

**Capgemini Press Contacts:**

Mary Sacchi (North America)
WE Communications for Capgemini
Tel.: +1 (212) 551 4818
E-mail: msacchi@we-worldwide.com

Liz Fletcher (EMEA)
WE Communications for Capgemini
Tel.: +44 (0) 20 7632 3816
E-mail: efletcher@we-worldwide.com

Efma Press Contact:

Anna Quinn
Tel.: +33 1 47 42 6771
E-mail: anna.quinn@efma.com

World Insurance Report 2019: Insurers must respond to customer concerns around emerging-risk coverage

Customers demand more comprehensive and personalized insurance products to address 'coverage gap' in existing policies and emerging risks

Paris, May 14, 2019 – The World Insurance Report 2019, published today by [Capgemini](#) and [Efma](#), reveals that policyholders are increasingly concerned that their insurance coverage has become insufficient for emerging risks, from cybersecurity to environmental threats. Insurers are less ready for change than their customers, most of whom want more comprehensive and dynamic coverage. At the same time, a significant opportunity exists for insurers to leverage technology and partnerships to get ahead of macro trends and become more proactive partners to their customers.

Key findings of the report include:

Insurers have been slow to respond to emerging risks

The report identifies five macro trends that are creating emerging risks for insurance customers and their businesses: disruptive environmental patterns, technological advancements, evolving social and demographic trends, new medical and health concerns, and business environment changes. Yet most insurers have been slow to respond to these trends and equip customers for them. Under 25% of business customers across all geographies, and less than 15% of personal policyholders, feel they have sufficient coverage to insure against any one of the emerging risks driven by these macro trends. Fewer than 40% of life and health insurers said they have built a pipeline of new products to cover emerging risks comprehensively.

There is a significant coverage gap in emerging risk areas

The slow response to emerging threats has created significant coverage gaps for customers exposed to these risks. The report estimates that 83% of personal insurance customers have medium or high exposure to cyberattacks and to outliving their savings, yet just 3% and 5% respectively are comprehensively covered against these eventualities. Among business customers, 81% are exposed to escalating employee healthcare costs against which just 17% are well covered; 87% are at risk of cyberattacks with less than 18% comprehensively insured; and almost 75% are threatened by rising natural catastrophes, for which just 22% are effectively covered.

Consumers are more prepared for change than providers

As the insurance landscape shifts, customers are showing greater readiness for change than their insurance providers. Over half (55%) of customers said they are ready to explore new insurance models, but barely a quarter (26%) of insurers are investing in them. While 37% of customers said they are highly willing to share additional data in return for improved risk control and prevention services, only 27% of insurers have the capability to tap real-time data for risk modelling purposes.

Insurers need to innovate, and become partners and preventers

Insurers must respond to emerging threats, and changing customer expectations, by embracing new technology and partnerships. Risk assessment capabilities can be significantly enhanced through deployment of machine learning, artificial intelligence and advanced analytics, and effective collaboration with InsurTech providers. Progress in these areas has been mixed: a majority (57%) have leveraged AI, machine learning and advanced analytics, but only 29% have implemented automated risk assessment, and just 20% real-time insight generation from IoT devices.

According to the report, technological progress also needs to be matched by a shift in attitudes. Where insurers have traditionally seen themselves as a payer, they need to evolve into the parallel roles of partner and preventer, working more closely with customers to mitigate risks and provide on-demand services.

"Emerging risk trends and rising customer expectations are dramatically changing the landscape for insurance, and providers must be agile in how they respond," said Anirban Bose, CEO of Financial Services at Capgemini and member of the Group Executive Board. *"This research shows a coverage gap in areas of emerging risk, but also highlights an important opportunity for insurers. Those that can evolve their products through technology, collaborate with innovators, and think of themselves as partners and preventers to their customers, stand to benefit the most."*

"This research shows that the future for insurance will be partnership-centric," said Vincent Bastid, Secretary General of Efma. *"Insurance providers need to collaborate with partners who offer high levels of expertise in areas from AI to advanced analytics. Simultaneously, they must partner more closely with their customers to provide the more responsive, demand-driven service many are seeking."*

Report methodology

The *World Insurance Report (WIR) 2019* covers all the three broad insurance segments—life, non-life, and health insurance. This year's report draws on research insights from two primary sources – the 2019 Global Insurance Voice of the Customer Survey and 2019 Global Insurance Executive Interviews. Together, these sources cover insights from 28 markets: Australia, Belgium, Brazil, Canada, China, Finland, France, Germany, Greece, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, Norway, Philippines, Poland, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States. For more information, explore the report website at www.worldinsurancereport.com.



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A global non-profit organization, established in 1971 by banks and insurance companies, Efma facilitates networking between decision-makers. It provides quality insights to help banks and insurance companies make the right decisions to foster innovation and drive their transformation. Over 3,300 brands in 130 countries are Efma members.

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