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World InsurTech Report 2019: Insurers' role in flux as InsurTechs master digital customer experience

Collaboration between insurers and InsurTechs is key to address customer demand for add-on services, personalization, and flexible offerings

Paris, October 7, 2019 – The insurance industry is facing a structural shift where effective collaboration with InsurTechs is essential in order to meet rising customer expectations, according to the [World InsurTech Report 2019 \(WITR\)](#) published today by [Capgemini](#) and [Efma](#).

"As the insurance marketplace evolves, insurers will move beyond their traditional role as payers covering customer losses to partners that identify and forecast risk, helping with insurance and related non-insurance needs," said Anirban Bose, CEO of Capgemini's Financial Services Strategic Business Unit and Group Executive Board member. "To deepen customer relationships, insurers will have to collaborate more with InsurTechs who are already mastering the customer experience by leveraging the most innovative technologies and use of data."

"Insurers will benefit from partnerships with InsurTechs as the marketplace becomes more crowded," said Vincent Bastid, Secretary General of Efma. "The data shows that insurers and InsurTechs are eager to partner with each other, which will ultimately benefit the customer in the form of more advanced products and services."

The World InsurTech Report 2019 outlines a new insurance ecosystem with an open marketplace, based on the development of new customer-centric experiences, a structured selection of InsurTechs, and a collaborative go-to-market. Key findings include:

Four fundamental shifts in the industry are underway

The report outlines that the industry is evolving in four different ways:

- A shift from product focus to customer experience: 70% of insurers and InsurTechs said a focus on holistic risk solutions for customers was critical to establishing a future-state insurance marketplace.
- The evolution of data as a critical asset: more than 70% of insurers and InsurTechs said advanced data management capabilities are critical.

- A transition from asset ownership to a shared economy: more than 35% of insurers and InsurTechs have already realized that focusing on shared ownership of assets is critical.
- Partnerships with specialists over the traditional “Build or Buy” approach: 90% of InsurTechs and 70% of incumbents said they want to collaborate with each other. Both insurers and InsurTechs have a hearty appetite for collaboration with other sectors, such as healthcare providers and players from the travel, transportation, and hospitality space.

Digital maturity is front of mind for insurers, but aspirations do not match reality

While insurers realize the importance of these fundamental shifts, there is a significant gap between expectations and current digital maturity. For example, 79% of insurers say advanced data management capabilities are important, but only 37% have a concrete digital transformation strategy in place. Similarly, over a third (37%) said shared ownership of assets is critical but just 11% are leveraging open architecture to partner with other industry players.

Collaboration and partnership must be prioritized

68% of insurers say partnerships are critical, but only 32% are collaborating with ecosystem partners to provide value-added services. A digitally integrated ecosystem will support the real-time, personalized experiences that customers are demanding. Digital integration will be critical for insurers as customers are expecting more convenience and seamless services. While partnerships will clearly help meet their needs, there is still quite a lot to be done. Fewer than 40% of incumbent insurers want to build technology infrastructure ready for open collaboration with InsurTech firms, while more than 60% of InsurTechs wish to work with insurers to create such a foundation.

Those who evolve into ‘Inventive Insurers’ will be best placed for success

The report determines that success in the future marketplace is heavily dependent on insurers’ ability to evolve into *Inventive Insurers*. This will require improving their digital maturity and enhancing agility, as well as joining an open ecosystem to provide digital, experience-led offerings via effective collaboration with InsurTechs. A successful *Inventive Insurer* will use open platforms to better develop innovative ways to make sure the customer remains at the center of their business.

Report methodology

The World InsurTech Report (WITR) 2019 covers all three broad insurance segments: life, non-life, and health insurance. This year’s report draws on research insights from two primary sources – surveys and interviews with traditional insurance firms and InsurTech firms. This primary research together covers insights from over 75 executives across 20 markets: Australia, Belgium, Brazil, China, Denmark, France, Germany, India, Israel, Italy, Japan, Singapore, South Africa, Spain, Sweden, Switzerland, The Netherlands, Turkey, the United Kingdom, and the United States.

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