exchanges provide data and insights on the automobile and driving behavior to insurers to support UBI and provide value-added services to customers.
 - Telematics data provider CCC launched CCC X to provide insurers with driving behavior insights to enhance underwriting accuracy. The firm also offers real-time data on connected cars.⁴⁰
- Telematics data exchanges are partnering with fleet management providers, so their subscribers can get access to usage-based insurance.
 - Geotab, a firm providing connected vehicle solutions for improved fleet management, provides a Verisk Data Exchange Add-In on the Geotab marketplace. This enables Geotab Fleet customers to share their telematics data directly with insurers. The data will help commercial auto insurers gain more granular insights into fleet risks to refine underwriting, ratings, and other potential insurance services for participating policyholders.⁴¹
- Telematics data exchanges venture into partnerships to provide advanced analytics capabilities in their portfolio of offerings.
 - LexisNexis partners with OEMs and secure telematics data and standardizes the data before sharing with insurance firms. In addition to the raw data, the firm also provides insights using advanced analytics.⁴²
- Auto manufacturers are establishing exclusive partnerships with telematics data exchanges.
 - Volkswagen selected CCC to provide insurance telematics services for select models. By enrolling in the program, Volkswagen customers can secure discounted auto insurance rates.⁴³



⁴⁰ CCC, "Harness the power of connected data," accessed October 2020.

⁴¹ [Globe Newswire](#), "New Verisk Data Exchange™ Integration for Insurance Telematics Now Available on the Geotab Marketplace," May 19, 2020.

⁴² [LexisNexis Website](#), accessed October 2020.

⁴³ CCC, "Volkswagen Car-Net® selects CCC Information Services as Exclusive Provider of Insurance Telematics Services," August 11, 2020.

Figure 7. Benefits of telematics data exchanges



Source: Capgemini Financial Services Analysis, 2020.

Impact



- Telematics data exchange helps the industry maintain UBI program continuity regardless of the data sources used and future technological disruptions.
- As insurance firms can access the driving history from telematics data exchanges, the insurance purchase process is made easier.
- A vast database of telematics data can help insurance firms enhance their pricing strategy and underwriting models.
- Accessing data from telematics data exchanges provides significant cost savings for insurance firms planning to offer UBI.

Trend 08

Insurers launch new offerings to provide customers experience-led engagement

P&C insurers are exploring offerings that suit customers' evolving needs to offer an experience-led engagement.

Context

As mentioned in our World Insurance Report 2020, experience-led engagement provides the right product at the right time via the right channels. As customer needs evolve, insurers are rethinking their product strategy to create innovative offerings.

Catalysts

- The new business landscape – with new models and evolving customer preferences – demand new insurance offerings.
- Advancements in data capturing and processing systems pave the way for structuring new offerings that were not feasible before.

In a nutshell

- Insurance firms are developing new products to suit customers' evolving needs and preferences.
 - CFC Underwriting, UK-based insurance firm, launched a solution to cover the risks faced by FinTech organizations to cover technology-related exposures not covered by traditional insurance firms.⁴⁴
 - In India, InsurTechs Toffee Insurance, Acko general insurance, and Digit Insurance, offer bite-size plans in online fraud protection, home insurance, and rideshare insurance.⁴⁵
- Insurance providers are stepping up to help people affected during COVID-19.
 - Allianz-backed InsurTech Dinghy, offers up to two months of free professional indemnity insurance to assist freelancers who are not working during the COVID-19 pandemic.⁴⁶
 - Insubuy, Inc. has launched a new insurance policy in US to cover COVID-19-related expenses for international students and exchange visitors.⁴⁷
 - German insurer Basler recognized the need for child cover with children staying at home throughout the day due to COVID-19 restrictions. The firm partnered with InsurTech KASKO to launch Free Child-Cover for a limited period to home policies.⁴⁸
- Cybersecurity is one of the main concerns for companies operating remotely, and insurance firms are expanding their reach of cybersecurity offerings.
 - Leading US-based cyber insurance and IT security company Coalition is expanding its product offerings to Canada.⁴⁹ Through Coalition's online platform, licensed insurance brokers can generate a quote in minutes and provide their clients with access to Coalition's proprietary cybersecurity tools and services designed to detect, mitigate, and contain threats at no additional cost.

⁴⁴ [CFC Underwriting website](#), "CFC launches comprehensive protection for FinTechs," August 25, 2020.

⁴⁵ [Business Today](#), "How bite-sized insurance is taking over the market," November 15, 2019.

⁴⁶ [Crowdfund Insider](#), "Dinghy Now Offering 2 Months Free Insurance for Freelancers Impacted by COVID-19 Pandemic," April 15, 2020.

