



Insurance BPO – Annual Report 2014: In Volatile Times, Insurers Taking “BPO Cover”

Banking, Financial Services, and Insurance (BFSI) Outsourcing
Annual Report: September 2014 – Preview Deck

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¹ Banking, financial services, and insurance

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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\$2.7 billion. While L&P segment accounts for larger share of the market, P&C segment is growing at a faster pace, with more new signings than L&P over the last two years. We expect the market to grow at a CAGR of 16 to 18% in the next two years driven by growth in adoption within the small and mid-sized buyer segments and inclusion of complex processes.

A higher proportion of contracts in 2013 were extensions or renewals as compared to new contracts, signaling growing maturity of the insurance BPO market. Service providers therefore are looking beyond simpler processes like claims processing and policy administration and entering niche segments such as specialty insurance and reinsurance to define new avenues for growth.

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

State of the market

- While the United States is the leading adopter of insurance BPO with over 60% of contracts, the United Kingdom is the largest insurance BPO market accounting for 47% of the share
- Large buyers dominate the insurance BPO market, but activity in large insurance companies is plateauing. Small buyers in L&P and mid-sized buyers in P&C are driving growth
- Key factors driving the growth of insurance BPO are macroeconomic pressures, regulatory changes, rising incidences of fraud, and rise of digital consumers

Overview and abbreviated summary of key messages

(page 2 of 2)

L&P insurance BPO trends

- L&P segment continues to witness high adoption of platform solutions, particularly within small- and mid-sized buyer segments
- Degree of onshoring within L&P segment has increased due to stringent data privacy laws, especially for contracts signed within the United Kingdom. The offshoring level varies across the value chain and is led by policy administration

P&C insurance BPO trends

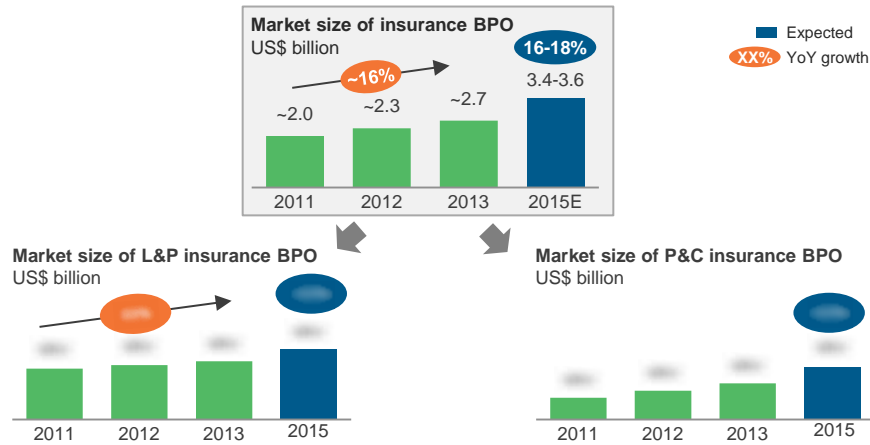
- P&C segment has always seen high adoption of judgment-intensive processes, a trend that further increased in the last two years. Underwriting support led adoption, followed by analytics support
- With increasing buyer maturity, adoption of output- and outcome-based pricing has increased over the last two years in the P&C insurance segment

Service provider landscape

- TCS, Xchanging, and EXL are the biggest insurance BPO service providers and account for ~56% of the market share by revenue
- Cognizant, Genpact, and Infosys saw the highest Year-on-Year (YoY) growth in their 2013 insurance BPO revenue

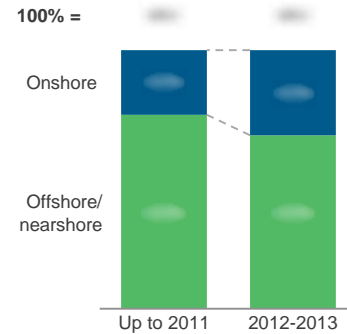
This study offers four distinct chapters providing a deep dive into key aspects of the Insurance BPO market; below are four charts to illustrate the depth of the report

Market size estimation

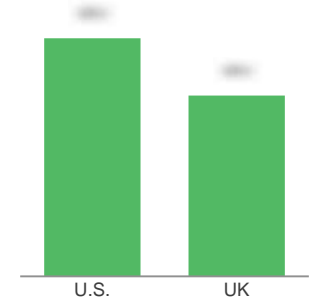


Shoring mix in L&P insurance BPO

Delivery mix in L&P insurance BPO over time
Number of FTEs

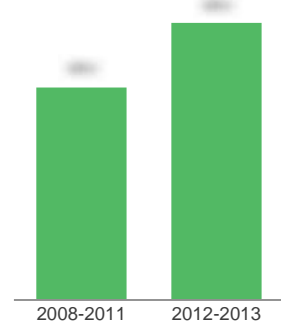


Degree of offshoring in L&P insurance BPO across geographies
Number of FTEs in offshore and nearshore locations as a percentage of total FTEs

