

# Property and Casualty (P&C) Insurance State of the Market Report 2022: Emerging and Evolving Sourcing Strategies in the Post – COVID Era

June 2022: Complimentary Abstract / Table of Contents



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## Background of the research

Industries across the globe have faced disruptions due to COVID-19 and the field of insurance is no exception. The past year was marked by changing roadmaps for growth, adjusting for the losses in 2020, and a move towards normalcy/pre-pandemic scenarios. While the impact of the pandemic has been lesser for P&C insurers compared to other financial services, it has built a conscience to rethink the changes in portfolios and processes to supervise the capital and gains.

Technological developments such as digitalization, migration to cloud platforms, analytics, and automation, which were part of a long-term strategy for many P&C insurers have gained priority. Insurance service providers are focusing on the potential process gaps created during the pandemic and are preparing to bring in functional changes in times of global uncertainties. Driving process efficiency, improving customer experience, exploring new markets, and enabling proper talent management should be among the top strategic priorities for insurance service providers.

While the insurance industry has largely adjusted to the gamut of changes brought by COVID-19, macro challenges around regulation, talent, ESG, and changing customer preferences will remain stumbling blocks. As the BPS market is undergoing significant operating model and engagement structure changes, it has become imperative for service providers to understand the developments in insurers' growth strategies, objectives, and the implications on future sourcing requirements.

### Scope of this report



**Geography**  
Global



**Industry**  
Industry-specific P&C insurance BPS, including personal, commercial, and specialty lines



**Services**  
Insurance Business Process



**Use cases**  
Only publicly available information has been used for depicting the customer experience transformation use cases

## Summary of key messages | P&C insurance BPS market overview and buyer trends



### P&C insurance BPS market overview

- P&C insurance BPS market has been on a healthy growth trajectory as most carriers look for operations modernization; with market revenue expected to exceed US\$ 4 billion by 2024
- North America and UK continue to be strongholds for BPS adoption; although service providers must focus on opportunities across Continental Europe and Asia Pacific as these regions remain vastly unexplored
- Transformation across commercial and specialty lines has been prominent in majority of the deals with significant demand in the Lloyds' market
- BPS providers saw rising traction for demand from intermediaries for front-office transformation while InsurTech look for solutions pertaining to back-office operations
- Although the growth drivers project an optimistic picture, concerns around talent shortage, sustainability of business, and macro-economic factors should make BPS providers ponder over future growth strategies



### P&C insurance buyer trends

- Buyers are more focused on improving customer experience across the value chain and require more end-to-end servicing capabilities instead of point solutions
- Service providers must move beyond cost reduction and deliver business impact with greater number of outcome-based engagement
- The gap between buyer expectation and service provider performance has narrowed reflecting better alignment of sourcing strategy
- A great number of first-time buyers are looking for full stack transformative solutions with a focus on accelerating the digitalization process
- As insurers want to get rid of transactional work and focus more on core business proposition, they look to expand their relationship with BPS providers which is reflected well in the rising scope enhancement exercise across active deals

## Key takeaways

### Overview of P&C insurance market

- P&C insurance BPS market is undergoing seismic changes with focus moving from cost reduction to operational excellence and ultimately aimed at improving customer experience
- Financial indicators depict demand to be rising for P&C products with changing global scenarios post pandemic; although impact on profitability due to macro factors will remain a key concern
- Talent shortage concerns and ESG initiatives should be among primary strategic agendas for BPS providers and enterprises in order to sustain business outcomes
- COVID-19 emphasized the need to shift to digital operations and it has now become imperative to evaluate those initiatives to deliver better customer experience



### Evolution of BPS relationships

- BPS provider performance against buyer expectations has improved as service providers are going above and beyond to comprehend and resolve buyer problems
- As the need for process optimization and digitalization of operations increase, a high number of first-time buyers are looking towards BPS providers for their transformational needs
- Most new buyers are looking for enhanced technical expertise with majority of them opting for sole sourced contracts



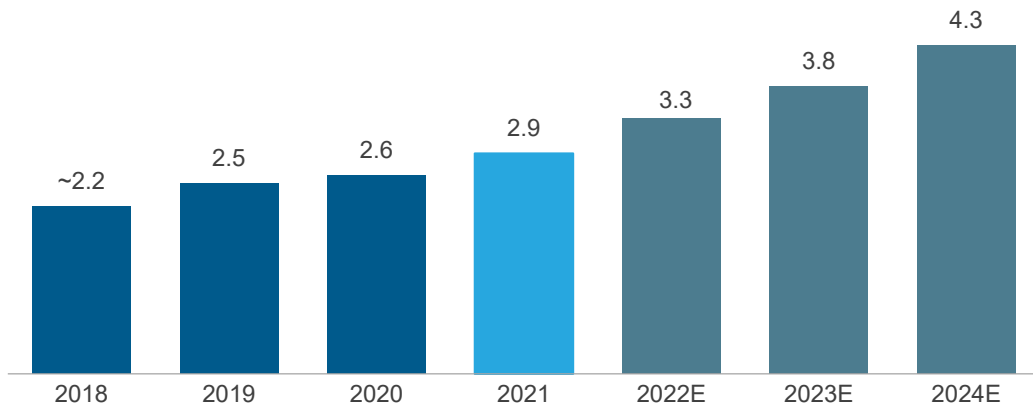
### Future growth trends

- It has become imperative to explore uncharted markets as demand has been rising in regions such as Continental Europe and Asia Pacific
- Process modernization initiatives should be implemented in conjunction with the objective of improving customer experience
- Developing end-to-end domain capabilities would go a long way in transforming and digitalizing modern operating models
- Value outcomes must move beyond cost reduction to improving customer experience, providing adequate business impact to the buyer

