



Life and Pensions (L&P) Insurance BPO: Annual Deal Trends Report 2020

Insurance - Business Process Outsourcing (BPO)

Market Report – November 2019: Complimentary Abstract / Table of Contents

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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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Background of the research

Background of the research

As the L&P insurance industry reaps increasing investments returns and premium growth, insurers that aim to accelerate their growth are looking at prudent allocation of resources in strategic investments. Such investments, whether in skilled people, digital technologies, or rewarding acquisitions, are aimed at aligning business portfolios and operations with attractive customer segments and differentiating by delivering superior service in those segments. To achieve this differentiation, insurers are adopting a two-pronged approach:

- Minimizing the burden of existing legacy infrastructure, disintegrated operations, and non-strategic closed books
- Investing in achieving system flexibility to enable product/distribution innovation and rapid speed-to-market in existing or new geographies

To successfully support these initiatives, insurers are partnering with BPO/TPA service providers via different engagement models, ranging from traditional BPO services to end-to-end platform-led TPA services. The deals being signed in the market reflect this evolution in buyer-service provider relationship, with larger engagement sizes, higher leverage of modern policy administration platform outcomes-driven partnerships, and increasing adoption of digital and associated consulting solutions.

Both large and small buyers are actively contributing to increasing adoption of such engagements. From a geography standpoint, North America and Asia Pacific are high growth markets with flourishing scope of partnerships for active blocks support in addition to closed blocks. In terms of product lines, while life insurance blocks have been dominant outsourced, annuities/pensions – which is characterized by increasing regulatory burdens and the need to educate/retain customers – is experiencing higher growth.

The scope and methodology of this report includes:

- Proprietary database of 320+ L&P insurance BPO contracts (updated annually)
- Coverage of 20+ L&P insurance BPO/TPA service providers including Accenture, Capgemini, Capita, Cognizant, Concentrix, DXC Technology, EXL, Genpact, Infosys, Intelenet, NIIT Technologies, NTT DATA, SE2, Syntel, TCS, Tech Mahindra, and WNS

Overview and abbreviated summary of key messages (page 1 of 3)

This report examines the global third-party, industry-specific L&P insurance BPO. It provides detailed analysis of L&P insurance BPO market size and growth, solution characteristics, emerging trends, and the service provider landscape for the market for L&P insurance BPO. It will assist key stakeholders (L&P insurers, service providers, TPAs, and technology providers) to understand the changing dynamics of the L&P insurance BPO market and identify the upcoming trends.

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

State of buyer adoption in the L&P insurance BPO market

- L&P insurance third-party outsourcing market witnessed a growth of ~ 9% in 2018, with a few service providers winning more than the others. With changes in expectations of their customers, L&P insurers are expanding their outsourcing arrangements to extract greater value beyond cost-savings
- Apart from the traditional geographies, such as North America and the United Kingdom, the emerging markets are also witnessing decent activity. Asia Pacific and Latin America, with their L&P insurance market growth prospects would provide greater opportunities in the long-term. Digital capabilities would be absolutely necessary for success
- Small-sized buyer segment, especially in geographies outside of North America could create the next phase of growth for service providers

L&P insurance BPO solution characteristics

- Average deal term for new contracts signed has been steadily increasing which is a good sign for the market; however, only a few service providers are capitalizing on this
- Large-sized buyers are presently the greatest adopters of the platform-based model; small-sized buyers contribute the most to the tie-and-run constructs
- Analytics adoption continues to increase and use-cases beyond back-office operational analytics are being targeted. Signed contracts have exhibited greater RPA adoption over the years; however, growth in adoption has been moderate
- There is a general trend toward expansion of onshore delivery as it allows for quality engagements with the buyers
- Output-based pricing continues to dominate the market; new-age models such as gainsharing are also witnessing increased interest
- The scope of services is expanding from primarily policy administration for active and closed blocks to new product launch and underwriting support

Focused analysis of annuities/pensions BPO market

- The annuities market constitutes more than 35% of the overall L&P insurance BPO market and has been growing at above the market average rate
- Annuities/pensions inclined contracts are much larger and longer than the average contract in the market and have been commanding more price premiums per FTE as compared to the market average
- The annuities/pensions market continues to be more inclined to onshore/nearshore delivery as compared to the overall market

