

# Life and Annuities (L&A) Insurance State of the Market: Capitalizing on Pockets of Opportunities to Ensure Long-term Growth

November 2023: Complimentary Abstract / Table of Contents



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## Background of research

The Life and Annuity (L&A) insurance segment continued its strong growth momentum in 2022, mainly driven by the increased demand for annuity products. However, a slowdown in the economic environment and persistent high inflation are likely to impact sales, and insurers are accordingly prioritizing cost optimization amid the recessionary pressures. At the same time, they are continuing to make investments on the technology front to improve operational efficiency and changing customer preferences.

Against this backdrop, outsourcing is emerging as a popular cost mitigation strategy for insurers, providing ample opportunities for service providers. Providers are also focusing on winning the increasing number of large deals in the market by targeting strategic growth areas.

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

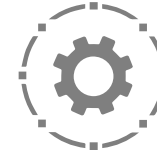
### Scope of this report



**Geography**  
Global



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



**Services**  
L&A insurance business process services



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

## How to read this document

### Information desired



#### Summary of key messages

### Where/how to locate the information

- The section on key messages summarizes the L&A insurance market insights
- The key messages are categorized along three dimensions:
  - Key trends in the L&A insurance industry
  - L&A insurance BPS market adoption trends
  - L&A insurance BPS deal characteristics
  - Evolution of BPS relationships



#### Key facts or analyses related to a specific topic

- A section is devoted to each dimension of summary of key messages (listed above)
- Each section contains detailed charts on relevant topics within each dimension
- Refer to the table of contents (pages 4 and 5) to identify relevant topics covered within each section
- Summary pages at the beginning of each section cover the key trends



#### Definition for unfamiliar terms and related research

- Acronyms or technical outsourcing terms are defined in the glossary of terms (appendix)
- Refer to the related Everest Group insurance BPS research publications listed in references (Appendix)

## Overview and abbreviated summary of key messages

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

### Key trends in the L&A insurance industry

- In 2022, annuity sales continued their strong growth momentum while sales for the life insurance segment remained subdued
- From an outlook standpoint, an uncertain macro environment is likely to impact sale of life insurance products in the short term, while annuities sales are expected to continue their momentum as consumers look for a balance between protection, growth, and guaranteed income
- Within the retirements/pensions space, focus on closing the widening savings gap is driving the overall growth in the segment

### Priority areas for life insurers

- Insurers are prioritizing cost optimization initiatives amid a broader economic slowdown
- Insurance enterprises have started exploring use cases of generative AI across the value chain driven by the need for higher efficiency and streamlined operations
- Insurers are looking at leveraging AI, automation, and analytics to drive transformation across processes and are increasingly looking at InsurTechs to enable product innovation and enhance the customer experience aspect across the insurance value chain

### L&A insurance BPS market adoption trends

- L&A insurance BPS experienced decent growth momentum in 2022, fueled by carriers' ongoing desire to pursue digital transformation initiatives and the need for structural cost reduction in a challenging macroeconomic environment
- North America continues to be the biggest L&A insurance market experiencing decent traction in areas such as closed block management and group life; In the UK market, the Pension Risk Transfer (PRT) segment is experiencing increased traction driven by ongoing focus of pension schemes to de-risk their pension obligations

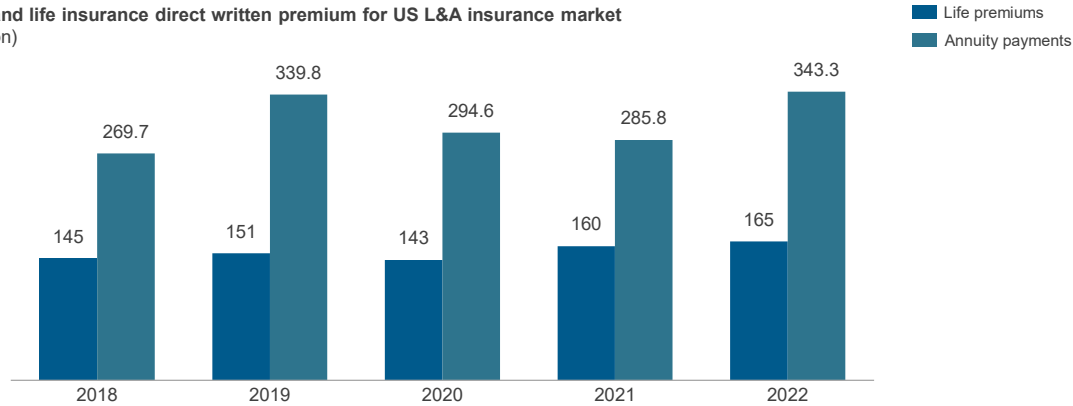
### L&A insurance BPS deal characteristics

