



Property and Casualty (P&C) Insurance BPO Annual Report – Embracing the Digital-First

Insurance BPO
Annual Report – June 2017

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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How to read this document

Information desired

Where/how to locate the information

Summary of key messages

- This section summarizes the insurance BPO market insights
- The key messages are categorized along three dimensions:
 - State of the market
 - Solution characteristics
 - Service provider landscape

Key facts or analyses related to a specific topic

- A section is devoted to each dimension of the summary of key messages (listed above)
- Each section contains detailed charts on relevant topics within the different dimensions
- Refer to the table of contents (pages 4 and 5) to identify the relevant topics covered within each section
- Summary pages at the beginning of each section cover the key trends

Definitions of unfamiliar terms and related research

- Acronyms or technical outsourcing terms are defined in the glossary of terms (Appendix)
- Refer to Everest Group's related BFSI BPO research publications listed in references (Appendix)

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Overview and abbreviated summary of key messages (page 1 of 2)

The continuum of challenges for the traditional P&C insurers is demanding them to revamp their strategy and operations. Challenges such as pressures on profitability, tough macroeconomic conditions, competition from emerging digital players, fraud, and inefficient legacy technology infrastructure are pushing them to develop non-traditional capabilities and optimize cost of insurance operations. This is driving the adoption of outsourcing in P&C insurance.

The P&C insurance BPO market continues to grow at a healthy rate of nearly 13%. While the adoption of outsourcing by first-generation buyers is driving growth, inclusion of more complex judgment-intensive tasks such as underwriting, claims adjustment, analytics, risk management, actuarial, and regulatory reporting is boosting it further.

First-generation buyers are outsourcing P&C insurance operations for access to technology solutions and cost reduction. The expectations of tenured buyers are much more evolved as compared to those of the new ones. They are demanding value addition, assistance in expanding their businesses, reducing time-to-market, getting higher customer mindshare, and building multi-channel capabilities from service providers.

Service providers, on the other hand, are responding to the evolving buyer demands by developing better solutions, augmenting their capabilities to deliver judgment-intensive processes, and offering value addition via analytics and automation.

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

State of the market

- Pressures on profitability of P&C insurers continue to intensify due to rising claims
- As data sources have multiplied, analytics in P&C insurance in being increasingly leveraged
- Frauds are costing insurers more than they are able to save
- Owing to the benefits automation offers, insurers are being very swift in its adoption
- Blockchain is expected to transform the P&C insurance operations in a few years
- Evolving digital-savvy customers are demanding insurers' digital maturity
- Non-traditional competition is challenging the traditional ways of selling insurance

Overview and abbreviated summary of key messages (page 2 of 2)

Market size and buyer adoption

- The P&C insurance BPO market has grown at a high CAGR of ~13% over last four years and is expected to grow at 12-14% in next few years
- While North America continues to lead the P&C insurance BPO adoption with over three-fourths of the total contracts, United Kingdom and other geographies, such as Australia and Europe, are driving outsourcing adoption

P&C insurance BPO solution characteristics

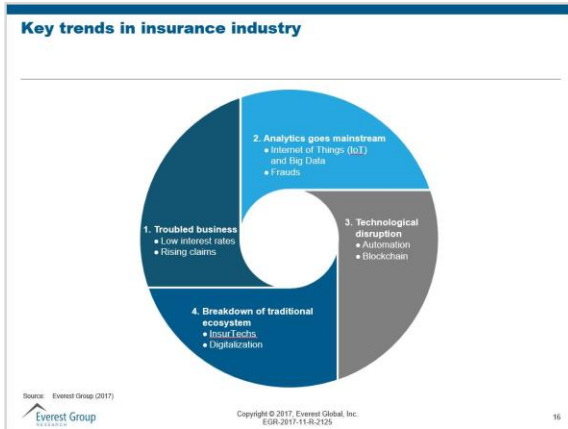
- Average term of contracts is reducing as buyers now prefer to have flexibility
- As buyers demand technological assistance beyond labor-arbitrage, the tie-and-run model is losing its prominence
- A significant number of RPA pilot runs move to deployment stage

