

LIFE INSURANCE TOP TRENDS 2024

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LUCA RUSSIGNAN

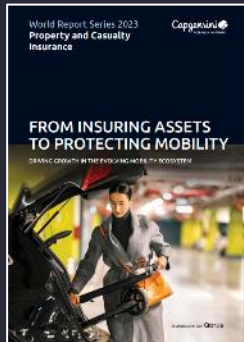
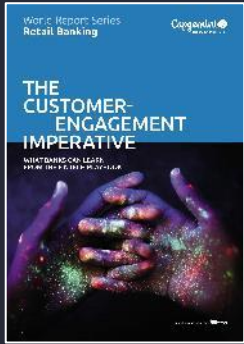
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TOP 10 TRENDS IN INSURANCE BY SUB-DOMAINS

Customer First

Enterprise Management

Intelligent Industry

P&C INSURANCE

By leveraging **generative AI**, insurers aim to enhance operational efficiency and nurture stronger customer relationships

In the **mobility** sector, insurers are evolving into **solution co-designers**, moving beyond product development

Embedded insurance evolves towards value-centric models, while building a foundation for lasting customer value

Underwriting accuracy and efficiency improve with predictive analytics and smart devices

Sustainability and inclusivity can boost business performance, while contributing to environmental and social initiatives

Insurers are **refocusing on fundamentals** by recalibrating underwriting techniques for more precise risk assessment

On the horizon: **Quantum computing** may unlock insurance innovation opportunity

Cloud adoption is enabling insurers to achieve operational excellence, while improving customer experience

Low code/No code is addressing **cost pressure** for insurers and accelerating digital transformation

To enhance the understanding of asset-risk relationships and pricing, insurers are exploring **digital twin adoption**

LIFE INSURANCE

By leveraging **generative AI**, insurers aim to enhance operational efficiency and nurture stronger customer relationships

The rise in the aging population and the largest wealth transfer in history is driving demand for **aging-well insurance solutions**

Insurers embrace innovation and **value-added services** for **inter-generational relevance**

Partnerships and acquisitions bolster insurers' **Wellness-as-a-Service solutions**

Underwriting accuracy and efficiency improve with predictive analytics and smart devices

Sustainability and inclusivity can boost business performance, while contributing to environmental and social initiatives

Low-code/No-code is addressing **cost pressure** for insurers and accelerating digital transformation

By **de-risking legacy systems with an API wrapper**, insurers can power up customer experience

Cloud adoption is enabling insurers to achieve operational excellence, while improving customer experience

Life insurers deploy digital transformation to optimize the claims process and **improve beneficiary experiences**