- The segment has been experiencing an increase in the number of large deals, the majority of which have come from large buyers and the North American region
- Small and midsize buyers are driving the market from a deal signing standpoint, accounting for the majority of the signed deals in 2022
- As enterprises seek end-to-end transformation of business processes, the adoption of the platform engagement model in L&A BPS deals has been increasing

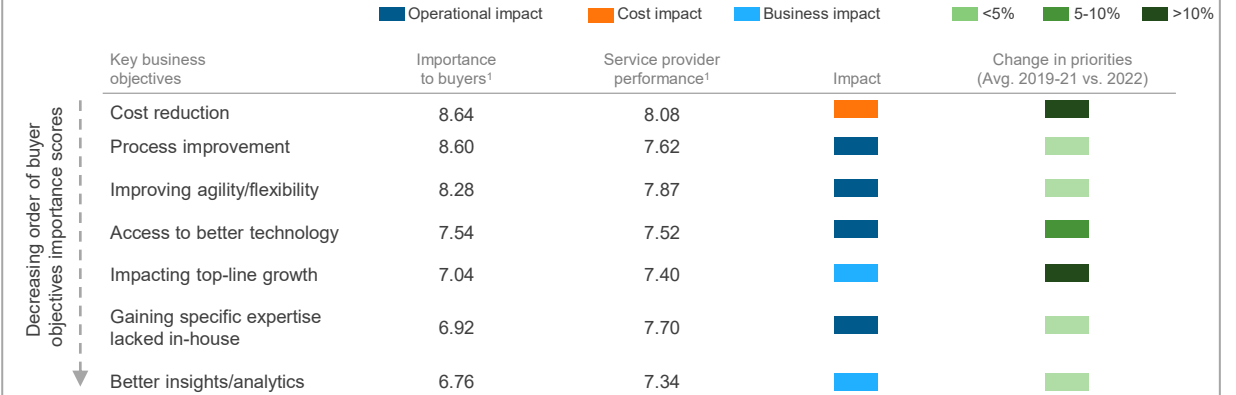
# This study offers four distinct chapters providing a deep dive into key aspects of L&A Insurance BPS market; below are four charts to illustrate the depth of the report

## Trends in the L&A insurance industry

Annuity and life insurance direct written premium for US L&A insurance market (US\$ billion)



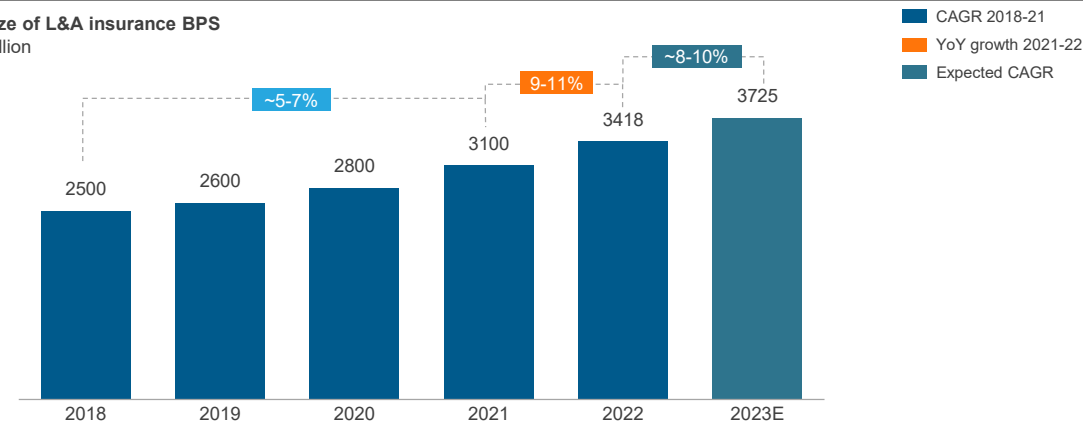
## Buyer expectations



<sup>1</sup> Based on feedback collected from 60+ enterprise buyers during 2019-22

