

Life and Pensions (L&P) Insurance BPS State of the Market Report 2021: Insurers' Complex Journeys to Simplification

May 2021: Complimentary Abstract / Table of Contents



Our research offerings for global services

<ul style="list-style-type: none"> ▶ Market Vista™ Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available 	
<ul style="list-style-type: none"> ▶ Application Services 	<ul style="list-style-type: none"> ▶ Enterprise Platform Services
<ul style="list-style-type: none"> ▶ BPS Banking & Financial Services 	<ul style="list-style-type: none"> ▶ Finance & Accounting
<ul style="list-style-type: none"> ▶ BPS Healthcare 	<ul style="list-style-type: none"> ▶ Human Resources
<ul style="list-style-type: none"> ▶ BPS Insurance 	<ul style="list-style-type: none"> ▶ ITS Banking & Financial Services
<ul style="list-style-type: none"> ▶ BPS Life Sciences 	<ul style="list-style-type: none"> ▶ ITS Healthcare
<ul style="list-style-type: none"> ▶ Catalyst™ 	<ul style="list-style-type: none"> ▶ ITS Insurance
<ul style="list-style-type: none"> ▶ Cloud & Infrastructure 	<ul style="list-style-type: none"> ▶ ITS Life Sciences
<ul style="list-style-type: none"> ▶ Customer Experience Management Services 	<ul style="list-style-type: none"> ▶ IT Services Executive Insights™
<ul style="list-style-type: none"> ▶ Contingent Workforce Management 	<ul style="list-style-type: none"> ▶ Locations Insider™
<ul style="list-style-type: none"> ▶ Data & Analytics 	<ul style="list-style-type: none"> ▶ Procurement
<ul style="list-style-type: none"> ▶ Digital Services 	<ul style="list-style-type: none"> ▶ Recruitment Process Outsourcing
<ul style="list-style-type: none"> ▶ Engineering Services 	<ul style="list-style-type: none"> ▶ Service Optimization Technologies

Membership information

- This report is included in the following research program(s)
 - [Insurance BPS](#)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com

More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

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

Contents

1. Introduction and overview	5
• Research methodology	6
• Background of the research	8
• Summary of key messages	11
• Focus of the research	13
2. L&P insurance market overview – 2020 update	14
• Overview of COVID-19 impact on L&P insurance	15
• L&P insurers' strategic and responsive investments in 2020-2021	16
– Efficient capital management through divestitures	17
– Expansion into strategic growth markets	18
– Product alignment and innovation	19
– IT modernization	21
– Digitalization of processes and channels	22
• Future strategic priorities outlined by L&P insurers	24
3. L&P insurance BPS market adoption trends	25
• Market size and growth	26
• Adoption by geography	27
• Adoption by buyer size	28
• Adoption by products	29

For more information on this and other research published by Everest Group, please contact us:

Somya Bhadola, Practice Director

Moulee Datta, Senior Analyst

Contents

4. L&P insurance BPS deal characteristics	31
• Change in deal value	32
• Technology models	33
• Investments in digital solutions	35
• Commercial models	37
• Delivery mix	38
5. L&P insurance BPS service provider landscape	39
• PEAK Matrix framework	39
• Everest Group L&P insurance BPO PEAK Matrix 2020	43
• Service providers' market share by revenue	44
• Service providers' market share by geographies	45
• Service providers' market share by processes	46
• Service providers' market share by buyer segments	47
• Overall buyer feedback analysis	48
6. Appendix	50
• Glossary	51
• Research calendar	52

Background of the research

As COVID-19 impacted the status quo of operations, L&P insurers were expected to face immense pressures in instituting new operating models such as a remote work environment for the entire workforce. Most of the critical processes, such as agent-customer interactions for sales, receiving documentation for various authentications such as during claims or underwriting, contact center, mailroom, and medical examinations were heavily based on manual workforce and paper. However, most insurers, especially the leading ones, were able to transition to the new environment, albeit with a varied degree of complexity.

