



Property & Casualty (P&C) Insurance BPO: Addressing Growth Through Digital Empowerment

Insurance – Business Process Outsourcing (BPO)

Annual Report – June 2018: Complimentary Abstract / Table of Contents

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- Benchmarking | Pricing, delivery model, skills portfolio
- Peer analysis | Scope, sourcing models, locations
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- Tracking services | Service providers, locations, risk
- Others | Market intelligence, service provider capabilities, technologies, contract assessment

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Background of the research

Background of the research

P&C insurance industry is heavily dynamic at present with multiple macro- and micro-level factors impacting insurers' operations. In such a scenario, all P&C insurers are facing a significant question – how to be profitable while growing. While there can be no single answer to such a strategic question, a combination of five strategic levers has been identified that would assist insurers in riding the market dynamisms in a planned manner.

The market dynamics referred to above have trickled down to the P&C insurance BPO industry as well. Consequently, a few BPO service providers are stepping-up to assist insurers in mitigating their present challenges. Service providers are leveraging domain expertise for consulting and design thinking services and technologies such as automation for increasing operational efficiencies and analytics for greater value-addition. These are over and above the usual cost savings that are associated with an outsourced delivery model.

Thus, the P&C insurance BPO market has been consistently growing at ~13% from 2015-2017, and the market growth is only expected to accelerate in the future. Leverage of technology and domain expertise and scope expansion of services, beyond the transactional ones, would be key enablers for service providers to expand the P&C insurance BPO market. Geographically, North America continues to drive BPO adoption, while the European market is plagued by geopolitical and regulatory pressures, such as Brexit and GDPR, that has impacted deal signings in the Europe.

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

This report examines the global third-party, industry-specific P&C insurance BPO. It provides detailed analysis of P&C insurance BPO 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, and technology providers) to understand the changing dynamics of the P&C insurance BPO market and identify the upcoming trends.

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

State of the market

- With the rising dynamism in the P&C insurance industry, insurers are facing multiple challenges. The impact of these dynamics is that insurers are finding it difficult to achieve profitable growth
- Five strategic levers – product innovation, customer experience, technology leverage, underwriting excellence & fraud control, and effective capital management – can be employed to achieve profitable growth
- With greater leverage of technology in outsourced services, input-based pricing models will start to lose their relevance in the future
- BPO service providers have started to realize insurers' needs. Consequently, they have augmented their offerings and have started to layer BPO services with technology
- While technology would be the key enabler for service providers to capture market share, the leverage of domain expertise for process transformations would be a significant contributor as well
- Automation is an acknowledged enabler of operational efficiencies; however, service providers still need to figure out the pricing constructs that do not hit their top-lines

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

Market size and buyer adoption

- The P&C insurance BPO market has been growing at ~13% and is likely to grow at a further accelerated rate of 13-15% in the coming years
- North America continues to offer the highest potential among other geographies for P&C insurance BPO service providers, in terms of new contracts signings
- On the other hand, geopolitical and regulatory uncertainties are hampering deal signings in Europe, especially in the United Kingdom

P&C insurance BPO solution characteristics

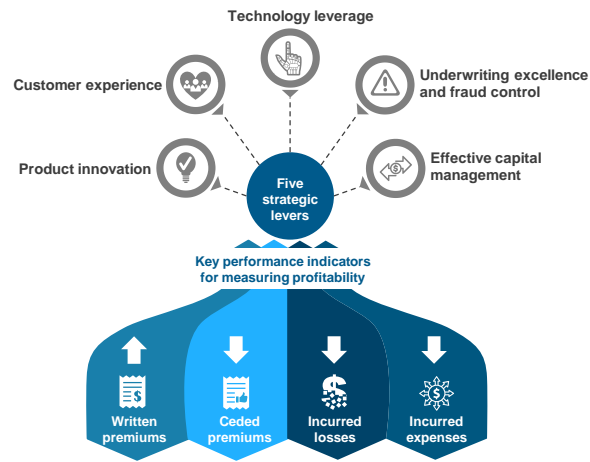
- Leveraging of offshore locations to deliver P&C insurance processes continues to be high, with more than 80% of the total FTEs being based out of offshore and nearshore locations
- Claims processing in P&C insurance has emerged as a potential target area for BPO service providers. This is driven by insurers' strategic requirements and providers' ability to meet them
- Onshore delivery expansion is another area where service providers are investing in order to cater to the broader needs of the buyers

Service provider landscape

- P&C insurance BPO service provider landscape is quite consolidated in every geography with top two service providers accounting for more than 50% of the markets
- As buyers look at expanding their partnerships from just outsourcing of administration to value-addition across operations, technology capabilities and domain expertise of service providers will play a significant role
- The top three service providers by revenue – DXC Technology, EXL, and Genpact account for nearly 60% of the of the P&C insurance BPO market

