Insurtech Global Outlook 2025

Survey Results

NTT DATA

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We presented a survey in 2020 to evaluate the investments, trends, challenges, and opportunities within the insurance industry. Five years later, we are here to update this global survey and present you with the latest 2025 Insurtech industry insights from top executive members.

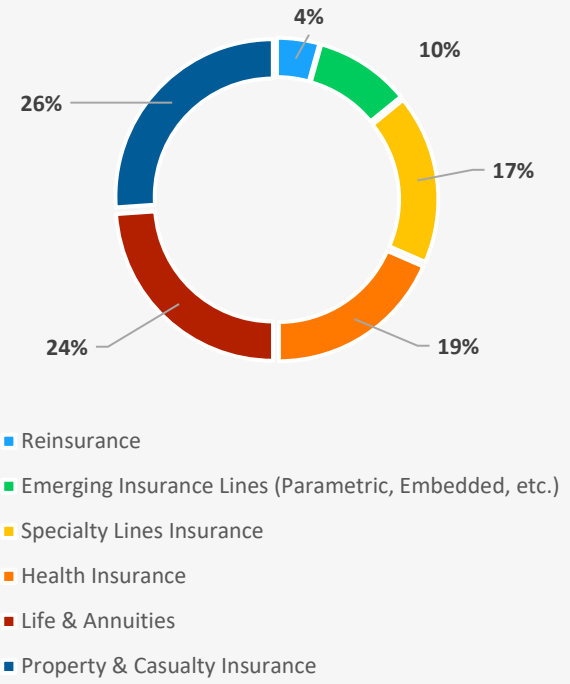
In this edition, we are proud to include a comprehensive view of the impact of Insurtechs on the industry. Based on the results of a survey of 43 leading Insurers spanning more than 10 countries in Europe, Asia Pacific and America.

These interviews provide first-hand insights from global and local leaders across all lines of business, enabling comparison between investment analysis and trends with incumbents' perceptions and actions taken to address the perceived challenges presented by the Insurtech ecosystem.

We would like to thank all participants in this survey for providing us with valuable industry insights. Please read on for an analysis of the general results (responses have been anonymized).

Geographic distribution

Line of business included



1. Significant Transformation of Insurance Industry: Gen AI Leads Emerging Tech Investments.
2. Customer retention and satisfaction emerge as top concerns.
3. Revenue and cost structure are key focuses to strategic success.
4. Insurtech positions as a portal to innovative business solutions.
5. Regulations on cyber security enhance the investment in Technology.

1. Transformation of the Insurance Industry: Gen AI Leads Emerging Tech Investments

After two waves of Insurtech innovators falling behind expectations to disrupt the industry, the answers corroborate with the challenging landscape of Insurance.

Even with the fast rise of emerging technologies, draining Large amounts of funding and accelerating transformation across several industries, 63% of them are expecting significant transformation.

To define top priorities for different organizations, we recognize that embracing modern digital trends and technology adoption is essential for insurers to stay competitive and attract new customers who live in the digital age. Because customer is less loyal and is more sensible to external factors, such as price competition and innovative services.

Because of factors like rising inflation and economic downturns, companies are focusing on cost reductions. Economic uncertainties have intensified the need for cost-reduction strategies, prompting insurers to optimize processes while maintaining service quality and innovation.

Gen ai, pricing tech and Satellite data are the most promising tech in the next 3 years, with strong market resources concentrations. However, in 2020, only 32% of people were thinking artificial intelligence has crucial impact.

In your view, what type of emerging technologies will have the most substantial impact on the insurance industry in the next five years?