The resiliency of insurers' relationships with their service providers was also heavily tested in this scenario; however, providers were largely able to live up to this unprecedented challenge, reinforcing trust in their partnerships. As times have started to normalize, most of the insurers are coming out of this pandemic with a positive call to action – accelerate digital transformation to improve operational resiliency, risk management, customer engagement, and financial strength. As part of achieving various strategic priorities under this call to action, many are also expected to augment the leverage of an outsourcing ecosystem to institute strategic relationships and co-create for innovation.

In this research, we provide a comprehensive picture of the L&P insurance outsourcing market across various dimensions. The analysis is based on Everest Group's annual RFI process, interactions with leading L&P insurance business process service providers, interactions with buyers, and our ongoing coverage of the L&P insurance and services market.

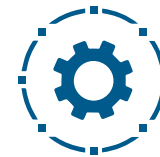
Scope of this report:



Geography
Global



Industry
L&P insurance industry including life insurance and retirement/pensions solutions offered both to individual and group customers



Services
L&P insurance business process services



Use cases
Only publicly available information has been used to depict investment areas targeted by insurers in this report

Summary of key messages (page 1 of 2)

L&P insurance industry trends and investments made in 2020-2021

- COVID-19, overall, did not have a major impact on the L&P insurance industry and leading insurers showed sufficient resilience to the pandemic. However, it undeniably made one significant impact – realization of the need for change and innovation. As change is complex in the industry, insurers are looking at simplification opportunities in their current business and operating models
- In order to simplify, insurers made multiple investments – effective capital management through divestitures, expansion into strategic growth markets, product alignment and innovation, IT modernization, and digitalization of process and channels

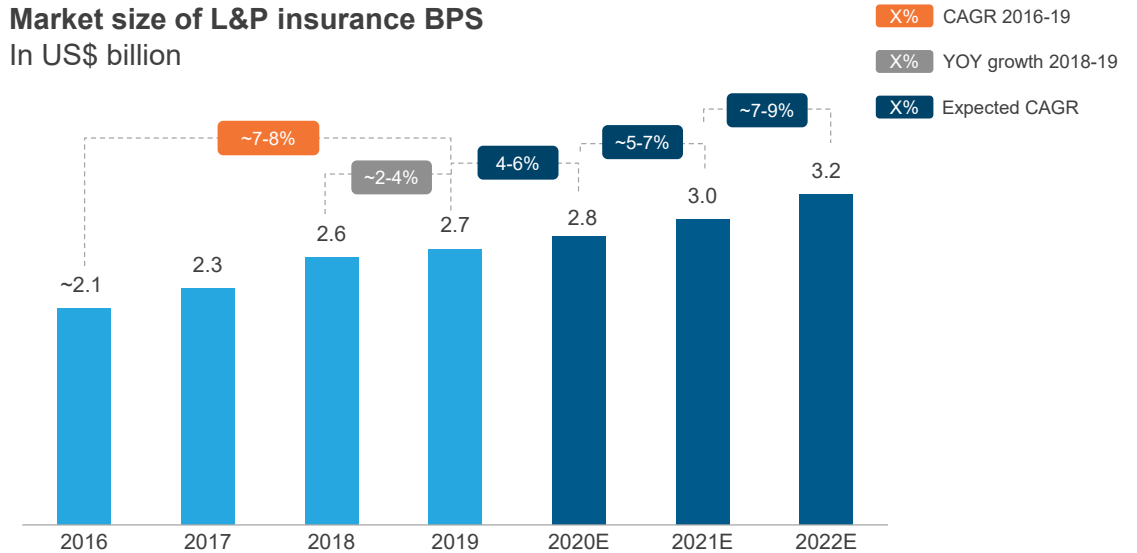
Strategic priorities outlined by L&P insurers



L&P insurance BPS market adoption trends

- While growth was subdued in 2019-20, it was a temporary effect, and the L&P insurance BPS market has shown rebound through some large strategic deals in 2020
- Underpenetrated product segments such as retirement and group benefits and geographies such as Europe and Asia Pacific would provide growth prospects. Consolidation activity in these markets could also be an entry door for providers
- From a buyer size standpoint, most of the large carriers have outsourcing relationships, and it is the small sized carriers that are creating greater activity
- Moving forward, some amount of vendor consolidation trend is also expected in the market as carriers look to also optimize their sourcing portfolios for corporate objectives such as cost savings and operational efficiencies