LIFE INSURANCE TOP TRENDS 2024 – PRIORITY MATRIX

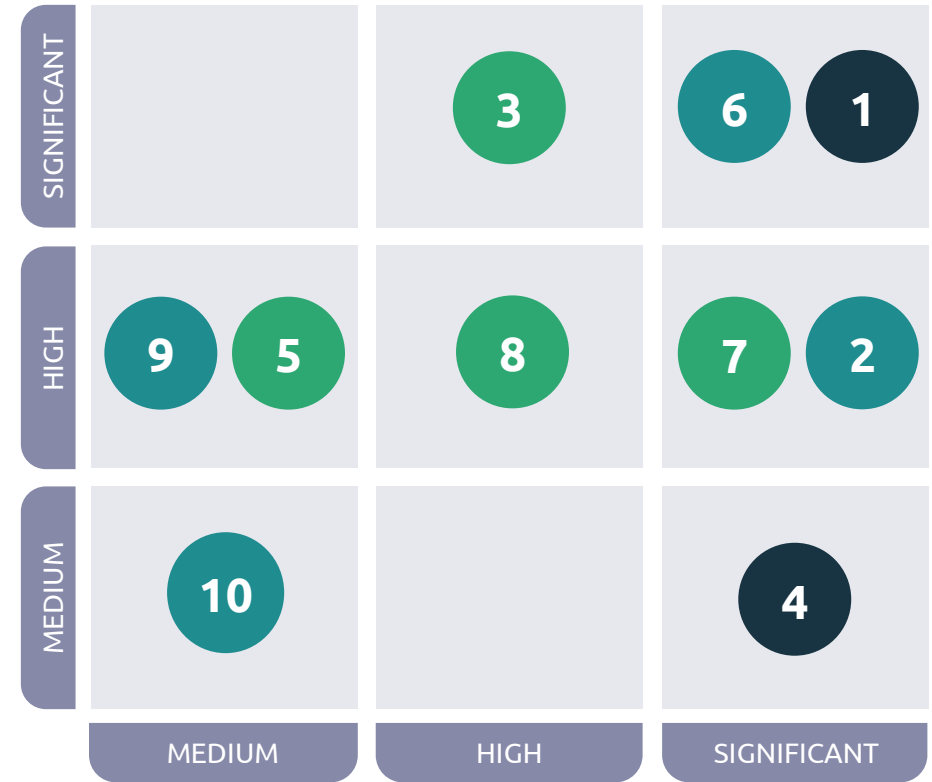
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- 1 **Underwriting accuracy and efficiency** improve with predictive analytics and smart devices
- 2 By leveraging **generative AI**, insurers aim to enhance operational efficiency and nurture stronger customer relationships
- 3 **Cloud adoption** is enabling insurers to achieve operational excellence while improving customer experience
- 4 **Sustainability and inclusivity** can boost business performance while contributing to environmental and social initiatives
- 5 **Low-code/no-code** is addressing **cost pressure** for insurers and accelerating digital transformation
- 6 The rise in the aging population and the largest wealth transfer in history is driving demand for **aging-well insurance solutions**
- 7 By **de-risking legacy systems with an API wrapper**, insurers can power up customer experience
- 8 Life insurers deploy digital transformation to optimize claims process and **improve beneficiary experiences**
- 9 Insurers embrace innovation and **value-added services for inter-generational relevance**
- 10 Partnerships and acquisitions bolster insurers' **wellness-as-a-service solutions**

Adoption priority 2024



Business impact 2024

The Priority Matrix presents Capgemini's view of 2024 trend prioritization in an operating environment considering:

- Softening inflation and high interest rates, coupled with stagflation trends
- Geopolitical instability
- Dynamic regulatory activity
- Intense competition and increased focus on customer centricity due to the impact of new-age players
- Operational cost overruns and high capital lock-in

▪ **Adoption priority** The criticality of adopting a 2024 trend to maximize value creation because of its sector importance.

▪ **Business impact** The effects of a trend on the sector's 2024 business as it relates to customer experience, operational excellence, regulatory compliance, or profitability.

Circumstances will vary for each firm depending on business priorities, geographic location, and other factors. For more information, don't hesitate to contact us at insurance@capgemini.com.

Source: Capgemini Research Institute for Financial Services, 2024



FROM 2023 TO 2024 WHAT HAS CHANGED AND WHAT NOT?

LIFE INSURANCE TRENDS 2024	
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3	Cloud adoption is enabling insurers to achieve operational excellence while improving customer experience
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6	The rise in the aging population and the largest wealth transfer in history is driving demand for aging-well insurance solutions
7	By de-risking legacy systems with an API wrapper, insurers can power up customer experience
8	Life insurers deploy digital transformation to optimize claims process and improve beneficiary experiences
9	Insurers embrace innovation and value-added services for inter-generational relevance
10	Partnerships and acquisitions bolster insurers' wellness-as-a-service solutions

LIFE INSURANCE TRENDS 2023	
1	Agents empowered with advanced digital capabilities increase productivity and customer engagement
2	Ecosystem partnerships offer a path to innovative financial value propositions
3	Embedded life insurance offers convenient right-time, right-channel accessibility
4	Wellness-as-a-service initiatives deepen customer engagement
5	Insurers move to cloud-based operations to drive innovation, operational excellence
6	Life insurers are targeting younger populations with relevant products and digital CX
7	Real-time use of alternate data helps automate and streamline underwriting
8	Insurers make sustainability a strategic corporate priority
9	Microservices unlock new insurance ecosystems and improve the customer journey
10	Core system modernization powers up life insurance innovation

New trends

Pushed by increased risk awareness and inflation challenges, we expect life insurers to:

- Strengthen relationships with the aging population and improve beneficiary experiences.
- Leverage Gen AI to enhance customer engagement, streamline claims, and achieve operational excellence.