2. Customer Retention and Satisfaction Emerge as Top Concerns

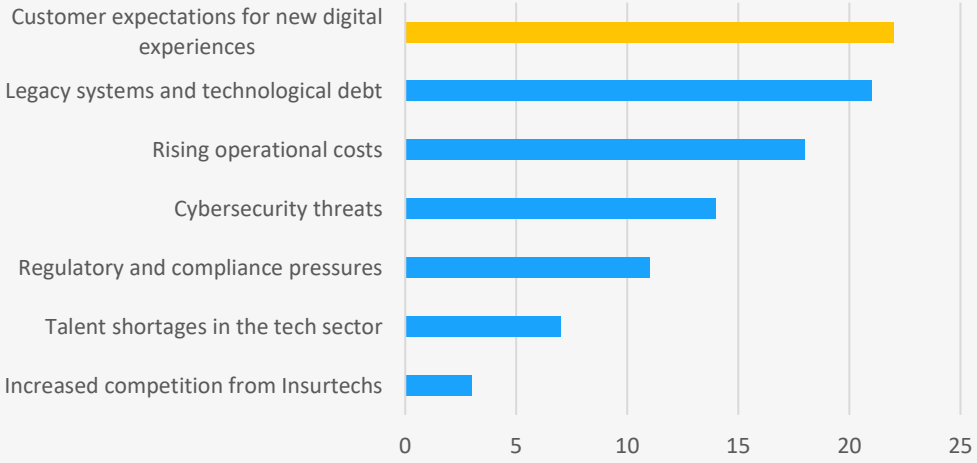
This survey allows us to evaluate how customer retention and satisfaction have emerged as top concerns. When discussing key goals for the next 3-5 years, strengthening customer loyalty and retention ranks first. Enhancing customer experience is crucial for retention, satisfaction, and competitive differentiation in the insurance sector.

Gen Z has become the leading force of consumers and creators, with their preference for digital technology setting trends across all industries. Digitalized processes are closely linked with better engagement, enhancing customer retention.

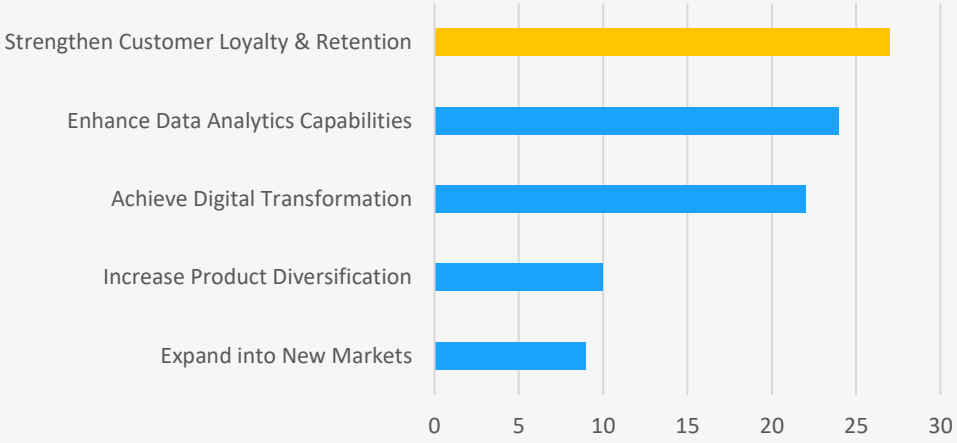
Collaborating with Insurtech can achieve these strategic priorities simultaneously.

For instance, Zurich Connect partnered with Yolo to provide virtual assistance to customers, enhancing their digital experience. Similarly, Generali Global Assistance collaborated with Lyft and CareLinx to offer integrated services, improving customer satisfaction and operational efficiency. These examples demonstrate how Insurtech collaborations can drive innovation and improve customer experiences.

What do you consider the most pressing challenges currently facing the insurance industry?



What are your organization's key goals for the next 1-3 years?