Service provider landscape

- With large-scale deals, TCS has further magnified its market share. Capita, after losing some business to its major competitor, has slipped on its market share ranking
- Both the North American and Asia Pacific markets witnessed double-digit growth in 2018. Business growth support, either for a new product launch or for new market entry, is becoming more important for buyers in both the geographies
- European markets, both the UK and Continental Europe, continue to be challenging for most of the service providers. While the UK remains tough geography to crack because of heavy concentration with two players; Continental Europe, on the other hand, is quite fragmented that restricts large-scale opportunities
- In the large-sized segment, TCS has now replaced Capita for the top position. Infosys has gained in the mid-sized buyer segment. Both large- and small-sized buyer segments are witnessing increased outsourcing penetration

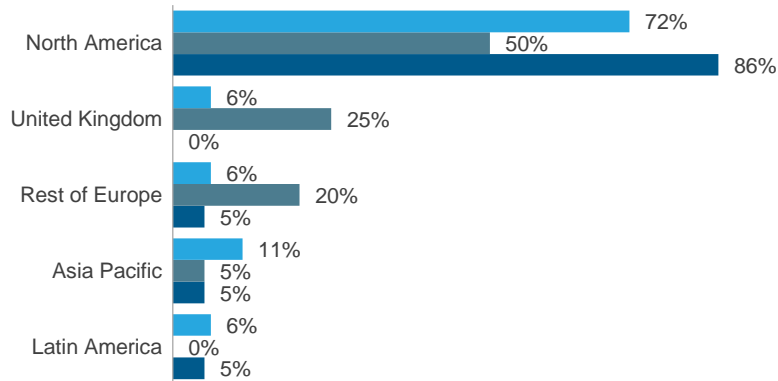
This study offers four distinct chapters providing a deep dive into key aspects of L&P insurance BPO market; below are four charts to illustrate the depth of the report

Contractual activity across geographies

L&P insurance BPO contracts by signing region

Percentage of contracts signed; 2016-2018

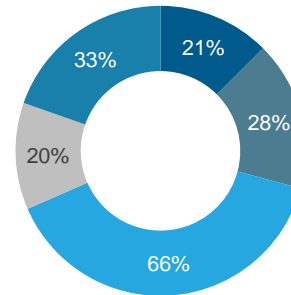
2016 2017 2018



Commercial structures prevalent in L&P insurance BPO market

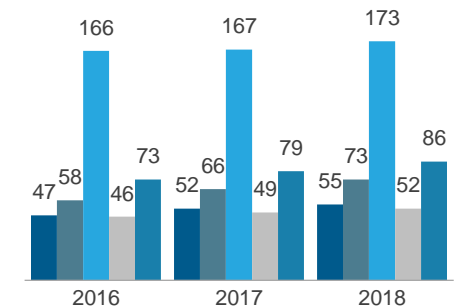
Pricing structures in L&P insurance BPO contracts

Percentage of active contracts in 2018



Pricing structures in L&P insurance BPO contracts

Number of active contracts

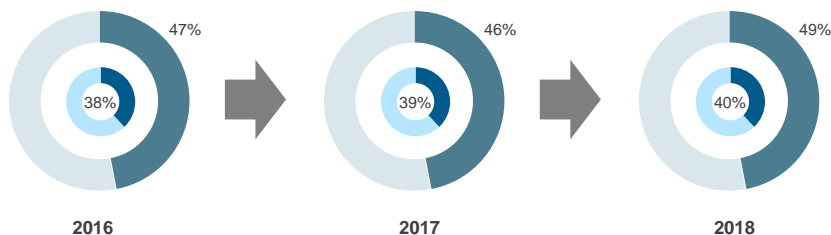


Variation in delivery mix of annuities/pensions heavy contracts

Delivery mix in active contracts – annuities vs overall market

As a percentage of FTEs; number of FTEs in 000s

- Onshore/nearshore delivery for active contracts with $\geq 60\%$ FTEs in annuities product lines
- Onshore/nearshore delivery for overall market

