



Insurance BPO – Annual Report 2015: RPA and Analytics Powering the Next Wave of BPO Expansion

Banking, Financial Services, and Insurance (BFSI) Outsourcing
Annual Report: October 2015 – Preview Deck

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Overview and abbreviated summary of key messages

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The global insurance BPO market has grown steadily over the last three years to reach ~US\$2.9 billion. While L&P segment accounts for the larger share of the market, P&C segment is growing at a faster pace, with more new signings over the last two years. Growth in the next two years is expected to be driven by increasing adoption within the small- and mid-sized buyer segments and higher inclusion of judgment-intensive processes.

With commoditization of labor arbitrage, two key value levers have emerged – automation and analytics. Increasing adoption of automation, along with higher adoption of platform-based solutions, within insurance contracts is reducing the FTE-intensive play in transaction-based processes such as claims processing. With increasing inclusion of judgment-intensive processes, expertise in analytics is the key differentiator. Traditional pricing models, such as FTE-based and fixed-fee, are increasingly being replaced by outcome-based pricing models.

With increasing adoption, impact of technology, and evolving pricing models, insurance BPO is expected to evolve rapidly in terms of scale, scope, and cost efficiency.

Some of the findings in this report, among others, are:

State of the market

- The insurance BPO market has grown at a healthy CAGR of ~12% over last two years. Property and Casualty (P&C) insurance BPO has registered a CAGR of ~22%, which is more than three times that of Life and Pensions (L&P) insurance BPO at ~7%
- United Kingdom continues to dominate the L&P insurance BPO, while North America dominates the P&C market and continues to lead the insurance BPO adoption. Under-penetrated markets such as Asia Pacific and Continental Europe are expected to witness increased adoption and catalyze the growth in mid- to long-term future
- With commoditization of labor arbitrage, two key value levers have emerged – automation and analytics
 - Increasing adoption of automation, along with higher adoption of platform-based solutions, within insurance contracts is reducing the FTE-intensive play in transaction-based processes such as claims processing
 - With increasing inclusion of judgment-intensive processes, expertise in analytics (beyond just operational one) is the key differentiator

Overview and abbreviated summary of key messages

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L&P insurance BPO trends

- While average size of contracts increased in 2014, average term remained almost constant. Increase in average size is due to higher inclusion of judgment-intensive work such as analytics support in the contracts
- Due to prominent presence of closed books, platform-based solutions, and leverage of Robotics Process Automation (RPA) will have increasing role to play in United Kingdom

P&C insurance BPO trends

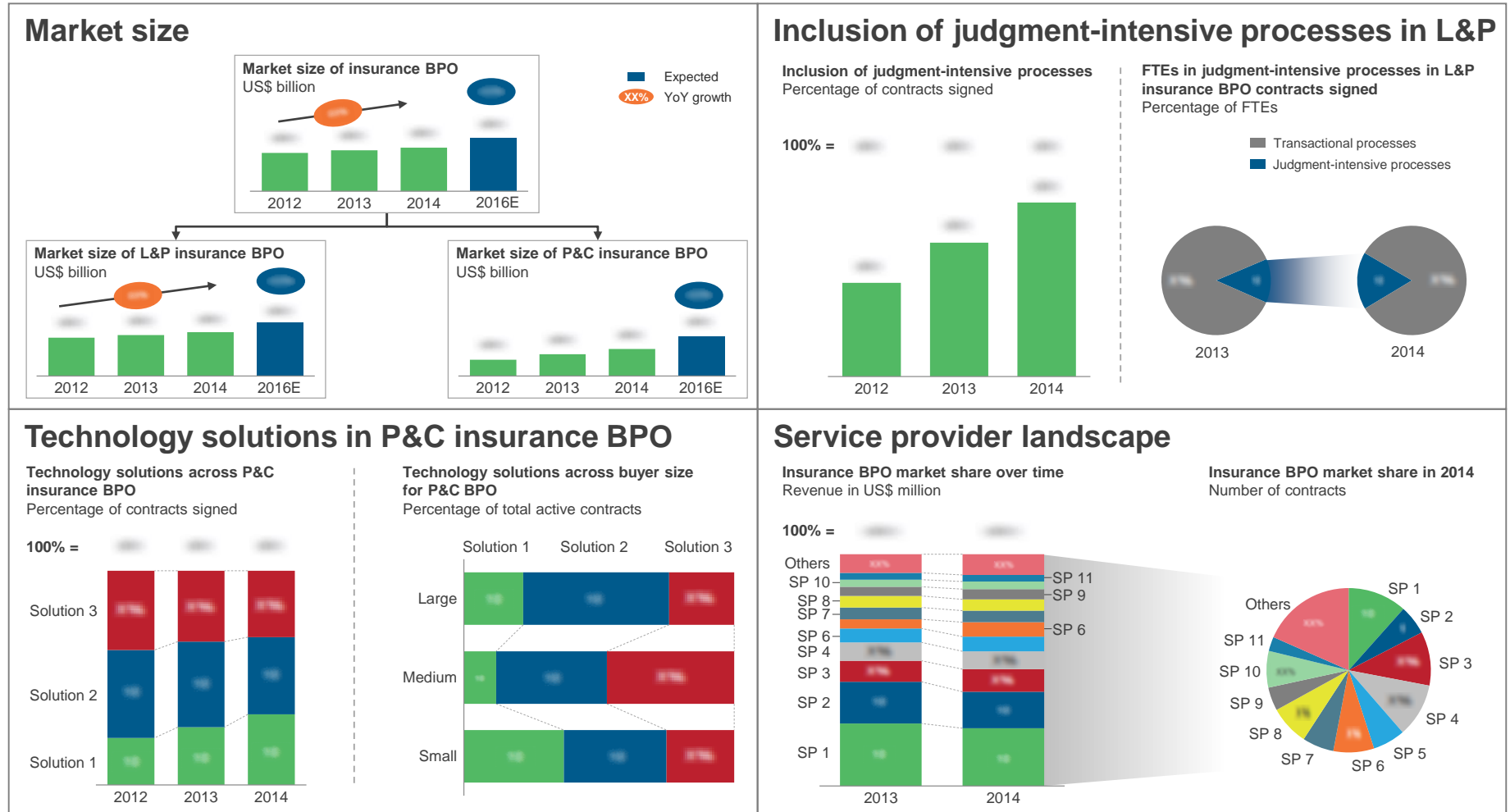
- Offshoring is very high in P&C insurance BPO, as compared to the L&P segment. Almost 90% of the total FTEs are based out of offshore and nearshore locations
- Outsourcing of PDBA¹ and new business management processes, in P&C insurance BPO, is gaining traction. Together, these processes accounted for 25% FTEs in contracts signed in 2014