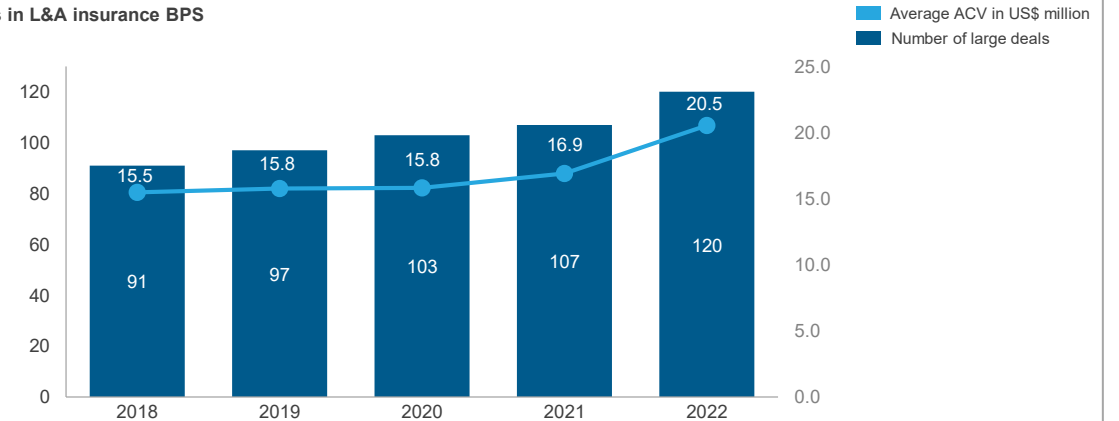
## Market adoption trends

Market size of L&A insurance BPS In US\$ million



## Deal characteristics

Large deals in L&A insurance BPS





# Research calendar

## Insurance Business Process

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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
Property and Casualty (P&C) Insurance State of the Market Report 2022: Emerging and Evolving Sourcing Strategies in a Post – COVID Era	June 2022
Digital Platform & Augmentation Suite (DPAS) in Insurance BPS PEAK Matrix® Assessment with Provider Landscape 2022	September 2022
Life and Annuities (L&A) Insurance State of the Market Report 2022: A Pathway to Exploring Growth Opportunities Amid a Turbulent Macro Environment	October 2022
Know What’s Changed: The Modernization Spirit Looms in Life and Annuities TPA-Insurer Partnerships	January 2023
Digital Platform and Augmentation Suite (DPAS) in Insurance BPS – Provider Compendium 2023	February 2023
Digital Underwriting: How to Drive Intelligence and Speed Across the Underwriting Life Cycle	February 2023
Life and Annuities (L&A) Insurance BPS and Third-party Administrator (TPA) PEAK Matrix® Assessment 2023	May 2023
Life and Annuities (L&A) Insurance Business Process Services Provider Compendium 2023	September 2023
Property and Casualty (P&C) Insurance BPS PEAK Matrix® Assessment 2023	September 2023
<b>Life and Annuities (L&amp;A) Insurance State of the Market: Capitalizing on Pockets of Opportunities to Ensure Long-term Growth</b>	<b>November 2023</b>
Property & Casualty (P&C) Insurance Business Process Services Provider Compendium 2023	Q4 2023
Generative AI's Paradigm Shift: P&C Insurance Reimagined	Q1 2024
Insurance Intermediaries Services (BPS) PEAK Matrix® Assessment 2024	Q1 2024

Note: [Click](#) to see a list of all of our published Insurance Business Process reports



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