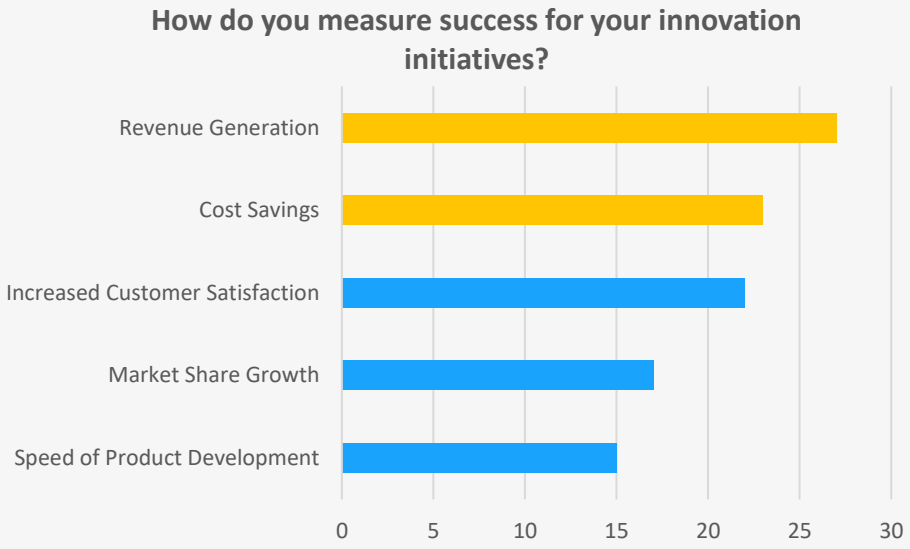


3. Revenue and Cost Structure are Key Focuses to Strategic Success

The survey highlights that revenue structure is a top strategic focus for companies, who are willing to adjust their initial cost-reduction needs. In the insurance industry, costs are primarily driven by the claims process. Effective and accurate claims management is crucial for cost reduction. While there are other methods for cost optimization, companies generally struggle with high costs and require effective cost-reduction strategies.

To stay competitive, insurers must prioritize reducing overall costs as one of the important strategies. Cost optimization should now be viewed as a strategic initiative, driving large-scale operational transformations and new, tech-enabled financial models.

The focus should be on fostering sustainable growth while maintaining a competitive edge. Industry reports indicate that companies focusing on digital transformation and efficiency improvements can achieve significant operational savings, with some organizations reporting overall cost reductions of around 10- 20% because of strategic initiatives.



4. Insurtech Positions as a Portal to Innovative Business Solutions.

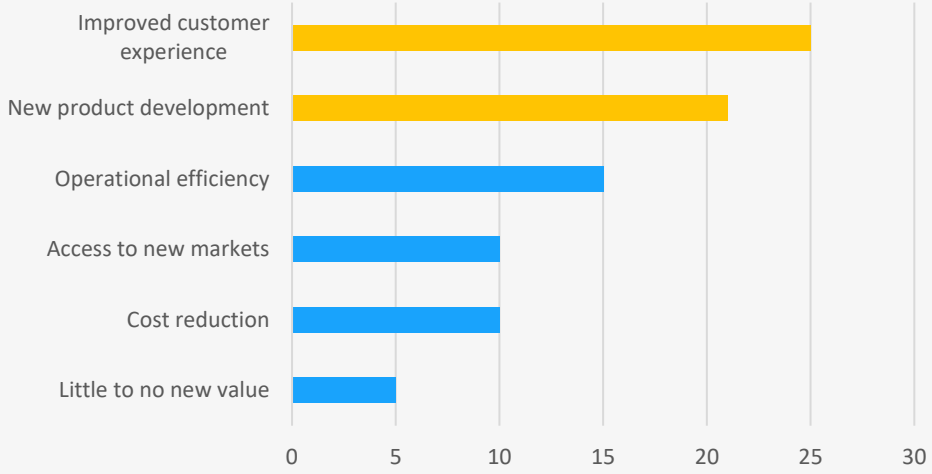
When we are thinking about what the Insurtech is positioning in the industry, we need to think from the insurers' perspective as well. They are valuing Insurtech as a place to test new products and designs.

Insurtech offers solutions to different industry leaders as well. They would like to see these as key drivers for gaining more exposure to technology.

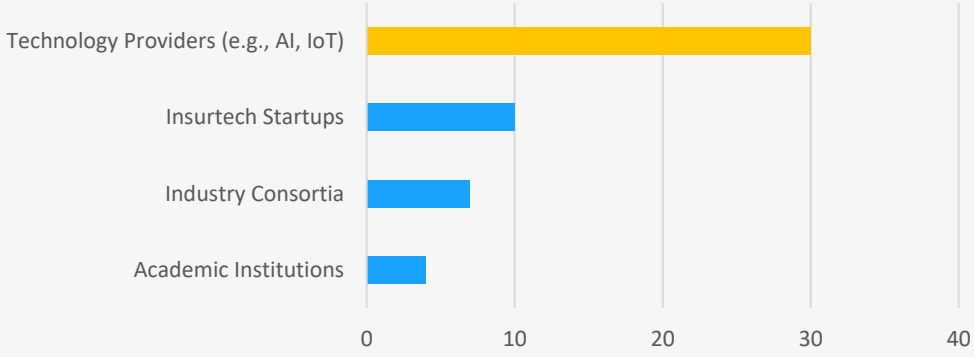
Partnering with Insurtech firms can bring cost-effective innovation in different areas of the value chain, such as claims processing, underwriting, customer acquisition and other business functions.