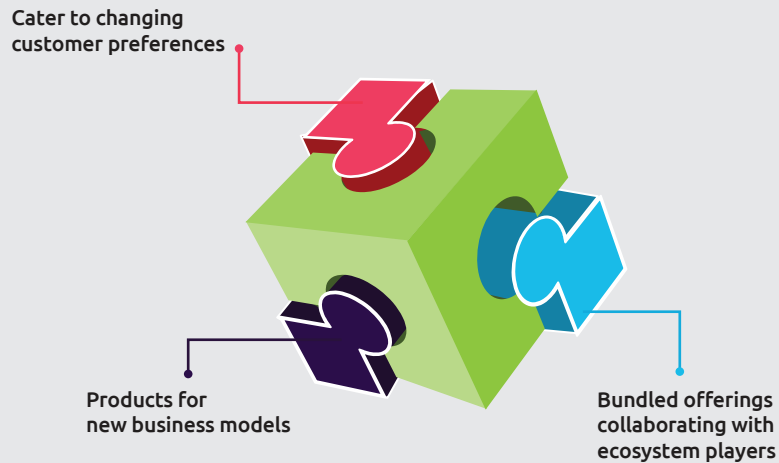
⁴⁷ [Insubuy website](#), accessed October 2020.

⁴⁸ [NS Insurance](#), "Coronavirus sees Basler Insurance add free child cover to home policies after teaming-up with insurtech Kasko," April 3, 2020.

⁴⁹ [AiTHORITY](#), "Cyber Insurance-As-A-Service Provider Coalition Extends Product Offerings In North America," May 15, 2020.

- InsurTechs are enabling faster new product launches thanks to agile and innovative approaches.
 - InsurTech Trov partnered with incumbent Sura to bring flexible on-demand insurance to Brazil. Unlike traditional annual policies, Trov offers variable-duration policies, by the month, week, day, hour, or even second, which can be modified easily.⁵⁰

Figure 8. How insurers satisfy today's policyholders



Source: Capgemini Financial Services Analysis, 2020.



Impact

- The new offerings targeting unserved and underserved markets will help in increasing the reach of the insurance firms.
- Insurance firms that closely collaborate with ecosystem partners are poised to launch innovative offerings.
- As data plays a crucial role in rolling-out new offerings, insurers should focus on modernizing their data estates for efficient data management.

⁵⁰ [Insurance Journal](#), "Insurtech Trov Partners with LatAm Insurer Sura to Bring On-Demand Insurance to Brazil," May 28, 2020.

Trend 09

More insurers are collaborating with ecosystem partners to build innovative solutions

P&C insurers collaborate with ecosystem players to acquire technology capabilities, expand their distribution network, and bundle insurance offerings.

Context

Insurance firms are closely collaborating with ecosystem partners, including InsurTechs, to acquire critical capabilities for business continuity, accelerate their digitization efforts, and differentiate their offerings.

Building a capability in-house requires most time and capital; collaboration with ecosystem partners allows life insurers to focus effectively on business cost-effectively.

Catalysts

- With the increasing demand for digital experiences that better suit customer needs, incumbent insurers and InsurTechs understand the importance of innovation.
- The changing expectations and needs of customers due to COVID-19 have paved the path to new products and an increased focus on some current offers.
- With lockdown accelerating digital adoption among customers, partnerships with ecosystem players can rapidly help insurers acquire go-to-market digital capabilities.
 - According to World InsurTech Report 2020, more than 65% of insurance firms are interested in collaborating with InsurTechs and technology providers.⁵¹
- Increasing cost pressure and desire to become operationally efficient have led P&C insurers to turn to ecosystem players for a scalable solution.

In a nutshell

- Insurance firms are partnering with third-party vendors to provide better customer service and to enhance their operational efficiency.
 - Kin, US-based home insurer, is partnering with Kangaroo, a home security solutions provider, to improve its relationship with policyholders with free home security tools, including a doorbell camera and chime, water and climate sensors, and a motion and entry sensor.⁵²
 - Hiotlabs, a Sweden-based InsurTech, is partnering with Tollco, an expert in water damage prevention systems, to develop new products and smart systems based on IoT to prevent water damage.⁵³
- Insurance firms are leveraging InsurTechs' technology capabilities and distribution networks.
 - QBE North America partnered with Flyreel, Inc., a technology enabler, to help customers manage risk and prevent loss through an AI-assisted tool. Using the tool, QBE also provides coverage tailored to customers' needs.⁵⁴

⁵¹ [Capgemini](#), "World Insurance Report 2020," May 14, 2020.

⁵² [Propertycasualty360](#), "Who's using what in P&C insurance," September 14, 2020.

⁵³ [Hiotlabs website](#), "Together for a better future," March 28, 2019.

⁵⁴ [PR Newswire](#), "QBE North America offers AI-assisted Customer Home Inspections through Flyreel," July 21, 2020.

- Central Insurance is collaborating with Shift Technology to deploy a fraud detection solution to uncover suspicious behaviors in the insurer’s auto and property claims processes.⁵⁵
- Insurers are creating differentiated offerings via bundling insurance with other products to facilitate adoption and enhance CX.
 - AXA XL is introducing a risk management platform for construction clients to manage their risks. AXA XL is partnering with multiple vendors, including Sedgwick, for claim benchmarking, SmartVid.io for job site predictive analytics, and WINT (Water Intelligence) for water leak detection using IoT and AI.⁵⁶

Figure 9. Benefits of collaborating with ecosystem partners



Source: Capgemini Financial Services Analysis, 2020.