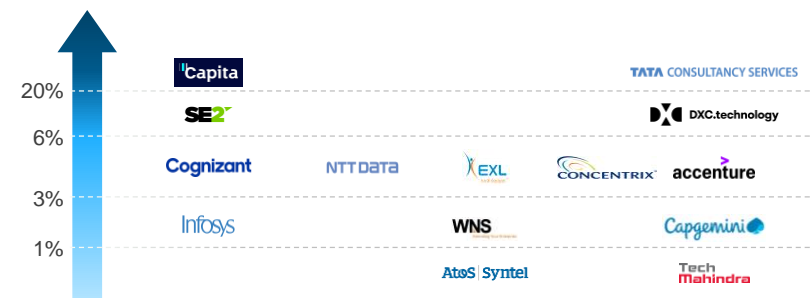


L&P insurance BPO market share by revenue

Overall L&P insurance BPO market share

Revenue in US\$ billion

100% = 1.9-2.1



Research calendar – Insurance - Business Process Outsourcing (BPO)

Published
 Planned
 Current release

Flagship Insurance BPO reports

Release date

Property and Casualty (P&C) Insurance BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019.....	March 2019
Life and Pensions (L&P) Insurance BPO Annual Report 2019	May 2019
Property and Casualty (P&C) Insurance BPO: Annual Deal Trends Report 2019	June 2019
Property and Casualty (P&C) Insurance BPO Service Provider Profile Compendium 2019	June 2019
Property & Casualty (P&C) Insurance BPO Annual Report 2019: Combating New-age Risks – How Digital Helps	June 2019
Non-life Insurance Third Party Administrator (TPA) Landscape with Services PEAK Matrix™ Assessment 2019	July 2019
Life and Pensions (L&P) Insurance BPO Service Provider Landscape with PEAK Matrix™ Assessment 2019	September 2019
Life and Pensions (L&P) Insurance BPO: Annual Deal Trends Report 2020	November 2019
Life and Pensions (L&P) Insurance BPO Annual Report 2019	Q4 2019
Analytics in Insurance - Third-Party Service Provider Landscape with PEAK Matrix™ Assessment 2019	Q1 2020

Thematic Insurance BPO reports

Blockchain in P&C Insurance Claims Processing – What Insurers Need to Know to Get Started on the Journey	September 2019
Building Insurance BPS Workforce of the Future	October 2019
InsurTech – Trailblazers & the Market Implications.....	Q4 2019
Insurance Third Party Administrator (TPA) State of the Market Report	Q4 2019

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 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. **Life and Pensions (L&P) Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2019** ([EGR-2019-28-R-3347](#)); 2019. This report examines the global L&P insurance BPO market and its service provider landscape. It provides detailed analysis of the vision & delivery capabilities and market success of service providers and their relative position on the Everest Group PEAK Matrix. It will assist key stakeholders (insurance providers, service providers, and technology providers) understand the current state of the L&P insurance BPO service provider landscape
2. **Life and Pensions (L&P) Insurance BPO Annual Report: Digital a Potential Game-changer but Insurers Stuck in Legacy Mode** ([EGR-2019-28-R-3155](#)); 2019: This report examines the global L&P insurance market and covers market updates around product landscape, regulatory updates and implications, M&As, InsurTechs, and state of digital leverage in 2018. It will assist key stakeholders (L&P insurers, service providers, TPAs, and technology providers) to understand the changing dynamics of the L&P insurance market and the consequent implications, to be able to target the right investments
3. **Insurance Third Party Administrator (TPA) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** ([EGR-2018-28-R-2692](#)); 2018. This report examines the global insurance TPA market and its service provider landscape. It provides detailed analysis of the capabilities and market impact of TPAs and their relative position on the Everest Group PEAK Matrix. It will assist key stakeholders (insurers, TPAs, and technology providers) understand the current state of the insurance TPA landscape
4. **The Future of Life Insurance & Annuities Operations** ([EGR-2018-28-V-2785](#)); 2018. This viewpoint provides detailed understanding of challenges that L&A insurers are facing, envisages the future of the L&A insurance operations at process and subprocess level, identifies the gaps between current and future states, challenges in addressing the gaps, and role of BPaaS in addressing challenges and becoming future-ready. It also helps insurers in understanding the specific attributes of BPaaS that can help in addressing the challenges they might be facing or state of operations they might desire

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