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## **COVID-19 accelerates insurance digitalization to meet customer demand: World InsurTech Report 2020**

***Adopting a new mindset, leveraging intelligent processes and collaborating with ecosystem partners will be crucial to meet rising business and customer needs***

**Paris, September 15, 2020 – Insurers must explore new ways to build capabilities to meet the digital needs of customers as BigTechs<sup>1</sup> and non-traditional players enter the insurance space, according to the [World InsurTech Report 2020 \(WITR\)](#) published today from [Capgemini](#) and [Efma](#).**

With COVID-19 increasing customer engagement and expectations, the World InsurTech Report 2020 outlines a growing opportunity for InsurTechs, as insurers focus on their digitalization efforts. As BigTechs make their presence felt in insurance, the boundaries between insurance, InsurTechs, BigTechs, and tech partners are blurring. Insurers need to improve on high-impact focus areas including customer centricity, intelligent processes, product agility and an open ecosystem to remain competitive.

*"Insurers have to look beyond other insurance companies as their competitors, and instead include BigTechs and other new non-traditional players, which are often offering a superior customer experience,"* said Anirban Bose, CEO of Capgemini's Financial Services Strategic Business Unit and Member of the Group Executive Board. *"Forming scalable relationships with InsurTechs will help insurers digitize faster and more efficiently, deepening their customer relationships and helping them to fend off these new entrants."*

*"Insurers need to become more customer-centric in everything they do,"* said John Berry, CEO of Efma. *"InsurTechs' maturity and willingness to collaborate to bring new technology solutions to insurers are accelerating, aiding insurers to meet rising customer expectations."*

### **COVID-19's sector-specific influence**

COVID-19 impacted sub-sectors of the insurance market in different ways as life and health experienced a hike in claims, while travel and auto felt a decline. However, all insurance providers have felt changes in how their customers engaged with them. Even with over 90% of incumbents

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<sup>1</sup> The report defines BigTechs as large, multinational technology firms such as Google, Amazon, Facebook, Apple, Alibaba, etc.



fully able now to conduct business remotely, they felt the COVID-19 impact on their new customer acquisition and retention. Some 61% of insurers in July vs. 57% in April believed COVID-19 impacted new customer acquisition, and 42% of insurers in July vs. 29% in April believed it impacted customer retention.

### **Customer-centric BigTechs are digital stars**

COVID-19 is not the only threat to customer acquisition and retention. BigTechs have raised the bar for customer experience and trust during the pandemic, providing consumers with crisis-proofed processes, real-time responses, and intuitive customer care. Policyholders' willingness to purchase insurance from BigTechs has increased from 17% in 2016 to 36% in January 2020 to 44% in April 2020. To compete with BigTechs, insurers need to focus on critical priorities which are important including delivering superior customer experience (94%), crisis-proof processes (90%), deliver real-time response (87%), be a caring partner (86%), and have insurance-as-a-utility (70%.) While utilizing the cloud and open APIs is essential, insurers are falling short. Only 19% of insurers represented in the report say they have touchless processes, 29% have human-centered design capabilities and digital-ready systems, 38% have implemented open APIs, and 48% have a cloud-native enterprise.

### **More competition means more collaboration**

The report highlights that to improve capabilities, insurers can either build and buy technology or collaborate after thoughtfully weighing trade-offs among four factors: time, investment, autonomy, and differentiation. Collaborating via partnerships is the most efficient way to get the technology needed to remain competitive in the marketplace. Partnerships with specialists via shared access will ensure all insurance industry players can focus on their core competencies and deliver better value while being cost-efficient. Willingness to collaborate amongst the players in the insurance space has been increasing, the World InsurTech Report 2020 found:

- 67% of insurers want to collaborate with InsurTechs
- 85% of InsurTechs want to partner with technology providers, while 83% want to collaborate with insurers
- More than 60% of insurers and InsurTechs are interested in collaborating with BigTech firms

A new mindset will be required for firms to shift from capability and asset ownership to shared access to foster efficiency and encourage partnerships with specialists. It will also enable firms to focus on their core competencies and deliver better value through hyper-personalization and continuous co-innovation.

### **Report methodology**

The World InsurTech Report (WITR) 2020 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 175+ executives across 26 markets: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Croatia, France, Germany, Hong Kong, India, Israel, Italy, Japan, Mexico, Singapore, South Africa, Spain, Sweden, Switzerland, The Netherlands, Turkey, United Arab Emirates, United Kingdom, and United States.



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Capgemini is a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17billion.

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### **About Efma**

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