Trends evolution

In today's dynamic landscape many life trends are evolving:

- Life insurers are continuing to focus on data, prioritizing underwriting accuracy and efficiency, leveraging the cloud for better customer experience, and embracing value-added services for intergenerational relevance.
- While the focus on sustainability and inclusivity continues, insurers are increasingly looking for tangible returns on investments for these initiatives.

Deprioritized trends

Some trends have been transitioning into business as usual and others have lost traction:

- Agents' digital capabilities continue to be embedded in insurers initiatives and these initiatives are now achieving maturity.
- Other trends, such as around embedded life solutions, are struggling to demonstrate value and are losing executives mindshare.



UNDERWRITING ACCURACY AND EFFICIENCY IMPROVE WITH PREDICTIVE ANALYTICS AND SMART DEVICES

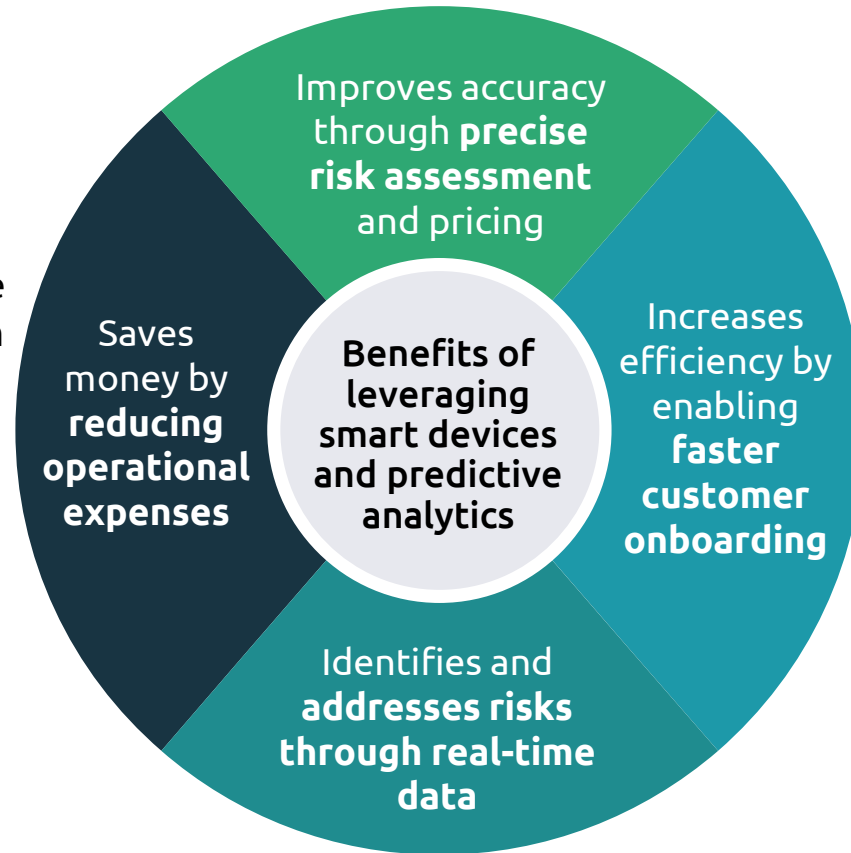
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Smart devices and predictive analytics accelerate automation and enhance underwriting precision

Starting at **USD 9.12 billion in 2022**, the global insurance analytics market is forecasted to reach **USD 29.28 billion by 2032** with a **14% CAGR** during the forecast period.¹