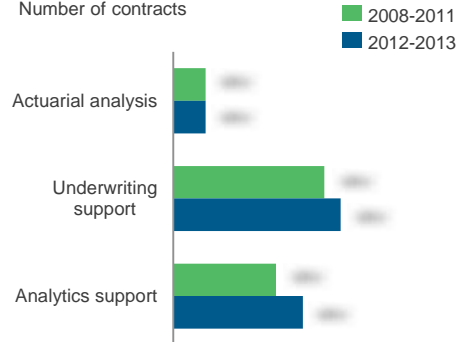


Scope of P&C insurance BPO contracts

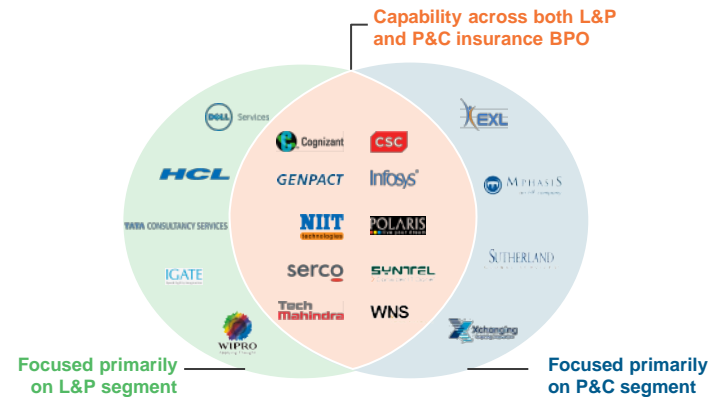
Inclusion of judgment-intensive process across time
Percentage of contracts signed



Contracts involving judgment-intensive processes across time
Number of contracts



Service provider landscape



Source: Everest Group (2014)

BFSI BPO research calendar

Topic	Published	Current Release date
Banking BPO – Service Provider Profile Compendium 2013		December-2013
Capital Markets BPO – Service Provider Landscape with PEAK Matrix Assessment 2013		December-2013
Insurance BPO – Annual Report 2013: In an Increasingly Volatile World, Insurance is Finding New Takers		December-2013
Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2013		December-2013
Capital markets BPO – Service Provider Profile Compendium		February-2014
Insurance BPO – Service Provider Profile Compendium		March-2014
BFS BPO Annual Report 2014 - Low on Growth, High on Regulations – BFS BPO Adapts to the “New Normal”		August-2014
Insurance BPO – Annual Report 2014: In Volatile Times, Insurers Taking “BPO Cover”		September-2014
Banking BPO – Service Provider Landscape with PEAK Matrix Assessment 2014		Q3-2014
Capital Markets BPO – Service Provider Landscape with PEAK Matrix Assessment 2014		Q3-2014
Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2014		Q3-2014
Healthcare payer BPO - PEAK Matrix Assessment & Service Provider Profile Compendium		Q3-2014
Banking BPO – Service Provider Profile Compendium 2014		Q4-2014
Capital Markets BPO – Service Provider Profile Compendium 2014		Q4-2014
Insurance BPO – Service Provider Profile Compendium 2014		Q4-2014

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. Insurance BPO – Annual Report 2013: In an Increasingly Volatile World, Insurance is Finding New Takers** ([EGR-2013-11-R-1004](#)); 2013. This report discusses the global non-voice, third-party, industry-specific insurance BPO industry, providing coverage across market size and growth, solution characteristics, and the service provider landscape for the market. It also analyses the current trends and the future outlook for third-party BPO services for the global insurance industry
- 2. Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2013** ([EGR-2013-11-R-1032a](#)); 2013. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the insurance BPO market and the key implications for buyers and service providers
- 3. Insurance BPO Service Provider Profile Compendium** ([EGR-2014-11-R-1088](#)); 2014. This report provides accurate, comprehensive, and fact-based snapshots of 10 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
- 4. Banking and Financial Services (BFS) BPO Annual Report 2014 – Low on Growth, High on Regulations – BFS BPO Adapts to the “New Normal”** ([EGR-2014-11-R-1191](#)); 2014. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics of the BFS BPO market and helps them identify the recent trends and future outlook. In this backdrop, this report provides comprehensive coverage of the global BFS BPO market including detailed analysis of market size & growth, buyer adoption trends, banking & capital markets BPO solution characteristics, and service provider landscape

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