However, our survey also finds that instead of collaborating directly with Insurtech startups, companies are also likely to partner directly with tech providers in a traditional way. The power of collaboration with Insurtech companies is still underestimated by the market.

What value do you believe Insurtechs bring to your business?



What specific partnerships or collaborations are you currently pursuing to drive innovation?



5. Regulations on Cybersecurity Enhance the Investment in Technology

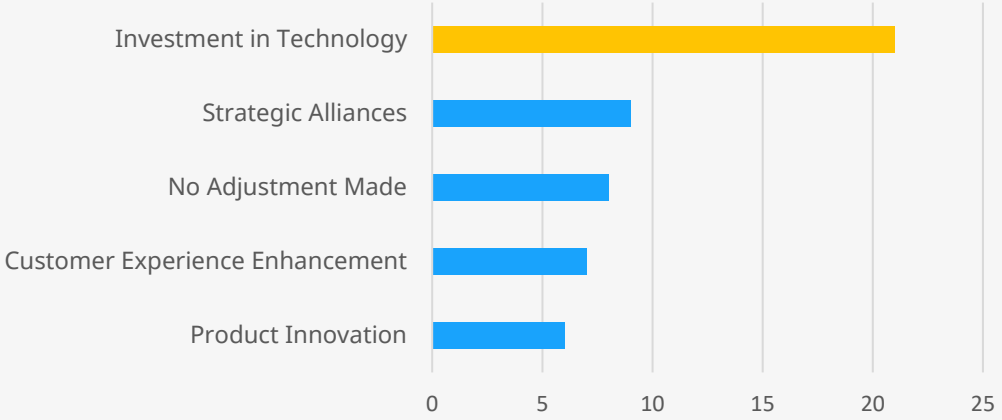
Regulation on Cybersecurity is another interesting topic that shows greater influence on the industry in the next 3-5 years. Insurance companies need to invest more in the regulation of technology, and better places where industries are having a strategic focus to align with the regulation and data security issues.

Regulations on cybersecurity have significantly driven increased investment in technology, prompting companies to allocate larger portions of their budgets to this area.

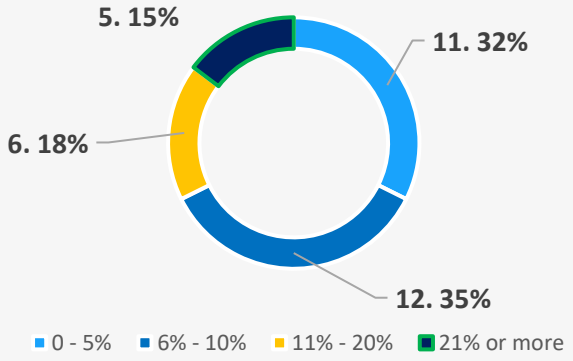
This shift often results in less focus on new product design, as resources are redirected towards enhancing cybersecurity measures.

The value of tech investment is evident throughout the value chain, particularly in data analytics, meeting customer expectations, and improving the claims process. By prioritizing these areas, companies aim to strengthen their cybersecurity posture while simultaneously optimizing operational efficiency and customer satisfaction.

How has recent regulation (DORA, NIS2, etc.) affected your strategic approach?



What percentage of your current budget is allocated toward technology and innovation (including Insurtech)?