Service provider landscape

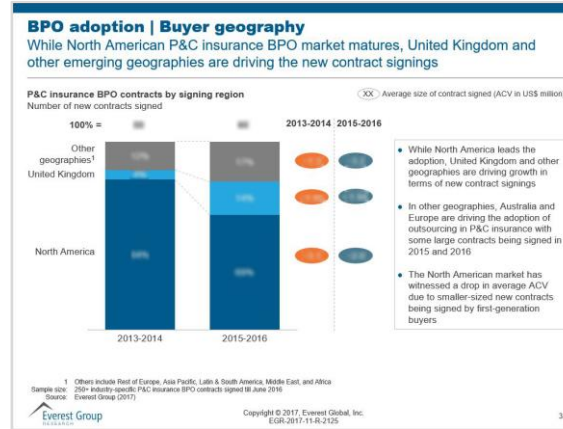
- Advancing on the automation front, a lot of service providers are now deploying RPA solutions, post successful pilot runs
- Leading service providers are leveraging their analytics solutions for fraud prevention and customer analytics

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

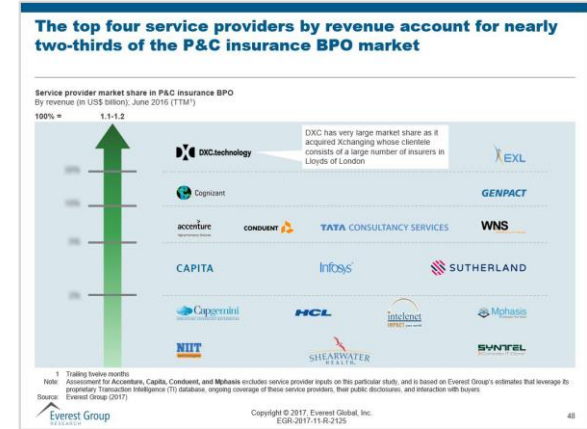
State of the market



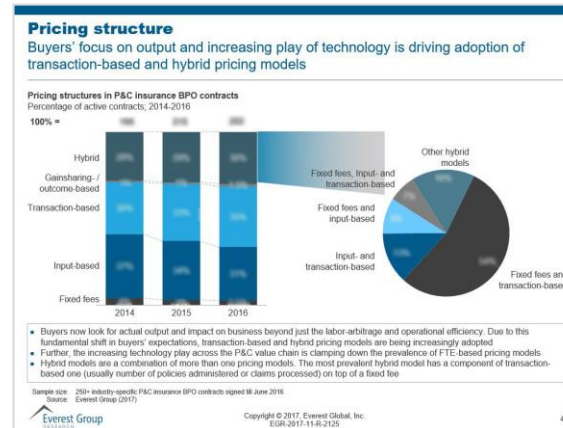
Market size and growth



Service provider landscape



P&C insurance BPO solution characteristics



Source: Everest Group (2017)

Insurance BPO research calendar

| Topic | Release date |
|--|---------------|
| Technology in BPS – Service Provider Profile Compendium 2016 | January 2017 |
| Rise of Automation in P&C Insurance | February 2017 |
| Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017 | March 2017 |
| Property and Casualty (P&C) Insurance BPO Annual Report – Embracing the Digital-First | June 2017 |
| Viewpoint on Third Party Administrators (TPA) | Q3 2017 |
| Viewpoint on workers’ compensation | Q3 2017 |
| L&P Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment | Q3 2017 |
| P&C Insurance BPO Service Provider Profile Compendium | Q3 2017 |
| L&P Insurance BPO Annual Report | Q4 2017 |
| L&P Insurance BPO Service Provider Profile Compendium | Q4 2017 |

■ Published
 ■ Current

Additional Insurance BPO research references

The following documents are recommended for additional insight into 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. **Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017** ([EGR-2017-11-R-2125](#)); 2016. 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
2. **Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-11-R-1813](#)); 2016. 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. **Property and Casualty Insurance BPO – Annual Report 2016: The Dawn of Transformational Era – Adapt and Evolve to Succeed** ([EGR-2016-11-R-1939](#)); 2016. This report examines the global non-voice, third-party, industry-specific P&C insurance BPO. It provides detailed analysis of market size and growth, solution characteristics, emerging trends, and the service provider landscape for the market for P&C insurance BPO. It will assist key stakeholders (P&C insurers, service providers, TPAs, and technology providers) to understand the changing dynamics of the P&C insurance BPO market and identify the upcoming trends
4. **Property and Casualty (P&C) Insurance BPO Service Provider Profile Compendium 2016** ([EGR-2016-11-R-2031](#)); 2016. This report provides accurate, comprehensive, and fact-based snapshots of major P&C insurance BPO service providers. Each profile includes scale, scope, technology solutions, delivery locations, and Everest Group's assessment of the provider

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