

P&C INSURANCE TOP TRENDS 2024

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ELIAS GHANEM

Global Head of
Capgemini Research Institute
Capgemini Financial Services



LUCA RUSSIGNAN

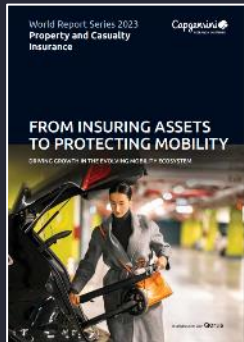
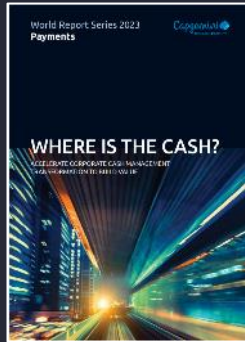
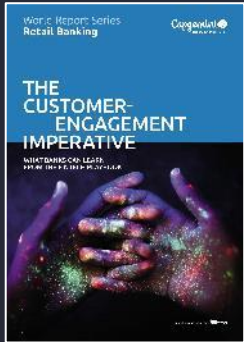
Head of Insurance
Capgemini Research Institute
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TOP 10 TRENDS IN INSURANCE BY SUB-DOMAINS

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**



PROPERTY & CASUALTY INSURANCE TOP TRENDS 2024 – PRIORITY MATRIX

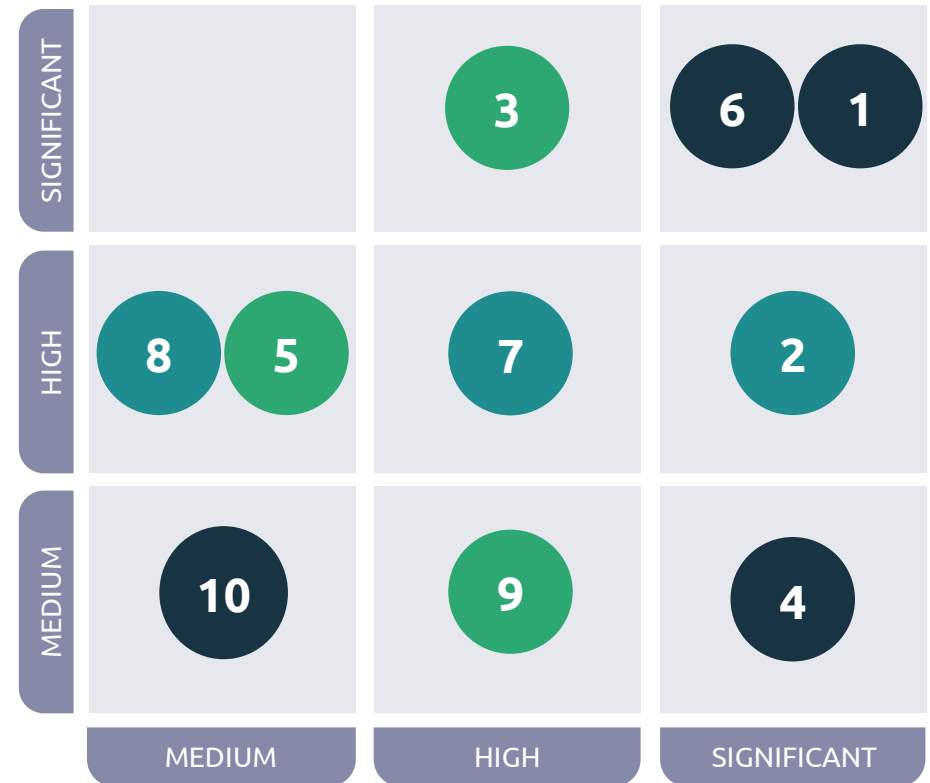
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- 1 **Underwriting accuracy and efficiency** improve with predictive analytics and smart devices
- 2 By leveraging **generative AI**, insurers aim to enhance operational efficiency and nurture stronger customer relationships
- 3 **Cloud adoption** is enabling insurers to achieve operational excellence while improving customer experience
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- 9 To enhance the understanding of asset-risk relationships and pricing, insurers are exploring **digital twin adoption**
- 10 On the horizon: **Quantum computing** may unlock insurance innovation opportunity

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?