Market size of L&P insurance BPS In US\$ billion

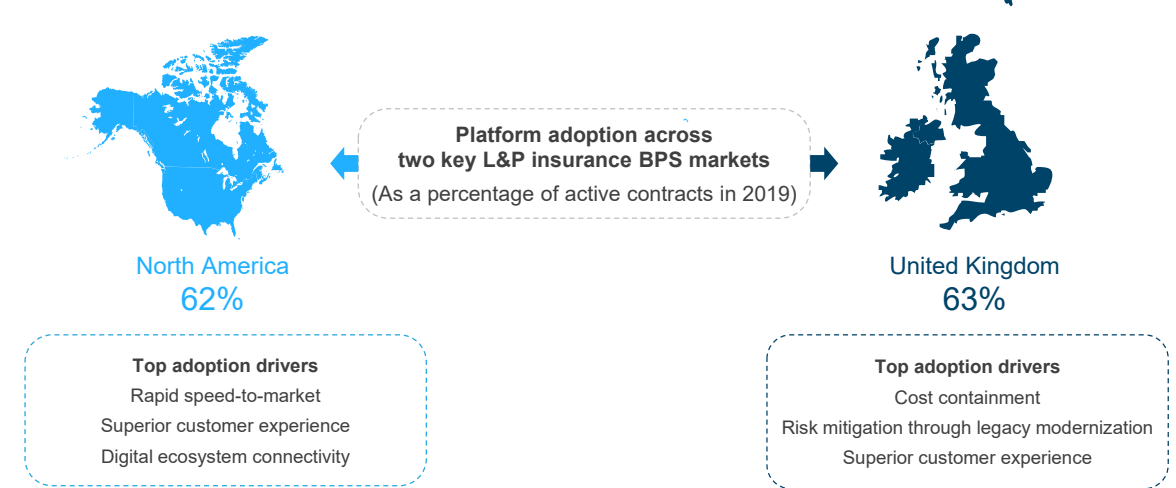


Summary of key messages (page 2 of 2)

L&P insurance BPS deal trends

- **Deal value:** Deal value has been increasing in L&P insurance BPS evidenced by two key trends – increasing revenue/FTE and greater prominence of large deals
- **Technology model:** Platform-based model continues to be the most popular in L&A insurance BPS. Both the major markets – US and UK – have significant platform play; delivering superior customer experience is a common adoption driver
- **Digital investments:** Automation and analytics are the most prevalent digital investments. Policy administration, new business, and claims are the areas being targeted the most for digital deployments
- **Commercial model:** Increasing traction for outcome- and output-based pricing in deal constructs; large buyers preferring to add a component of outcome-based pricing
- **Delivery mix:** The onshore delivery model is gaining prominence; COVID-19 is expected to accelerate onshore/nearshore deployments

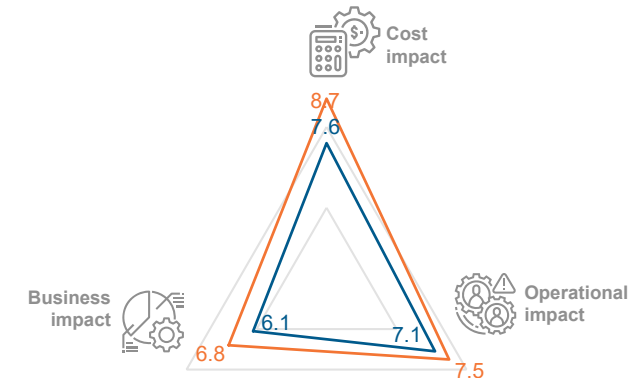
Technology model – platform adoption in US and UK



