

Property & Casualty (P&C) Insurance State of the Market 2024

Balancing the Dual Mandates of Profitability and Efficiency with Innovation & Growth

Month 2024: Complimentary Abstract / Table of Contents



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Global P&C IT services market size and growth outlook

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underwriting-related solutions

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Background and context

In 2023, insurance enterprises were able to strengthen their profitability due to rate increases, better underwriting practices, and higher investment returns. Despite this, the P&C insurance industry is still not earning enough to cover its cost of capital. The market is expected to pose challenges for several lines of business within P&C insurance in 2024. Given the uncertainty, insurance enterprises need to take a proactive approach to price existing risks competently and assess newer risks effectively to remain profitable. They also need to actively seek ways in which they can navigate through some of these overarching macro and micro challenges.

As insurers navigate through this period of uncertainty, both cost and efficiency are going to be the two key pillars for them. In this report, we demonstrate how innovation is going to support insurers' dual agenda of achieving cost reductions and efficiency and maximizing growth in the long term. We also highlight the opportunities and risks that insurers are confronted with amid the challenging market environment.

As the insurance industry undergoes transformation, insurers need to embrace parametric insurance, seize opportunities in the MGA market expansion, and build their industry cloud offerings. This entails cultivating partnerships with MGAs and covering emerging risks.

In this report, we also highlight the importance of AI on cloud for insurers as it can drive value creation through an intelligence-driven approach and estimate the productivity gains achieved by leveraging advanced analytics across the underwriting value chain. Doing so allows underwriters to spend more time in analyzing data and generating relevant insights. This can further assist insurers to achieve cost savings, increase operational efficiency, reduce error rates, and drive premium growth by unlocking higher sales efficiencies and rapid product innovation. Later in the report, we have demonstrated that AI and analytics use cases within the underwriting function can drive operational efficiencies, reduce human intervention, and ultimately drive cost savings and higher customer satisfaction and retention levels.

We have also commented on the insurance IT services market trends and growth outlook; providing Everest Group estimates of the global insurance IT services outsourcing market along with analyses by sub-lines of business, regions, and services subsegments.

This study offers 4 distinct chapters providing a deep dive into key aspects of the P&C insurance technology and services market; below are four charts to illustrate the depth of the report

P&C insurance market | growth, profitability, and innovation agenda

Innovate for a new normal

- · Prioritize and align operating model with an aspiration of value maximization and cost
- efficiencies via adoption of Agile and FinOps
- · Identify opportunities for workflow automation and operational efficiency in high-volume, error-prone areas of claims and underwriting

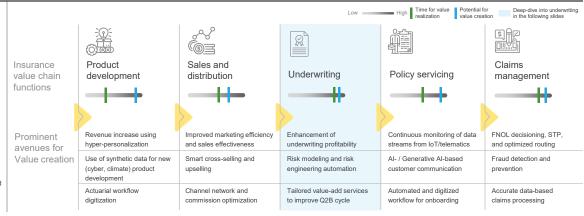
Enable growth and drive operational efficiency

- · Acquire new customers by introducing geography-specific GTM strategy across high-growth market such as APAC, LATAM, and MEA
- · Prioritize client retention by focusing on hyper-personalized
- Build line of business and key user-focused playbooks to capture and address distinct demand nuances
- . Invest in OKRs that focus on long-term goals and not just shorter-term gains

Embrace strategic cost transformation

- Invest in capabilities to build wrapped products that can seamlessly adjust coverage based on the evolving needs of policyholders
- "Single-tap" underwriting and pricing, with dynamic adjustment(s) based on customer data and personalized actions leveraging telematics, IoT, and alternative data
- · Partner with broader ecosystem players to improve fraud detection capabilities and account for new risk factors

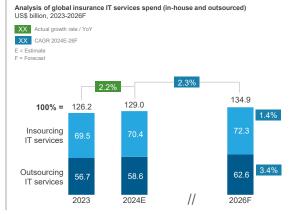
Data-led AI transformations | spotlight on underwriting