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AON

Partnered with AbsoluteClimo to **enhance climate modeling and provide advanced data** for risk analysis.²

Source: 1. [Reports and Data](#) 2. [Aon](#)

Insurers are shifting from traditional data reliance to **advanced data-driven strategies, ensuring accurate underwriting in the digital era**



THE RISE IN THE AGING POPULATION AND THE LARGEST WEALTH TRANSFER IN HISTORY IS DRIVING DEMAND FOR AGING-WELL INSURANCE SOLUTIONS

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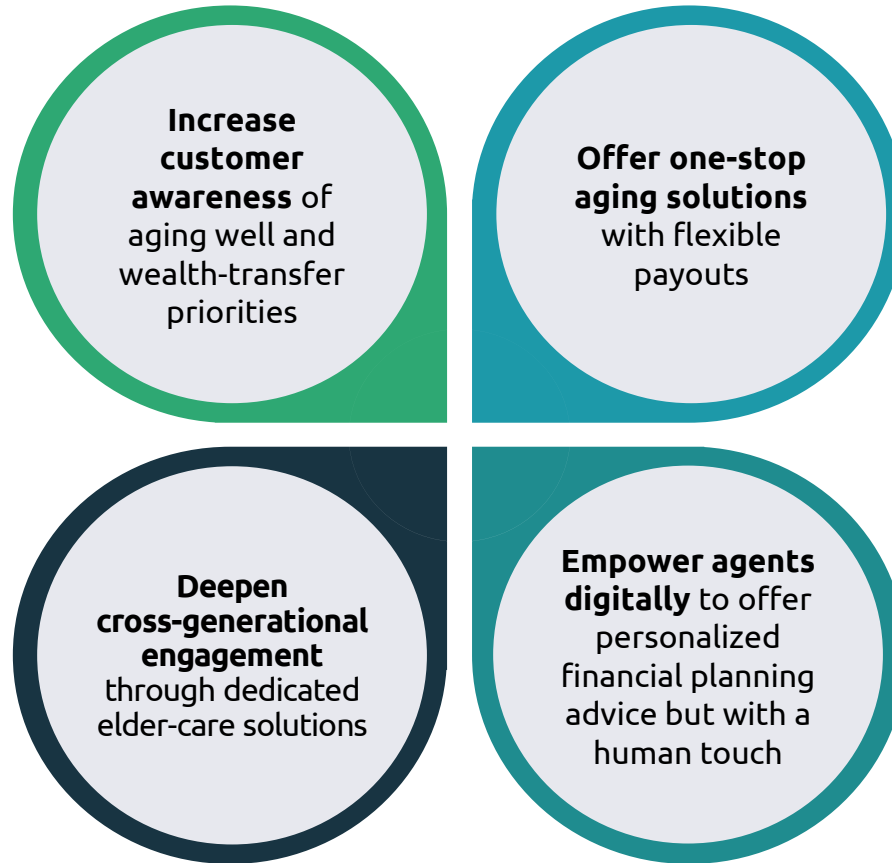
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Insurers can support customers in aging gracefully to foster cross-generational trust

60% of those aged 65 or older haven't sought professional retirement advice.¹

By 2050, a substantial **33%** of the world population is projected to be represented by 50+ population, doubling from 1990 figures.²



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Launched Safeguard 360, integrating **whole life**, **long-term care**, and **disability income** insurance in a single policy.³

Source: 1.[Capgemini World Life Insurance Report 2023](#) 2. [United Nations](#) 3.[Guardian Life](#)

Frontrunners are offering digitally augmented experiences to **strengthen trust and regain relevancy with innovative age-well solutions**



BY LEVERAGING GENERATIVE AI, INSURERS AIM TO ENHANCE OPERATIONAL EFFICIENCY AND NURTURE STRONGER CUSTOMER RELATIONSHIPS

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Generative AI can unlock opportunities across the insurance value chain