P&C TRENDS 2024	
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7	In the mobility sector, insurers are evolving into solution co-designers, moving beyond product development
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9	To enhance the understanding of asset-risk relationships and pricing, insurers are exploring digital twin adoption
10	On the horizon: Quantum computing may unlock insurance innovation opportunity

P&C TRENDS 2023	
1	Embedded Insurance is enabling protection at the right time and through the right channels
2	Bespoke coverage solutions are closing the protection gap for micro-mobility users, gig workers
3	Tailored, value-added services are boosting customer engagement and differentiation
4	Technology and behavioral nudges are transforming insurers from payers to preventers
5	Commercial Insurers are creating new revenue streams with risk engineering services
6	Drones, robotic imaging, and video technologies are modernizing loss inspection processes
7	Data mastery and advanced technology is boosting underwriter's pricing accuracy
8	Insurers are prioritizing sustainability within corporate strategy
9	Carriers are preventing cyber-attacks by fortifying customer data security
10	Trailblazing insurers are entering the metaverse frontier

New trends

Pushed by current geopolitical and inflation challenges, we expect P&C insurers will be hyper-focused on:

- Reducing risk exposure and enhancing underwriting to improve insurance fundamentals.
- Innovative technologies like generative AI, cloud, low-code/no-code, digital twins, and quantum computing to improve operations, address cost pressure, and enhance CX.

Trends evolution

In today's dynamic landscape many P&C trends are evolving:

- The emphasis on data remains, with smart devices and predictive analytics boosting underwriting accuracy.
- Insurers are reassessing embedded options to ensure they are a value-centric and create lasting customer value.
- Sustainability and inclusivity remain critical but with an increasing focus on measurable return on investments.

Deprioritized trends

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

- Drones, robotic imaging, and video technologies modernizing loss inspection processes continue to be embedded in insurers initiatives.
- Other trends, such as those around metaverse, have not demonstrated value and are losing executives mindshare.



UNDERWRITING ACCURACY AND EFFICIENCY IMPROVE WITH PREDICTIVE ANALYTICS AND SMART DEVICES

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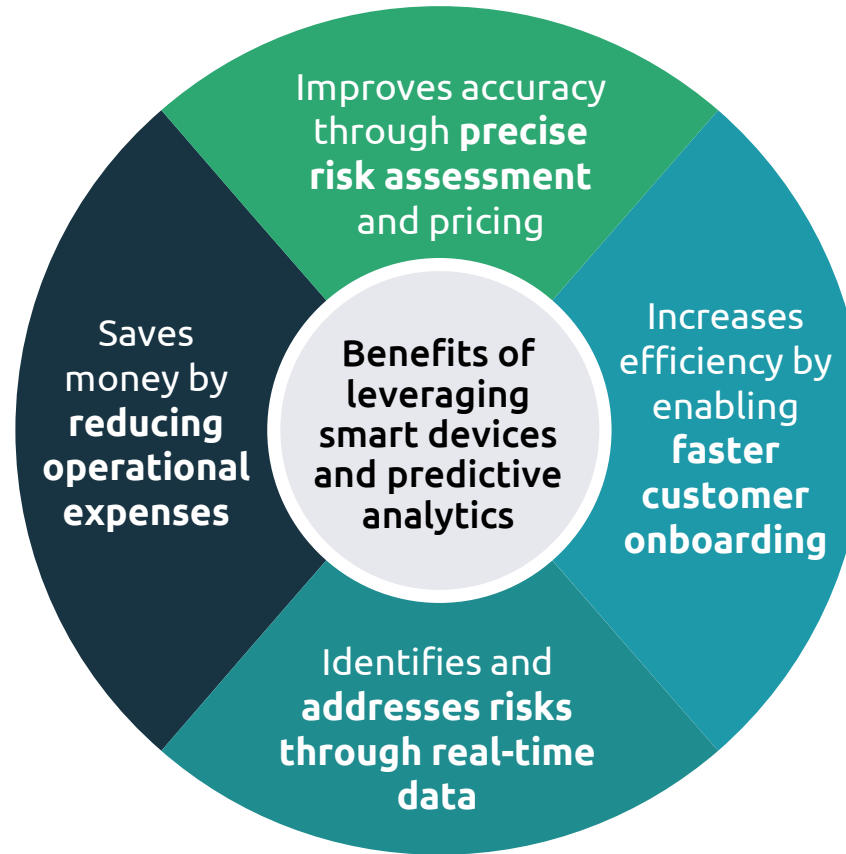
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Smart devices and predictive analytics accelerate automation and enhance underwriting precision

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

In 2022, a **USD 27 billion net underwriting loss** was suffered by P&C insurers in the **US**.