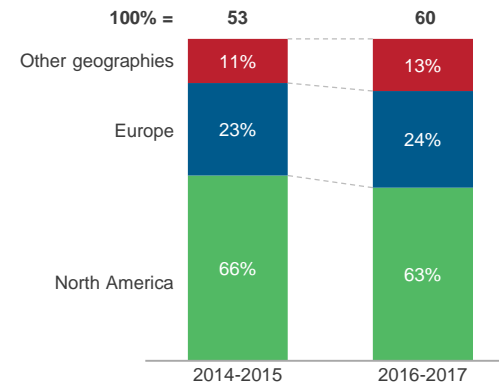
This study offers four distinct chapters providing a deep dive into key aspects of the L&P insurance BPO; below are four charts to illustrate the depth of the report

Insurers' focus on five strategic levers



Market size and buyer adoption

P&C insurance BPO contracts by signing region
Number of new contracts signed



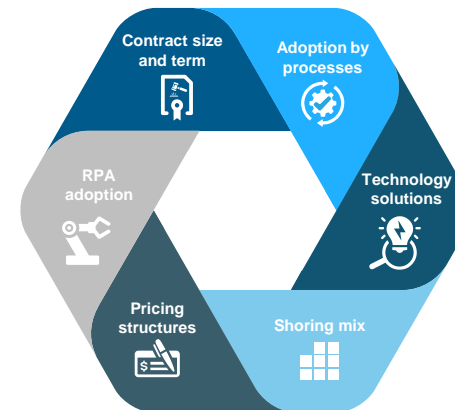
Service provider landscape

Growth of P&C insurance BPO revenue

June 2017 (TTM); Percentage growth in revenue



P&C insurance BPO solution characteristics



Research calendar – Insurance – Business Process Outsourcing (BPO)

Published
 Planned
 Current release

Flagship Insurance BPO reports

Release date

Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017	September 2017
L&P Insurance BPO – Annual Report 2017	November 2017
Life and Pensions (L&P) Insurance BPO – Service Provider Profile Compendium 2018	December 2017
Property and Casualty (P&C) Insurance BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	March 2018
Property & Casualty (P&C) Insurance BPO: Addressing Growth Through Digital Empowerment	June 2018
Property and Casualty (P&C) Insurance BPO Service Provider Profile Compendium 2018	Q2 2018
TPA Services Market Report with PEAK Matrix™ Assessment 2018	Q2 2018
Life and Pensions (L&P) Insurance BPO Service Provider Landscape with PEAK Matrix™ Assessment	Q3 2018
Life and Pensions (L&P) Insurance BPO Annual Report	Q4 2018

Thematic Insurance BPO reports

Rise of automation in P&C insurance	January 2017
Insurers' Guide to the World of TPAs and BPOs	August 2017
Evolution of Annuities Market in the Digital Age	October 2017
U.S. Workers' Compensation Industry: Changing Third-Party Outsourcing Models	October 2017
Reinventing Usage-based Insurance with Telematics, Mobility, and Analytics	March 2018
Blockchain in P&C Claims – What Insurers Need to Know and How Can They Unlock Potential	Q3 2018

Note: For a list of all Insurance BPO reports published by us, please refer to our [website page](#)

Additional Insurance 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. **Reinventing Usage-based Insurance with Telematics, Mobility, and Analytics** ([EGR-2018-28-R-2582](#)); 2018. This report centers around the Usage-based Insurance (UBI) market dynamics with special focus on its eligibility in P&C auto insurance service line. The enabling technologies for UBI have significantly evolved and alongside this, the supplier ecosystem keeps on expanding as well. With this report, insurers, BPO service providers, telematics service providers, and other active entities in the UBI market get a current as well as future view of the evolution of UBI market
2. **Life and Pensions Insurance BPO: Move or Miss – Innovation, Execution, and Adoption of Digital Insurance** ([EGR-2017-11-R-2422](#)); 2017. This is the annual report for L&P Insurance BPO and provides an overview of the L&P insurance BPO market, including adoption trends across geographies in market size and growth, demand drivers, key solution characteristics, service provider landscape, areas of service investments, and future outlook
3. **Insurers' Guide to the World of TPAs and BPOs** ([EGR-2017-11-V-2296](#)); 2017. This viewpoint provides detailed understanding of the TPA space, engagement models, coverage of insurance segments, and regulatory & licensing requirements in key geographies. The paper also examines how TPAs are differentiated from BPOs, and how the diminishing degree of differences between them is making their coexistence more dynamic. Further, it helps insurers in understanding the appropriateness of outsourcing service providers based on outsourcing drivers
4. **Property and Casualty (P&C) Insurance BPO Annual Report Assessment 2017** ([EGR-2017-11-R-2235](#)); 2017. This report provides an overview of the P&C insurance BPO market, including adoption trends across geographies in market size and growth, demand drivers, key solution characteristics, service provider landscape, areas of service investments, and future outlook

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