33% CAGR, 2022-2032 rise in the generative AI market in insurance, growing from USD 0.3bn today to USD 5.5bn by 2032.¹



Efficiency

Automate routine tasks, optimizing resource allocation



Risk Mitigation

Assess risk accurately and detect frauds



Compliance and Security

Ensure adherence to regulations and enhance data security



Personalization

Tailor services to individual preferences, fostering hyper-personalized services



Customer Satisfaction

Deliver prompt and relevant support, leading to **higher overall satisfaction**

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ZURICH

Zurich is currently testing with **Generative AI applications**, specifically in claims and data modeling areas. Their aim is to **enhance underwriting** by extracting insights from extended claims data.²

Sources: 1. [MarketResearch.Biz](#) 2. [Financial Times](#)

Accelerating adoption of generative AI in the insurance sector is poised to make the industry more **customer-centric while reducing operational costs**



BY DE-RISKING LEGACY SYSTEMS WITH AN API WRAPPER, INSURERS CAN POWER UP CUSTOMER EXPERIENCE

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Consider a 3-step transformation journey to augment legacy system with an API wrapper

1: Perform an inventory analysis
Assess and prioritize existing systems for digital transformation using APIs

2: Start small
Begin with less-critical functions and develop APIs using a fail-fast testing approach to help the business envision Proof of Value

3: Implement at scale
Roll out digital transformation at a broader scale, iteratively, while monitoring progress

Over **50% of insurers** are substantially increasing investments in integration technologies, like APIs, modernizing legacy systems to meet customer expectations and enhance efficiency.¹

Source: 1.[Gartner](#) 2.[Equisoft](#)

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New York Life **modernized legacy systems**, retiring old tech, boosting innovation, and customer-centric positioning.²

Digital API wrapper reduces reliance on legacy technology by streamlining data transfer into a modern layer for **cost efficiency and operational agility**



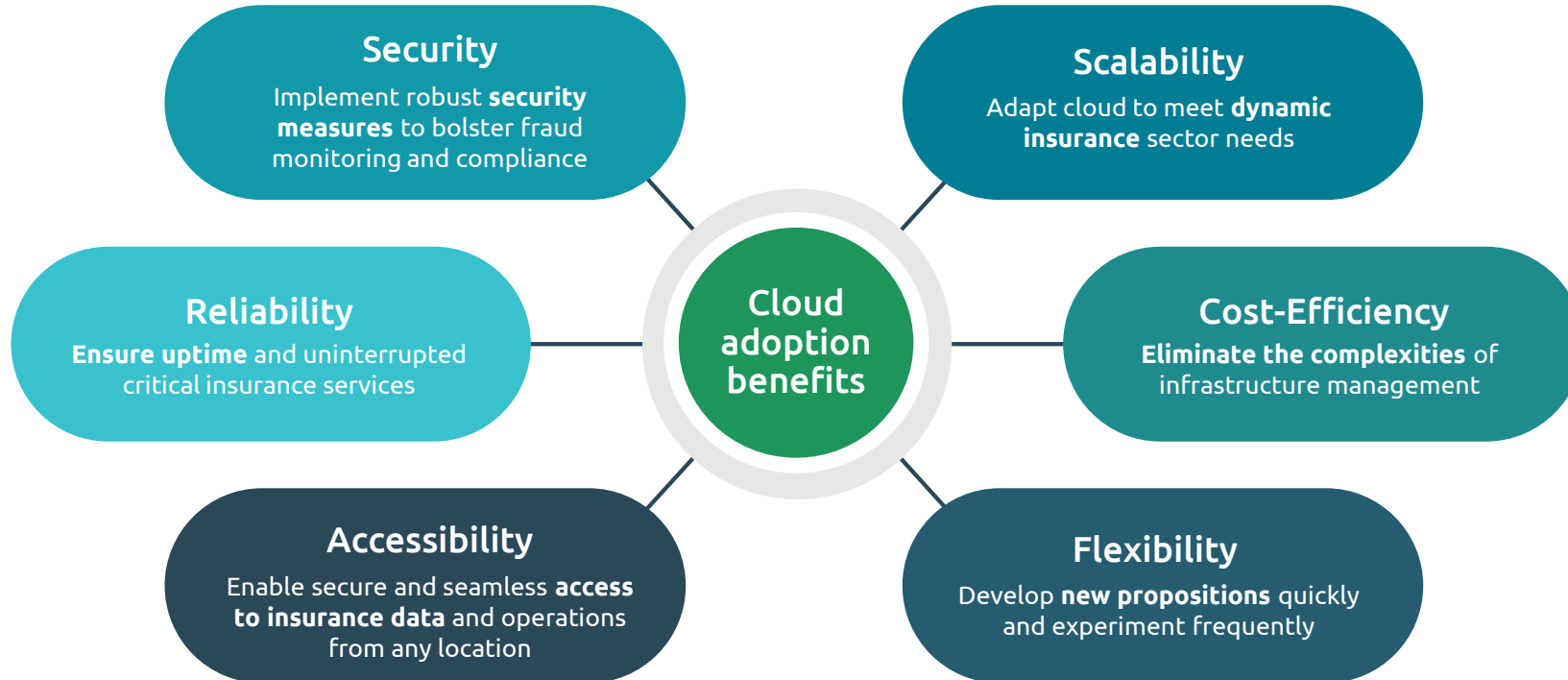
CLOUD ADOPTION IS ENABLING INSURERS TO ACHIEVE OPERATIONAL EXCELLENCE WHILE IMPROVING CUSTOMER EXPERIENCE