The **combined ratio** for the US P&C insurance industry – a key measure of profitability for insurers – **deteriorated to 102.7% in 2022 from 99.6% in 2021**.²



	3	6	1
8	5	7	2
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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. [Verisk](#) 2. [Aon](#)

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



INSURERS ARE REFOCUSING ON FUNDAMENTALS BY RECALIBRATING UNDERWRITING TECHNIQUES FOR MORE PRECISE RISK ASSESSMENT

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To confront insurability issues, P&C insurers take a multi-pronged approach

Policyholder engagement

Develop **interactive feedback loops** to fuel engagement, augment risk management, and enhance insurability

Data management

Implement strategies such as data governance and automation for **enhanced risk assessment and security**

Innovation

Deploy advanced technology to **increase risk assessment accuracy** – cost-effectively

Profitability

Reassess **participation strategy** to **reduce exposure** to assets that can't be properly priced



Launched in June 2023, a **re-underwriting initiative addresses catastrophic** events, inflation, and economic volatility.²

74% of insurers acknowledge climate change's impact on insurability, prompting enhanced underwriting.¹

Source: .1.[Capgemini's World Property and Casualty Insurance Report 2022](#) 2.[Reinsurance News](#)

Insurers, by embracing innovation and **realigning with underwriting fundamentals**, take a crucial step in boosting insurability and unlocking growth



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 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. [FinancialTimes](#)

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



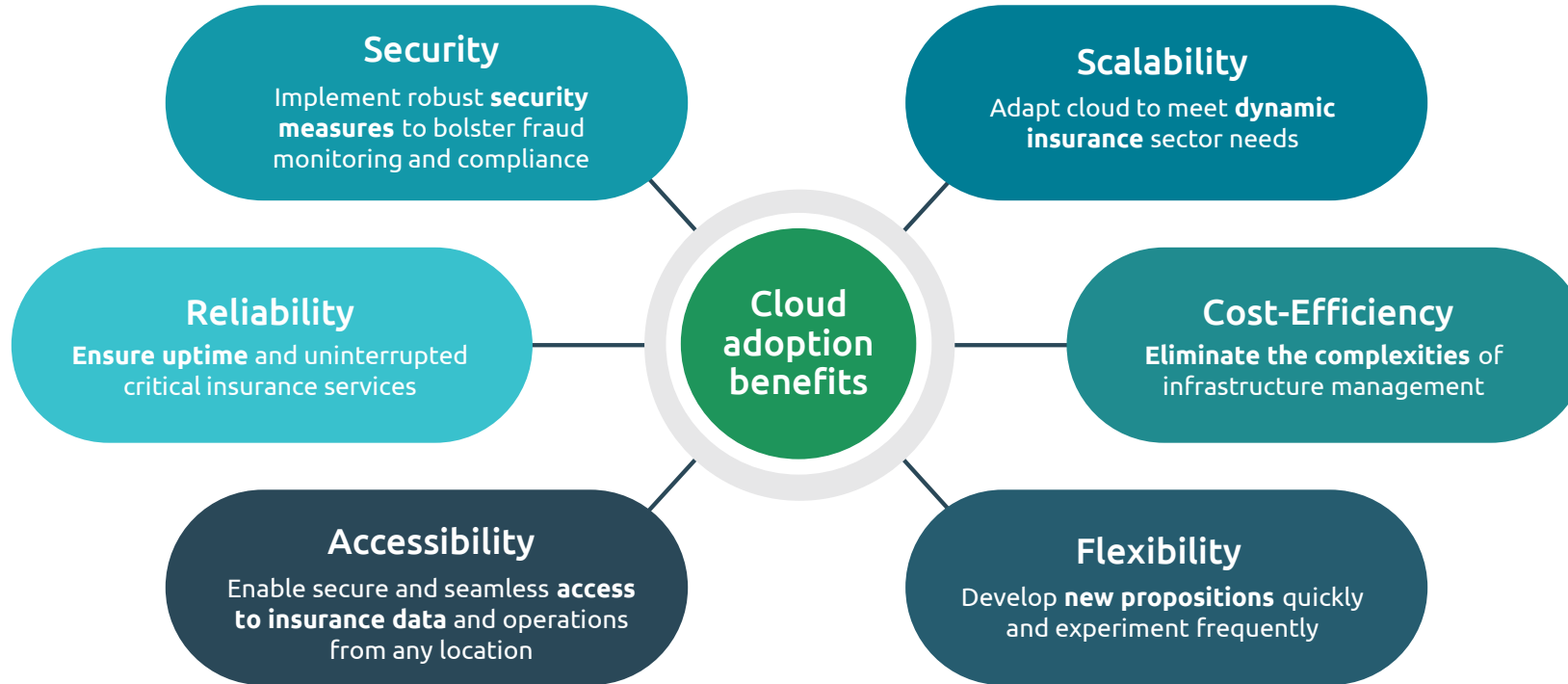
CLOUD ADOPTION IS ENABLING INSURERS TO ACHIEVE OPERATIONAL EXCELLENCE WHILE IMPROVING CUSTOMER EXPERIENCE