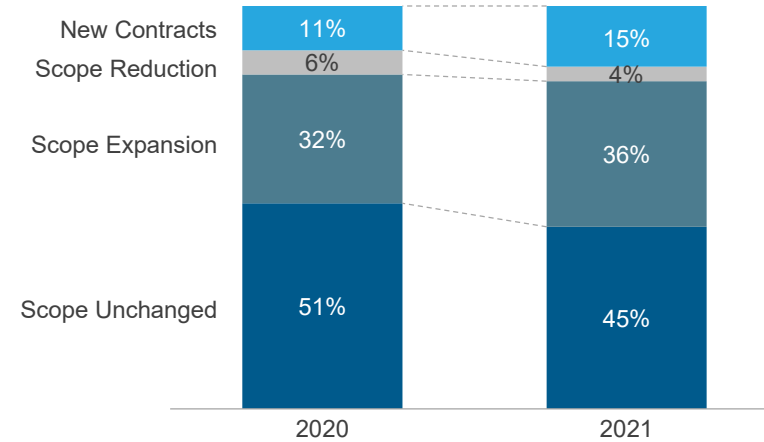


# This study offers four distinct chapters providing a deep dive into key aspects of Insurance BPS market; below are four charts to illustrate the depth of the report

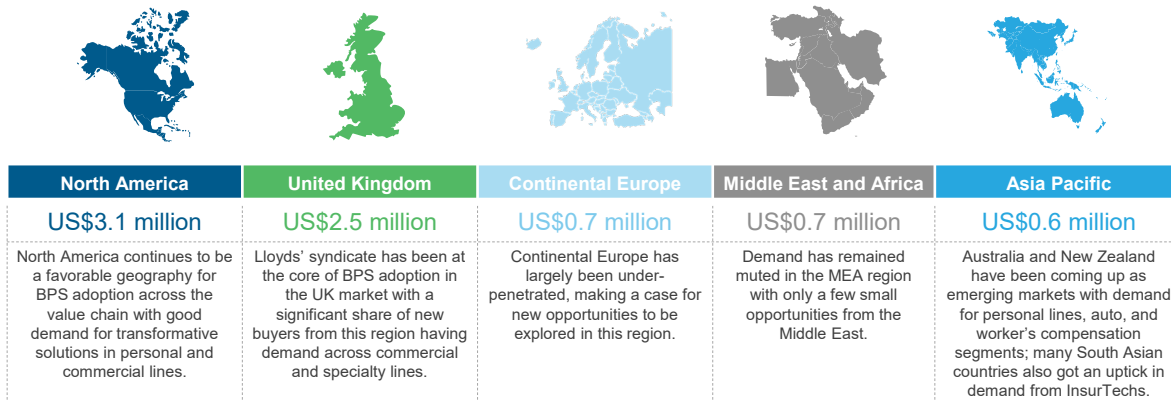
P&C insurance BPS market size and growth



Change in scope of services among active contracts



P&C insurance BPS revenue generated per billion dollar of premium collected



Financial indicators for P&C market





# Research calendar

## Insurance Business Process

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Implementing a Digitally Integrated Operations Model	September 2020
Insurance Analytics and Insights (A&I) Third-party – Service Provider Compendium 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
AI-powered Insurance Solutions: Content Extraction	February 2021
State of the Market Life and Pensions (L&P) Insurance BPS 2021	May 2021
Property and Casualty (P&C) Insurance BPS – Service Provider Landscape with Services PEAK Matrix® Assessment 2021	June 2021
Property and Casualty (P&C) Insurance BPS Service Provider Compendium 2021	June 2021
Deconstructing Digital Transformation Strategies in Insurance	July 2021
Life and Pensions (L&P) Insurance BPS/TPA – Service Provider Landscape with PEAK Matrix® Assessment 2022	December 2021
Life and Pensions (L&P) Insurance BPS / TPA Service Provider Compendium 2022	December 2021
Property and Casualty (P&C) Insurance BPS – Service Provider Landscape with Services PEAK Matrix® Assessment 2022	April 2022
Property and Casualty (P&C) Insurance BPS – Service Provider Compendium 2022	May 2022
<b>Property and Casualty (P&amp;C) Insurance State of the Market Report 2022: Emerging and Evolving Sourcing Strategies in the Post – COVID Era</b>	<b>June 2022</b>
Digital Platform & Augmentation Suite (DPAS) in Insurance Operations PEAK Matrix® Assessment with Service Provider Landscape 2022	Q3 2022
The Evolution in L&A Insurer-TPA Partnerships	Q3 2022

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