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Cloud adoption is reshaping operations by improving cost-efficiency and driving innovation



From **27-32% in 2020**, cloud adoption in the insurance industry surged to an impressive range of **85-88% in 2023**, driven by cost reduction and adaptable digital environments.¹

Source: 1. [World Cloud Report in FS 2023](#) 2. [Microsoft](#)

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AXA UK, adopts Microsoft Azure's PaaS cloud, enhancing online quote management with automated pricing.²

Harnessing cloud capabilities' full potential is enabling insurers to **enhance security and customer responsiveness**



SUSTAINABILITY AND INCLUSIVITY CAN BOOST BUSINESS PERFORMANCE WHILE CONTRIBUTING TO ENVIRONMENTAL AND SOCIAL INITIATIVES

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Sustainability and inclusivity can boost business performance and help achieve ESG goals



Address uninsured / underinsured needs to **unlock business potential**, foster growth and address inclusivity concerns



Integrate granular, data-driven insights into risk assessment strategy to **bolster profitability**



Redesign the claims and restoration process to **support policyholders' sustainability journey**



Guide resilience efforts that help individuals and businesses **adapt to climate change**

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Launches a **Digital Commercial Platform** integrating AXA Smart services and AXA Climate, **offering risk insights, sustainability services,** and simplified customer experiences using real-time data and analytics.²

In 2023, **56% of senior executives**, ranked climate events as one of their top three concerns, up from 44% in 2022.¹

Source: 1. Capgemini Research Institute 'Weather the Storm' 2. AXA

Insurers commitment to **sustainability and inclusivity** goals enhances profitability and reinforces industry relevance



LIFE INSURERS DEPLOY DIGITAL TRANSFORMATION TO OPTIMIZE THE CLAIMS PROCESS AND IMPROVE BENEFICIARY EXPERIENCES

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Fostering deeper engagement with policyholders and beneficiaries to retain assets

By 2040, **40% of life insurers' Assets Under Management**, will be transferred to beneficiaries¹

Insurers can proactively **engage with these beneficiaries** to foster deeper relationships.