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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



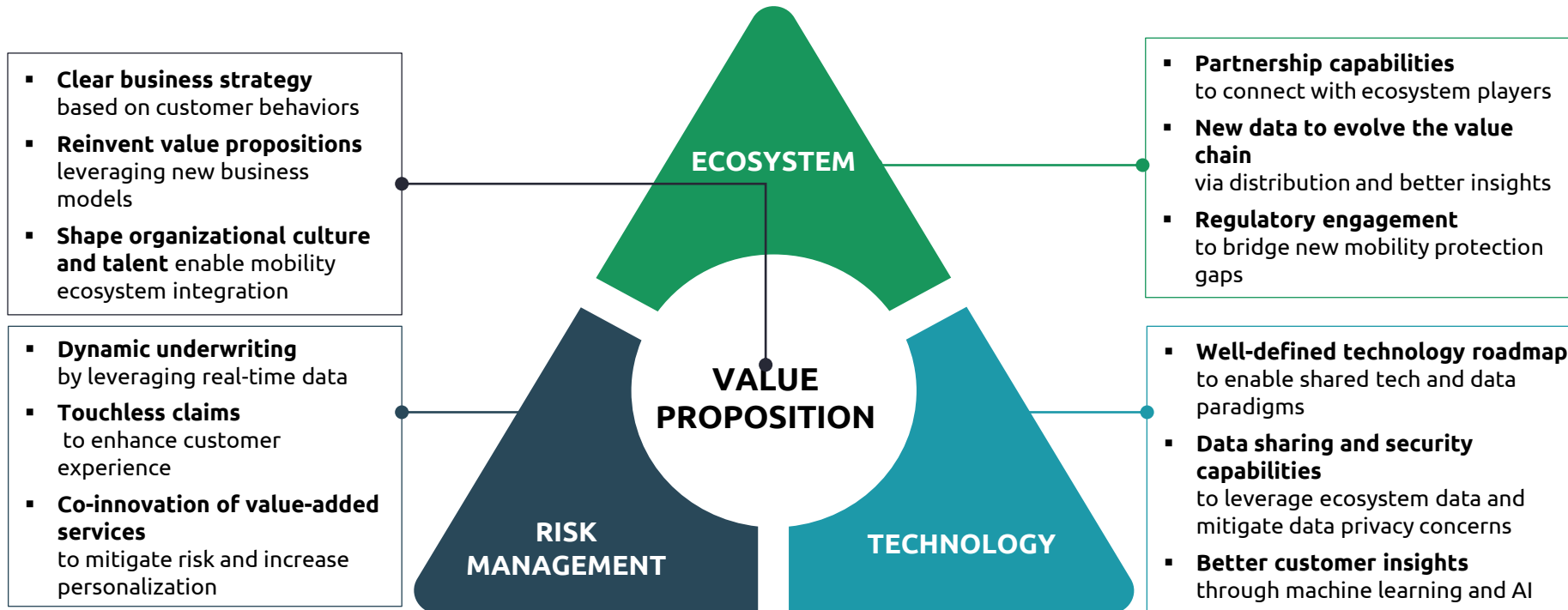
IN THE MOBILITY SECTOR, INSURERS ARE EVOLVING INTO SOLUTION CO-DESIGNERS, MOVING BEYOND PRODUCT DEVELOPMENT

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How can insurers evolve their business strategy to thrive in the mobility landscape of the future?



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Swiss Re

Partnered with **Luminar** to enhance road safety, reduce consumer adoption costs through advanced technologies and data-driven insights.²

The mobility insurance market is set to double, from USD 0.65 trillion in 2021 to USD 1.38 trillion in 2030.

