

Digital Transformation in the London Insurance Market

July 2021: Complimentary Abstract / Table of Contents



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01

Introduction and overview

- Research methodology
 - Background of the research
-

Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

01

Robust definitions and frameworks

Line of Business (LoB) and value chain-specific coverage, SUPER experience framework, and Insurer of the Future framework

02

Primary sources of information

Annual contractual and operational RFIs, service provider briefings and buyer interviews, web-based surveys

03

Diverse set of market touchpoints

Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership

04

Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers

Proprietary contractual database of 500 insurance IT services contracts (updated annually)

Year-round tracking of 25+ insurance IT service providers

Large repository of existing research in insurance IT services

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, service providers, technology providers, and industry associations

Background of the research

The UK insurance market, the world's largest (re)insurance hub, is poised for radical transformation with the recent release of Lloyd's Blueprint 2.0, the marketplace's digitalization program. The transformation has been accelerated by consumer needs, habits, and expectations, which have shifted during the pandemic spurred by the demand for digital experiences.

In a bid to capitalize on the new digital economy, UK insurers and brokers are focusing on weaponizing technology to remain cost competitive and drive growth and differentiation. They are looking to accelerate their transformation trajectories through focused investments in data, cloud, platforms, and digital solutions and keep pace with a slew of modernization initiatives in the UK insurance market. This appetite for change and technology disruptions provides technology vendors and IT service providers a unique opportunity to serve the needs of London market participants and drive market transformation.

In this report, we focus on:

- UK insurance market trends and analysis
- Overview of Lloyd's of London Blueprint 2.0 initiatives and implications for market participants, technology vendors, and IT service providers
- UK insurance technology vendor and IT service provider landscape and their capability analysis
- Implications for technology vendors and IT service providers to drive profitable growth in the UK insurance market

Scope of this report:



Geography
UK



Industry
Insurance



Services
Digital services



Use cases

Only publicly available information has been used for the entire analysis in this report

Summary of key messages



The release of Lloyd's Blueprint 2.0 has spurred digital transformation for the entire London market, with carriers and brokers actively focusing on modernizing their technology stack and driving business model innovation



Cloud, data, and digital platforms are at the heart of the radical transformation envisioned for the London market



Lloyd's of London's Blueprint 2.0 will have a significant impact across risk placing, data processing, and claims functions, radically transforming consumer experiences across the insurance value chain



Technology vendors and IT suppliers need to invest in digital offerings across the insurance value chain, cloud and API capabilities, value-added services, and digital talent pool to serve the needs of the London market participants



The UK insurance market will soon experience accelerated focus on emerging risk underwriting, insurance product innovation, digitization of operations, and ecosystem-led innovation

