

A photograph of a woman and a man looking at a tablet together. The woman is on the left, smiling, wearing a beige sweater and a gold necklace. The man is on the right, also smiling, wearing a light blue button-down shirt. They are both looking down at a tablet held by the woman. The background is a bright, out-of-focus indoor setting.

WHAT'S NEXT FOR THE INSURANCE INDUSTRY

*Top 12 Trends
Shaping the
Insurance Industry*

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Following the COVID-19 outbreak, the need for insurers to digitally transform their business models has become even more critical. To achieve this, they must implement enterprise-wide strategies to manage business disruptions and capitalize on changing marketplace dynamics. According to a COVID-19 survey, customers are likely to switch insurance providers for want of digital capabilities. To stay ahead of the competition, insurers must leverage digital technologies for speed, accuracy, and trust (SAT) and aim for a high SAT score to retain and increase market share.

This article looks at twelve key insurance industry trends for 2022 pivoted around SAT -

Speed **A**ccuracy **T**rust

Speed

Speed, a huge differentiator in the insurance marketplace, is critical while responding to customer calls and processing transactions. Cloud technologies and digitalization provide the backbone needed to achieve the speed that customers have come to expect.

1. Digital transformation

The pandemic is pushing insurers to re-strategize digital transformation initiatives by evaluating, redefining, and scaling digital technologies. Insurers must dedicate substantial budgets to emerging technologies such as artificial intelligence (AI), cloud, cybersecurity, and analytics. Digitalization will accelerate insurance processes to provide better customer interactions, automate claims settlement, and increase the overall speed of execution.

2. Digital insurance platforms

Insurance companies will adopt digital insurance platforms (DIP) to digitize their core, accelerate speed to market for new products and services, connect disparate systems, integrate third-party capabilities, and provide enhanced services. A [Swiss Re](#) subsidiary implemented Majesco digital insurance platform to support initiatives in the Mexico retail market business. [Guardian](#) has deployed EIS Group's digital

insurance platform to support its direct-to-consumer business.

3. Cloud adoption

Most insurers aim to move at least 80% of their business to the cloud in the coming years. Insurers will use cloud computing solutions for greater IT agility and shorter project implementation time. Cloud adoption will provide insurers with better data analytics and the ability to address complexity and end-of-system life-cycle issues.

4. Insurtech partnerships

Insurtech funding has increased in the last few years and will continue in 2022 to promote innovative personalized products. [AmFam](#) acquired Bold Penguin to enable faster buying and selling of commercial insurance. Insurers will invest in insurtechs to strengthen capabilities, enhance customer reach, and achieve faster time to market.

Accuracy

The credibility of insurance products is defined by the accuracy with which they are developed, positioned, marketed, and supported. Potential customers seeking insurance products want accurate information communicated in an easy-to-understand manner.

5. Connected insurance (CI)

Connected insurance enables digitized purchase decisions, easy claims initiation, and automated workflows. Data from IoT devices helps customers get an accurate view of their needs and allows insurers to better understand risk, both at the time of purchase and on an ongoing basis. The global IoT insurance market is expected to be worth [US \\$43 billion](#) by 2022.

6. New age insurance offerings

Companies like Tesla and Amazon are enabling new age insurance offerings to become a part of the customer's purchase journey. [Ford](#) collaborated with Octo Telematics to generate accurate auto insurance risk scores to provide customers with personalized insurance rates. [Apple](#) launched AppleCare+ for theft and loss for all Apple devices with coverage provided by Assurant.

7. Prevention of cyber-attacks

Insurers are working with technology partners to mitigate cyber risks using better risk modeling and risk selection techniques. [Tokio Marine](#) partnered with CyberCube to understand global cyber-risk transfer and risk prevention solutions. [Allstate Identity Protection](#) provides customers with their digital footprint to understand who has their personal information. The company alerts customers if sensitive data gets into the wrong hands and also resolves identity fraud or theft issues on their behalf.

8. 5G technology

In insurance, higher accuracy, speed, and throughput of data enables more effective monitoring of risk and faster resolution of claims. With 5G, IoT devices will have greater connectivity, enabling faster and more accurate digital payments and simplification of insurance claims. 5G will accelerate the digitalization of the customer insurance journey on mobile phones.

Trust

The insurance domain has been viewed with distrust due to convoluted pricing strategies and complex processes. Trust is critical for customer satisfaction and to sustain the business. Speed and accuracy foster a sense of trust in the company. As trust increases, customer loyalty grows.

9. Consumer-centric experiences

Insurers are using omnichannel platforms to enable dynamic customer engagement to build trust and boost customer satisfaction. Insurers will form partnerships and build capabilities to provide trusted data sources to create more personalized and holistic consumer-centric experiences.

10. Health and well-being

Insurers will partner with health-techs to promote healthy lifestyles among policyholders and inspire positive behavioral change by incorporating fitness and biometric data from wearable devices into their policies. [John Hancock](#) awards vitality points to life insurance customers vaccinated against COVID-19, [Prudential Malaysia's](#) AI-powered app Pulse aims to make healthcare more personalized and accessible, and [SunLife's Lumino Health](#) equips customers with tools and resources to manage their health.

11. Environmental, social, and governance (ESG) credentials

With trust as one of their core pillars, insurers must focus on ESG. Post the UN Climate Change Conference (COP26), insurers will incorporate ESG factors into risk management and underwriting. [Swiss Re](#) announced new climate targets for financed emissions and pledged to stop serving the global coal sector by 2040. [Zurich North America](#) launched a product to cover weather-related construction delays that traditional builders' risk insurance does not cover.

12. COVID cover

The global travel insurance market is expected to be worth US \$35 billion by 2027. With the spread of Omicron, the travel and hospitality industries continue to be under pressure and there is an increased demand for travel insurance. [AXA Insurance](#) partnered with Scoot and [AIG](#) partnered with Singapore Airlines to provide COVID-19 cover with travel insurance thereby gaining customer trust.

With COVID-19 still on the horizon, in 2022 the insurance industry is poised for a huge thrust towards digitalization. Speed, accuracy, and trust will be the cornerstones to drive strategy and differentiation. Focusing on technology advancements coupled with emphasis on ESG, COVID cover, and wellness will provide insurers with high SAT scores to maximize customer engagement and relevance in the marketplace.



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