ACES premium will drive this growth, with an eightfold rise and reaching 40% market share by 2030.¹

Source: 1. [Capgemini World Property and Casualty Insurance Report 2022](#) 2. [Swiss Re](#), Note: a. ACES (Autonomous, Connected, Electrical and Shared)

Insurers will evolve from covering assets to insuring mobility experiences, aiming to reduce claims, enhance customer engagement, and boost revenue



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

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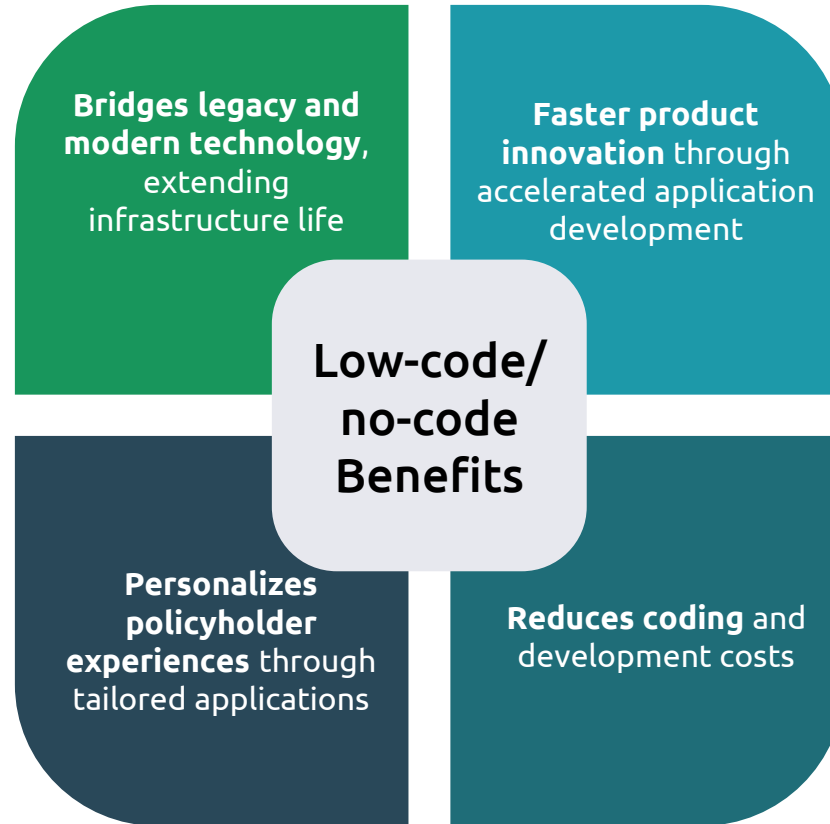
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Low code/no code(LCNC) technology empowers agile, cost-effective, customer-centric insurance solutions

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



EMBEDDED INSURANCE EVOLVES TOWARDS VALUE-CENTRIC MODELS WHILE BUILDING A FOUNDATION FOR LASTING CUSTOMER VALUE

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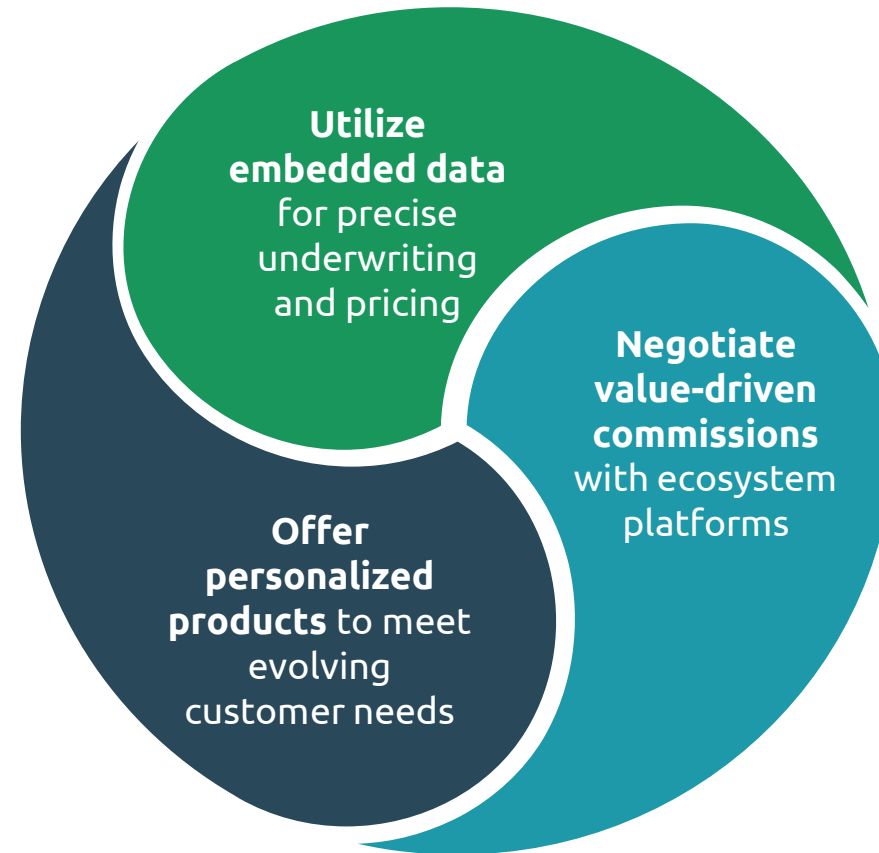
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Insurers that strategically adopt cross-industry brand partnerships can achieve substantial gains