Impact

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

⁵⁵ [PR Newswire](#), “Shift Technology to Support Fraud Detection and Subrogation Initiatives for Central Insurance,” September 1, 2020.

⁵⁶ [Digital Insurance](#), “AXA XL to introduce risk management platform for construction clients,” May 27, 2020.

Trend 10

As seamless collaboration with ecosystem partners becomes critical, APIs take center stage

P&C insurers adopt APIs to provide insurance services via ecosystem partners and integrate offerings of other players.

Context

The use of APIs allows insurers to develop open insurance solutions. Collaboration with ecosystem players will help insurers acquire digital capabilities and offer a superior customer experience.

Catalysts

- Increasing competition from InsurTechs and non-traditional firms that provide value-added services is encouraging incumbent insurers to enhance CX.
- Evolving customer needs and preferences are pushing insurers to develop personalized offerings with the use of API platforms.
- Insurers can make their processes more efficient and agile with the use of APIs.
- With advanced data processing capabilities, insurance firms can process and analyze data with huge volumes and velocity.

In a nutshell

- P&C insurance firms are accessing data from multiple sources using APIs to enhance their risk assessment models.
 - CNA, US-based commercial property and casualty insurer, is using AIR Worldwide's *Touchstone* solution as its primary catastrophe risk modeling platform. CNA integrated Touchstone APIs within its underwriting systems to enable hazard and loss analysis output in seconds.⁵⁷
- P&C insurers are joining hands with other ecosystem players to develop innovative solutions using APIs.
 - Lloyd's launched an API in collaboration with its brokers and underwriters in UK to manage the flow of electronic placement data for submissions and quotes between carriers and brokers.⁵⁸
 - Marsh Japan launched an insurance API organization in collaboration with API company IRCC and InsurTech Hokan to explore technology innovations to improve operational efficiency and customer experience.⁵⁹
 - Liberty Mutual integrated its API to provide instant access to comprehensive renters' insurance plans for insurance comparison website SafeButler in the United States.⁶⁰
- Insurers are partnering with API developers to leverage and acquire digital capabilities.
 - Just Auto Insurance partnered with mobility API developer Smartcar to launch a mobile app for its UPI that uses APIs to verify policyholders' mileage and price premiums.⁶¹
 - Munich Re is partnering with Spruce, a property technology firm, to access its automated underwriting via APIs. With automation support, the firm provides cost-effective insurance policies to its customers.⁶²

⁵⁷ [Globe Newswire](#), "CNA Transitions to AIR Worldwide as its Primary Catastrophe Risk Management Platform," July 13, 2020.

⁵⁸ [Insurance Journal](#), "Lloyd's Launches Application Program Interface (API) to Enhance Electronic Placements," June 9, 2020.

⁵⁹ [Marsh](#), "MARSH JAPAN LAUNCHES INSURANCE API ORGANIZATION," January 29, 2020.

⁶⁰ [PR Newswire](#), "SafeButler and Liberty Mutual Partner to Offer Instant Renters Insurance," September 3, 2020.

⁶¹ [Insurance Business Magazine](#), "Just Auto Insurance partners with API developer for UBI," July 15, 2020.

⁶² [Reinsurance News](#), "Munich Re partners with property tech firm Spruce on US title insurance," September 30, 2020.

Figure 10. What so great about open APIs?



Source: Capgemini Financial Services Analysis, 2020.

Impact



- Insurance firms can provide best-in-breed value-added services by partnering with ecosystem players via open APIs.
- Insurers can access customer data from a broader external ecosystem, which will enrich the *single view of customer data* they have – to create personalized offerings based on better risk assessment.
- Firms can expand their base by reaching out to potential customers at the right time via partner platforms.

Conclusion

P&C insurance firms' big challenge is to adapt to the **evolving business landscape** and explore new ways to boost profits while laser focusing on superior customer experience. As highlighted in the World Insurance Report 2020, almost everyone is becoming digital these days, and customers prefer a **BigTech-like experience**, a phenomenon accelerated by COVID-19.

Adapting new digital tools – such as **IoT and voice assistants** – for real-time data capture and accessing new data sources by collaborating with third-party data aggregators and ecosystem partners is critical. Here, **open APIs** are the gateway to quick wins.

The next big step is to create advanced data storage and processing capabilities to secure actionable insights from captured data. **Intelligent processes** are critical to ensure a seamless data flow across the organization.

With real-time actionable insights about customer preferences and risks, insurance firms can provide **hyper-personalized offerings** with accurate risk underwriting. Insurers can also provide risk prevention services by collaborating with ecosystem partners to **enhance CX** and reduce claims incident frequency and severity.

In short, the external world is changing super fast, and for P&C insurance firms, it is time to **revisit business and operating models**.



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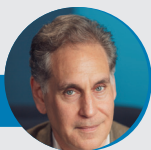


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