L&P insurance BPS buyer expectations and provider performance

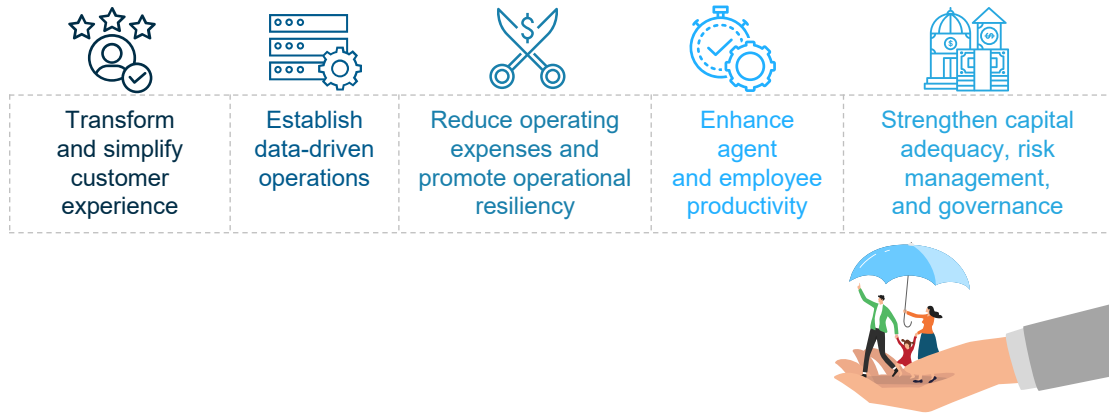
- There is a visible gap in buyer expectations and service providers' performance, and service provider performance has lagged buyer expectations on all dimensions of delivery – cost impact, operational impact, and business impact.
- The gap is surprisingly the largest for cost impact – also the most important outcome for buyers. Service providers have to provision much greater value in their relationships, as an uninspiring percentage of buyers would act as promoters presently

Key L&P insurance buyers' objectives and vendor performance

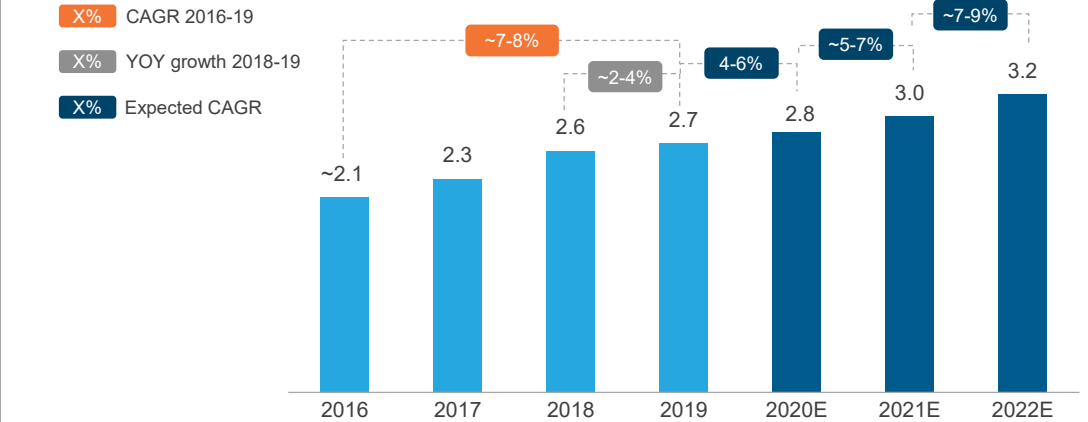


This study offers four distinct chapters providing a deep dive into key aspects of L&P insurance BPS market; below are four charts to illustrate the depth of the report

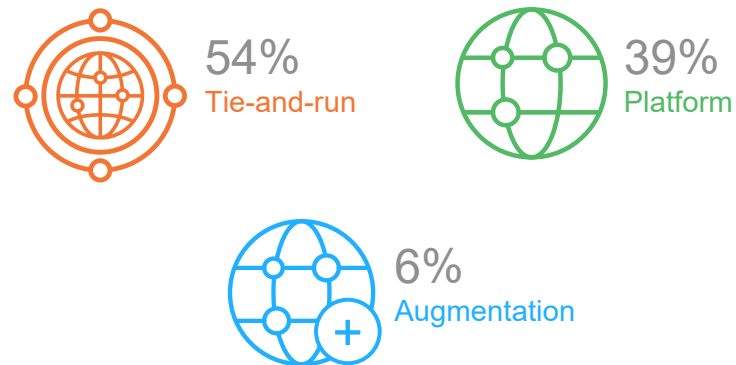
Strategic priorities outlined by L&P insurers