Expedite claims settlement
By digitally speeding up claims processing for **timely payouts**

Enhance data utilization
By leveraging AI and machine learning for **accurate claims assessment**

Facilitate claims restructuring
By providing flexible payouts, such as partial or multiple installments, based on **changing customer needs**

Foster empathy
By equipping claims professionals with skills and insights to **make sound recommendations**



Partnered with **Clark UK** to **launch a tailored life insurance product in the United Kingdom**, aimed at individuals between 50 and 80, ensuring their beneficiaries receive lump-sum death benefit payments.²

Source: 1. [World Life Insurance Report 2023](#). 2. [iptiq](#)

Insurers can **transform claims into revenue-generating opportunities by engaging beneficiaries** from the beginning and providing empathetic advice during bereavement



LOW-CODE/NO-CODE IS ADDRESSING COST PRESSURE FOR INSURERS AND ACCELERATING DIGITAL TRANSFORMATION

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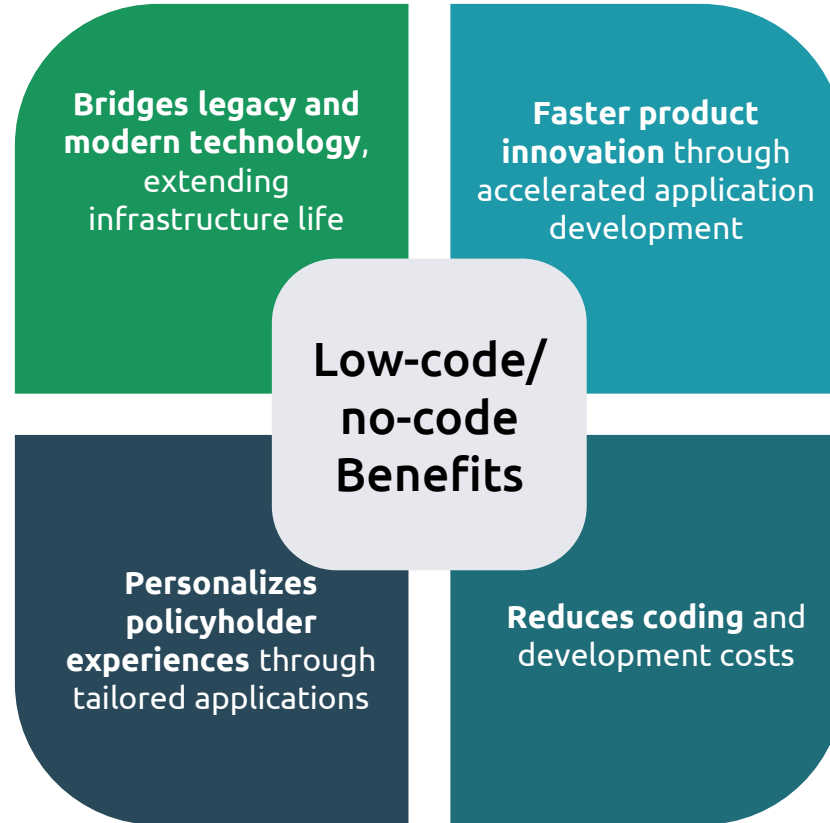
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Low-code/no-code(LCNC) technology empowers agile, cost-effective, customer-centric insurance solutions

82% of insurance organizations have experienced improved operational efficiency with LCNC technology

One-third of insurers estimate a 21-40% speed boost in their operations thanks to LCNC implementation.¹



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ZURICH

Utilized the Mendix low-code platform **to create and deploy two enterprise solutions**, optimizing underwriter workflows and improving customer experience.²

Source: 1.[Adacta](#) 2.[Mendix](#)

Embracing **LCNC** enables insurers to **accelerate digital evolution and reduce implementation time** without hefty IT investments



INSURERS EMBRACE INNOVATION AND VALUE-ADDED SERVICES FOR INTER-GENERATIONAL RELEVANCE

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Life insurers leverage value-added services to target multiple generations



Engage with ecosystems to develop comprehensive life solutions



Analyze customer behavioral data to gain deeper customer insights to offer tailored additional coverage services



Provide customer training and education programs to help policyholders understand and utilize products effectively