USD **722 billion** - 2030 projection for embedded P&C insurance global GWP, a six times increase over 2022.¹

Partnerships with trusted brands boost insurers' data access, allowing insurer to leverage the information to co-create new solutions.



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Teamed up with **Jaguar Land Rover** to launch **Simply Drive**, which provides a month of complimentary insurance to customers purchasing Jaguar Land Rover (JLR) models in **eight European markets**.²

Source: 1. [Fintech Global](#) 2. [Allianz](#)

Embedded insurance is here to stay and **carriers that select partners prudently can fortify brand equity while optimizing costs**, however, insurers are intensifying commission scrutiny to ensure profitability



TO ENHANCE THE UNDERSTANDING OF ASSET-RISK RELATIONSHIPS AND PRICING, INSURERS ARE EXPLORING DIGITAL TWIN ADOPTION

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Digital twins enhance decision-making and efficiency across the value chain, fostering innovation

Underwriting

Simulates different scenarios, enabling underwriters to **understand risk better** and potentially offer more relevant coverage or more accurate pricing

Distribution

Creates **virtual customer behavior models** using online activities, shopping data, and search habits, aiding insurance executives in targeted multichannel sales.

Claims Processing

Accelerates claims processing by **simulating claim scenarios**, such as accidents and damage, aiding adjusters in impact assessment.

Fraud Detection

Replicates events and assesses claim accuracy by comparing data to swiftly **identify inconsistent claims**, reduce P&C liability, and save costs.

65% of insurers acknowledge the **importance of digital twins**, However, only **16%** possess **mature digital twin capabilities**.¹

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Upgraded the enhanced Risk Data Services (RDS) platform to **provide clients with the capability to construct digital asset replicas**, evaluate climate-related risks, and make knowledgeable insurance decisions.²

Source:1.[Capgemini World Property and Casualty Insurance Report 2022](#) 2.[THE INSURER](#)

Insurers will fasten **digital twin adoption for complex risks with substantial return potential**, but exercise prudence with widespread implementation given considerable costs and modest gains for mundane risks



ON THE HORIZON: QUANTUM COMPUTING MAY UNLOCK INSURANCE INNOVATION OPPORTUNITY

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How can insurers seize upcoming quantum computing opportunities?

01 Evaluate insurance firm's readiness and infrastructure

02 Identify specific areas – like **risk assessment** – where quantum computing offers advantages

03 Participate in **ecosystems** for balanced investment, R&D cost-sharing, and talent gap reduction

04 Create a **post-quantum cryptography** roadmap to protect policyholders' sensitive data

05 Test and validate **quantum algorithms** for accuracy

06 Deploy quantum technology for **accurate risk assessment**

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Collaborated with ten German **organizations to advance quantum computing for industrial use** via QUTAC, sharing applications and funding.¹

Quantum computing's speed offers insurers the ability to **run simulations faster and more cost-effectively**. However, insurers will be wise to **explore the implication of quantum on security and encryption**.

Source: 1. [Munich Re](#)

While quantum technology is still on the horizon, initiating experiments now can promote future success, **enhancing resilience and improving operational effectiveness**

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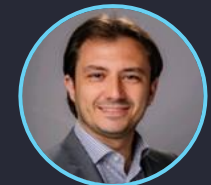
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Capgemini Research Institute
for Financial Services
elias.ghanem@capgemini.com



LUCA RUSSIGNAN

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Capgemini Research Institute
for Financial Services
luca.russignan@capgemini.com



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