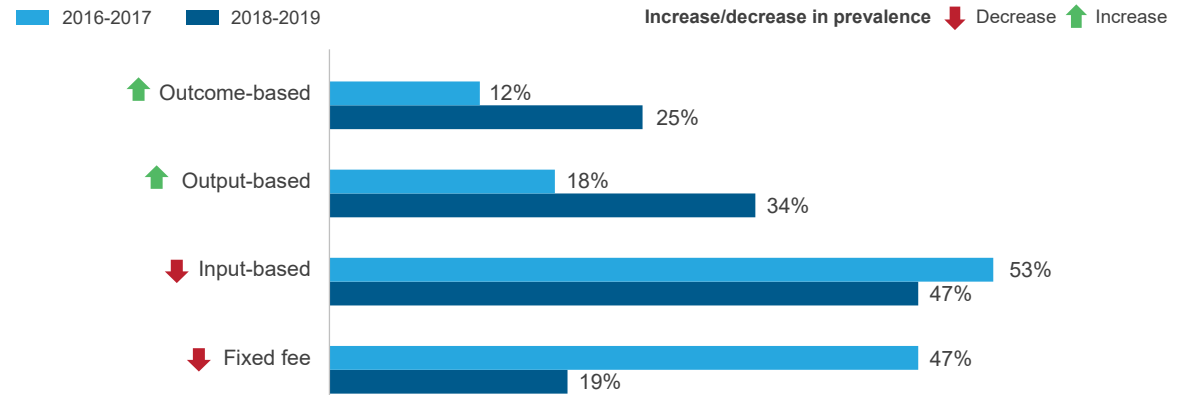
L&P insurance BPS market size and growth



High prevalence of platform-led operating model in L&P insurance BPS



Increasing traction for outcome- and output-based pricing in deal constructs



Research calendar

Insurance BPS

■ Published
 ■ Planned
 ■ Current release

Flagship Insurance BPS reports

	Release date
Life and Pensions (L&P) Insurance BPO Annual Report 2020: Escape Legacy and Embrace Digital through BPaaS	January 2020
Property and Casualty (P&C) Insurance BPO – Service Provider Landscape with Services PEAK Matrix® Assessment 2020	March 2020
Insurance Third-party Administrator (TPA) State of the Market Report	April 2020
Property and Casualty (P&C) Insurance BPO Service Provider Compendium 2020	May 2020
Property & Casualty (P&C) Insurance BPO State of the Market 2020	June 2020
Insurance Analytics and Insights (A&I) Third-party Services PEAK Matrix® Assessment 2020	June 2020
Analytics and Insights (A&I) in Insurance Service Provider Compendium 2020	September 2020
Life and Pensions (L&P) Insurance BPO – Service Provider Landscape with PEAK Matrix® Assessment 2020	September 2020
Life and Pensions (L&P) Insurance BPO – Service Provider Profile Compendium 2021	November 2020
Property & Casualty (P&C) Insurance Third-party Administrator (TPA) Services Compendium 2021	December 2020
Life and Pensions (L&P) Insurance BPS State of the Market Report 2021: Insurers' Complex Journeys to Simplification	May 2021

Thematic Insurance BPS reports

	Release date
Building Insurance BPS Workforce of the Future	October 2019
Insurtech – Trailblazers & the Market Implications	December 2019
Implementing a Digitally Integrated Operations Model	September 2020
AI-powered Insurance Solutions: Content Extraction	February 2021

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



Everest Group is a research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global companies, service providers, and investors. Clients use our services to guide their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at www.everestgrp.com.

Stay connected

Website

everestgrp.com

Social Media

-  @EverestGroup
-  @Everest Group
-  @Everest Group
-  @Everest Group

Blog

everestgrp.com/blog

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.