Service provider landscape

- Top three service providers in insurance BPO continue to have more than 50% of market share by revenue
- The L&P insurance BPO market continues to be dominated by two service providers – Capita and TCS. Together, they have a market share of 58%
- Led by Xchanging and EXL, the P&C insurance BPO market is relatively more competitive

¹ Product development and business acquisition

This study offers four distinct chapters providing a deep dive into key aspects of the capital markets BPO service provider landscape; below are four charts to illustrate the depth of the report



Note: SP – Service Provider
Source: Everest Group (2015)

BFSI BPO research calendar

Published Current

Topic	Release date
Mortgage BPO State of Market Report 2015 – Curve of Time to Meet Mortgage Again?	May 2015
Commercial Insurance BPO - Rise of Specialty Lines	May 2015
Home Equity Loans - The Next Frontier in Mortgage BPO?	May 2015
Mortgage BPO – Service Provider Landscape with PEAK™ Matrix Assessment 2015	May 2015
Banking Business Process Outsourcing in Europe - Poised for Primetime	May 2015
Banking BPO Annual Report 2015 – Heavy on Technology, Low on People – Future of Banking BPO	June 2015
Technology in BPS – Service Provider Profile Compendium 2015	June 2015
Capital Markets BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
Technology in Business Process Services (BPS) – The Pecking Order	August 2015
Capital Markets BPO Annual Report 2015 – Technology and analytics helping banks manage risk and compliance	August 2015
Banking BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015	August 2015
P&C Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2015	September 2015
L&P Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2015	September 2015
Practitioner Perspectives - Simen Munter and Pankajam Sridevi, ANZ Global Hubs Leadership Interview	September 2015
Insurance BPO – Annual Report 2015: RPA and Analytics Powering the Next Wave of BPO Expansion	October 2015
Banking BPO – Service Provider Profile Compendium 2015	Q4 2015
Capital Markets BPO – Service Provider Profile Compendium 2015	Q4 2015
L&P Insurance BPO – Service Provider Profile Compendium 2015	Q4 2015
P&C Insurance BPO – Service Provider Profile Compendium 2015	Q4 2015

Additional BFSI BPO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest:

1. **Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015** ([EGR-2015-11-R-1585](#)); 2015. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for life and pensions insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the L&P insurance BPO market and the key implications for buyers and service providers
2. **Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015** ([EGR-2015-11-R-1543](#)); 2015. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for property and casualty insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the P&C insurance BPO market and the key implications for buyers and service providers
3. **Commercial Insurance BPO – Rise of specialty Lines** ([EGR-2015-11-R-1443](#)); 2015. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics of the Insurance BPO market and emergence of specialty lines. It also helps them identify the recent trends and future outlook. This report covers trend of BPO adoption in commercial insurance, drivers for the growth of adoption, variation of adoption across various models, key characteristics of specialty insurance buyer and contracts along with role of automation in commercial insurance BPO
4. **Insurance BPO Service Provider Profile Compendium** ([EGR-2015-11-R-1375](#)); 2015. This report provides accurate, comprehensive, and fact-based snapshots of 20 service providers in the market. Each five page service provider profile provides a comprehensive picture of that provider's service suite, scale of operations, technology solutions, and delivery locations; along with Everest Group's assessment of the provider

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