Impact of investments in D&A/AI across major lines of business

Quotes in real-time through Telematics-based use cases. Dynamic risk assessment Intelligent intake Smart underwriting to Personal lines solutions for products such as such as pay-as-you drive, payonline channels and mobile models to extract segment the higher usage-based insurance and how-you-drive, and pay-per-mile applications, leveraging sensors data, with added complexity cases that parametric insurance products and IoT monitoring devices functionality of prerequire attention from filling data from thirdunderwriters and move Hazard-/catastrophe-based Pricing formulas that leverage Automated quote and bind party sources the simpler cases risk scoring tools, analyticsinternal and external data with workflow management platform Commercial (property intelligence) through a simple rules or backed risk assessment Al and ML capabilities - that with improved straight-through and multiple types of analytics-based straightplatform, and customized risk plug in with core system to processing formats, categorize, through process accelerate rate creation protection and highlight most important risk factors Data integration platforms Intelligent data capture for Dynamic pricing models as Accelerated underwriting Specialty lines¹ cyber-related offerings competitive threats emerge and through a configured rules customer preferences evolve engine ② ② Triaging and Decisioning Quote, bind, segmentation assessment and pricing and issue Enabling Al chatbots Al-driven case management Digital payments processing technology Drones Telematics Al-driven decision-making Image and video processing Image recognition APIs for data sharing for Al-based risk estimation Mobile application Telematics subrogation and litigation 1 Includes the analysis for cyber, marine, personal liability (professional), commercial liability, and other liabilities such as D&O and E&O

Global P&C IT services market size and growth outlook



Insurance IT services growth drivers/accelerators

- . Global insurer IT spending is forecast to rise by 2.2% in 2023-24, and to continue to grow at almost the same pace through 2025
- . In the next wave of digital transformation, insurers will look to consolidate existing gains and better connect critical processes to adapt to existing value propositions and tap into
- . Industry-wide, insurers are embracing a customer-centric approach to understand changing behaviors and preferences
- . Cloud technology is driving major IT spend, allowing faster product launches and datadriven decision-making
- Insurers recognize the impact of AL IoT and cloud innovation, leading them to prioritize operational agility and meeting evolving customer expectations
- . Advances in AI are increasing the speed, reach, and affordability in two main areas: automation and predictive accuracy
- · To secure positive return on investment, insurers are re-engineering workflow processes and investing in data engineering capabilities to maximize the enterprise wide potential of digital data and algorithms, and adapting to regulatory requirements with respect to data privacy and analytics



Research calendar

Insurance Information Technology

	Published Current release Planned
Reports title	Release date
Unleashing the Potential of Generative AI (GAI): A Game-changer for Property and Casualty (P&C) Insurance Claims	August 2023
Insurance IT Services Specialists	August 2023
Cloud Services in Insurance PEAK Matrix® Assessment 2023	October 2023
Cloud Services in Insurance – Provider Compendium 2023	December 2023
Low-code Technology Providers in Insurance – Products PEAK Matrix® Assessment 2023	January 2023
Low-code Technology Providers in Insurance – Provider Compendium 2023	January 2023
Transforming Insurance: Creating a Best-of-Breed Model by Combining Low-code and Core Platforms	March 2023
Exploring Generative Al's Role in Reshaping the Future for BFSI Enterprises	April 2024
Duck Creek Services PEAK Matrix® Assessment 2024	May 2024
Property & Casualty (P&C) Insurance State of the Market 2024	May 2024
Guidewire Services PEAK Matrix® Assessment 2024	Q2 2024
Life and Annuity (L&A) Insurance IT Services PEAK Matrix® Assessment 2024	Q2 2024
Life & Annuity (L&A) Insurance State of the Market 2024	Q3 2024
Insurance IT Services Specialists PEAK Matrix® Assessment 2024	Q3 2024
Insurance IT Services Specialists – Provider Compendium 2024	Q4 2024

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