Earn trust and boost engagement with value-added services such as wellness initiatives, estate planning, and assisted-living

74% of customers are actively seeking hyper-personalized value-added services, while numerous insurers are seizing this opportunity through partnerships.¹

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10		4



Collaborated with Swiss Re and InsurTech Reframe, to **introduce innovative insurance** for **millennials and Gen X.**²

Source: 1. Capgemini World Life and Health Insurance Report 2022 2. GlobeNewswire

Insurers shift focus to **policyholders' well-being and deeper engagement** through innovative and integrated value-added services



PARTNERSHIPS AND ACQUISITIONS BOLSTER INSURERS WELLNESS-AS-A-SERVICE SOLUTIONS

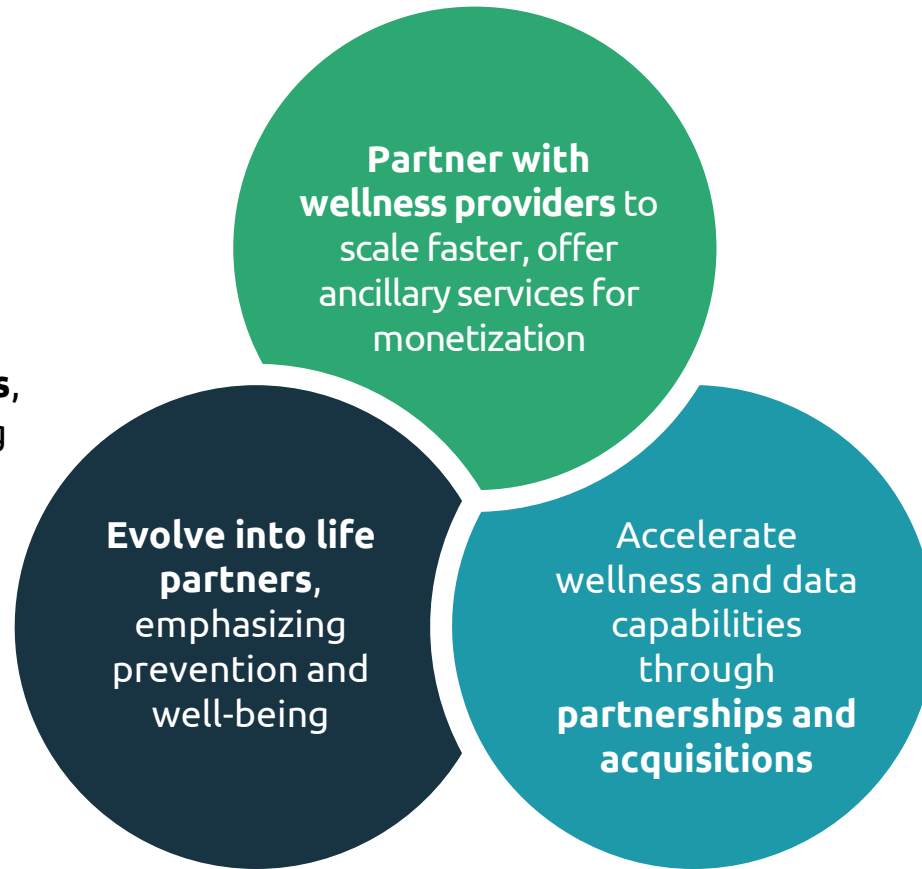
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Wellness ecosystems create win-win outcomes for policyholders and insurers

A mere **8%** of insurers are at the forefront of establishing **wellness-centric value propositions**, despite **more than 67%** of customers expressing interest in wellness solutions.¹



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Partnered with Vitality Global to **expand wellness offerings** to Latin American emerging markets, providing **policyholders rewards, and discounts.**²

Source: 1.Capgemini World Life and Health Insurance Report 2022 2.Prudential Newsroom

Wellness-as-a-Service transforms life insurers into life partners by driving **customer-centric innovation and enhancing health prevention**

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