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

Key demand themes for the London Insurance market				Technology adoption maturity for London market participants				
				◀ ▶ Range				
Customer experience	Risk management	Claims management	Identity verification	Technology	Market participant	Demand ¹	Comments	
Improving customer engagement and renewal rates by providing digital, data-driven experiences has been the top-most priority for carriers in the UK insurance market	With the evolution in risk patterns and rise of new product offerings to support customer needs, insurers are looking at digital tools and solutions for accurately identifying, assessing, pricing, and monitoring risks	Providing data-driven claims experiences to customers and driving a streamlined claims process for accelerated claims payout are key priorities for UK insurance carriers	Demand for identity verification tools during customer acquisition and onboarding has increased as insurance businesses have switched over to online, remote working models in the advent of COVID-19		Brokers Insurers	60% ◀▶ 70% 60% ◀▶ 70%	<ul style="list-style-type: none"> Behavioral analytics will be used by brokers to improve the customer journey for purchasing policies and filing claims Predictive analytics will be used by insurers to predict events such as natural catastrophes, and improve the accuracy of business processes such as insurance pricing, fraud detection, and claims loss prediction 	
80% of transactions in 2020	70% of transactions in 2020	50% of transactions in 2020	10% of transactions in 2020		Brokers Insurers	50% ◀▶ 60% 40% ◀▶ 50%	<ul style="list-style-type: none"> AI will be leveraged by brokers to automate highly manual tasks such as application processing, document creation, and judgement-based handling of policy renewals AI will be used by insurers in various business processes across the value chain such as pricing in underwriting and claims investigation in claims management Brokers see a higher demand for AI than insurers due to its ability to extract greater value out of the newly adopted digital operating model 	
Example of transactions					Brokers Insurers	50% ◀▶ 60% 40% ◀▶ 50%	<ul style="list-style-type: none"> Insurers will leverage blockchain for enabling smart contracts in claims processing and reinsurance payments Brokers will use blockchain with smart contracts for automating regulatory processes such as Know Your Customer (KYC) Brokers see a higher demand for blockchain than insurers due to higher customer-facing activities; conducting business in a virtual environment needs the security and trust between involved parties, best addressed by blockchain technology 	
BGL Group, a leading digital distributor of insurance and household financial services, chose Twilio to ensure an immersive customer experience through COVID-19 and beyond	Specialty reinsurance firm Convex Group has joined forces with AI-powered risk analytics firm Praedicat to identify, underwrite, and manage complex emerging liability risks	UK-based specialty insurance firm Policywise has reportedly partnered with telematics InsurTech ThingCo to speed up its auto insurance claims process.	Honcho, a UK-based InsurTech, uses Microblink's product BlinkID (software for identity document scanning) to help onboard drivers for car and van insurance easily		Brokers Insurers	65% ◀▶ 75% 65% ◀▶ 75%	<ul style="list-style-type: none"> Insurers and brokers will use SaaS solutions to handle various business processes across the value chain, such as claims management, policy administration, and underwriting, as these solutions are agile and easy to integrate 	
Implications on technology vendors and IT suppliers due to Blueprint 2.0 initiatives				Future of the UK Insurance market				
Initiative: Risk placement platform for open market	Description	Market participants affected	Impact on market participants	Technology vendors				
Development of modern third-party placing platforms	<ul style="list-style-type: none"> Platform, which helps brokers to place the risk, handle endorsements, and manage renewals Lloyd's has provided certain guidelines on development of such a third-party placing platform – the platform must have an open architecture and should be API-enabled Other requirements include compliance with Lloyd's risk placement standards, and interoperability with Lloyd's placement services 	<ul style="list-style-type: none"> Brokers Syndicates 	<ul style="list-style-type: none"> Syndicates and brokers need to modernize their policy administration and broker management systems, respectively, to seamlessly connect with third-party placing platforms in order to facilitate the risk placing process Market participants should look to partner with third-party placing platforms or with existing platforms such as PPL to manage Lloyd's open market business Syndicates should aim to provide robust digital solutions, which reduce time to policy purchase by shortening underwriting cycles through digitizing the underwriting processes and simplifying underwriting rules 	<ul style="list-style-type: none"> Invest in building a microservices-enabled modern risk placing platform that conforms with Lloyd's standards and supports brokers and syndicates to quote, negotiate, and bind insurance policies seamlessly Partner/develop supporting software modules to assist in document management, e-signatures, video-conferencing, and reporting, which can be integrated with placing platforms to provide better experiences for clients 				
				IT suppliers				
				<ul style="list-style-type: none"> Enable integration of core systems of market participants with third-party risk placing platforms Build point solutions that enable accelerated underwriting 	<ul style="list-style-type: none"> Increase in new insurance products to cover emerging risks, such as UBI, parametric insurance, pet insurance, cyber insurance, and insurance for vegetarians and vegans Insurers will use analytics and AI, especially during claims and at the point of quote, to reduce incidence of frauds such as claims frauds and quote manipulation Transition from manual, paper-based operations toward digital modes of working Modernization of risk placement and claims process functions to drive digital customer experiences Centralization of data into a core data store coupled with digital processing – developing approaches to analyze vast data reserves to enhance Lloyd's insurance experience Motor insurance – Increase in the consolidation of the repair network – Sending the first notice of loss electronically through multiple channels (such as mobile apps) and use of AI solutions to analyze the extent of damage accurately for claims settlement Property insurance – Driving connected home insurance products and accessing granular levels of data using IoT solutions to improve on underwriting and pricing of property risks Insurers and brokers are focusing on ecosystem partnerships to bundle coverages within the purchase of a product, service, or platform that covers broader customer needs, e.g., a platform that allows managing of road tax, travel tolls, and insurance, all at one place Insurers are also building micro-ecosystems by forging relationships with ancillary businesses like payments 			

Research calendar

Insurance IT Services

■ Published
 ■ Planned
 ■ Current release

Flagship Insurance IT Services reports

	Release date
Insurance Business Model Innovation Enablement Services PEAK Matrix® Assessment 2020	November 2020
Insurance Business Model Innovation Enablement Services – Service Provider Compendium 2020	December 2020
Application and Digital Services (ADS) in Life and Annuities (L&A) Insurance – PEAK Matrix® Assessment 2021	December 2020
Application and Digital Services (ADS) in Life and Annuities (L&A) Insurance – Service Provider Compendium 2021	January 2021
Insurance IT Services – State of the Market 2021: Future-readying insurance business through continuous digital unraveling	January 2021
Insurance platform services PEAK Matrix assessment 2021	Q3 2021
Insurance platform services – Service provider profile compendium	Q3 2021
Digital experience platforms in Insurance – Product PEAK Matrix assessment 2021	Q3 2021
Application and digital services in P&C insurance – Services PEAK Matrix assessment	Q4 2021
Digital claims solutions PEAK Matrix assessment 2021	Q4 2021

Thematic Insurance IT Services reports

	Release date
Life & Annuities (L&A) Insurance Core Platform Software Adoption Trends – Unlocking Efficiency and Growth for L&A Insurers	December 2020
Cloud as a change catalyst in Insurance	May 2021
Digital Transformation in the London Insurance Market	July 2021
Policy administration platforms in the L&A insurance industry – Market report	Q3 2021
Digital experience solutions in the retirements industry – Market report	Q4 2021

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