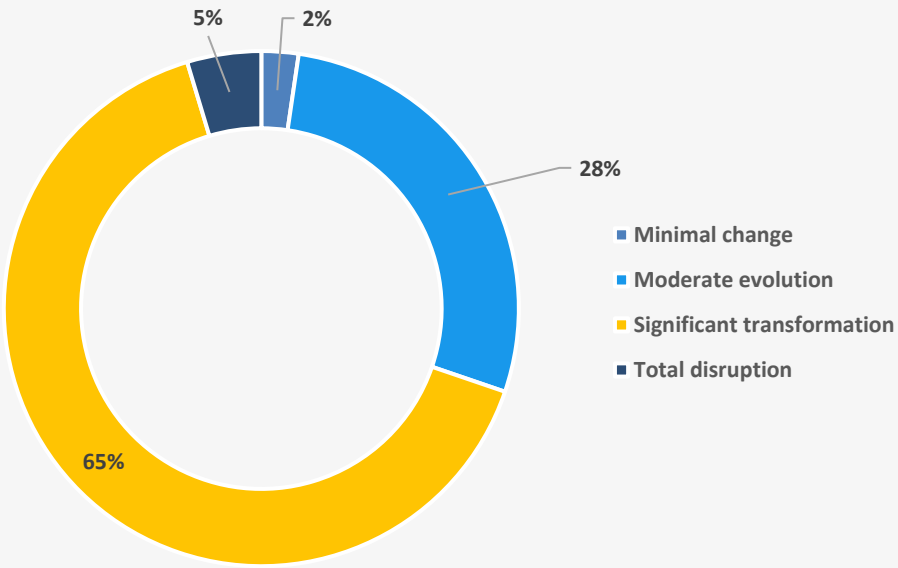
01

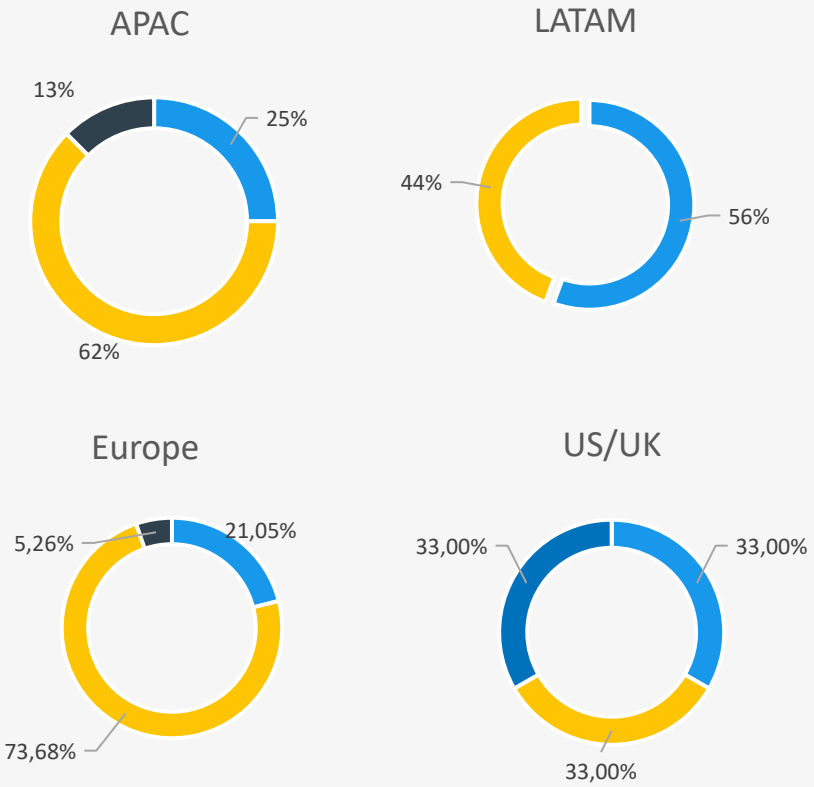
Key Market Dynamics

In this section, we will explore the anticipated market changes over the next 3-5 years, focusing on levels of transformation, business priorities, and the ranking of emerging technologies.

"Recent market changes have taught us the importance of agility and continuous innovation".

Insurance Industry Evolution over the Next 3-5 years





N=43 Insurance C-Level Executives answering.
Q: How do you Foresee the Insurance Industry Evolution over the Next 3-5 years?
Source: Insurtech Global Outlook Survey Report 2025
Note: Multiplechoice question

As valuing the market dynamics, 65% of companies' leaders believe that insurance industry is facing significant transformation over the next 3-5 years. Only a small faction of people are thinking Insurance industry evolution as total disruption or minimal changes.

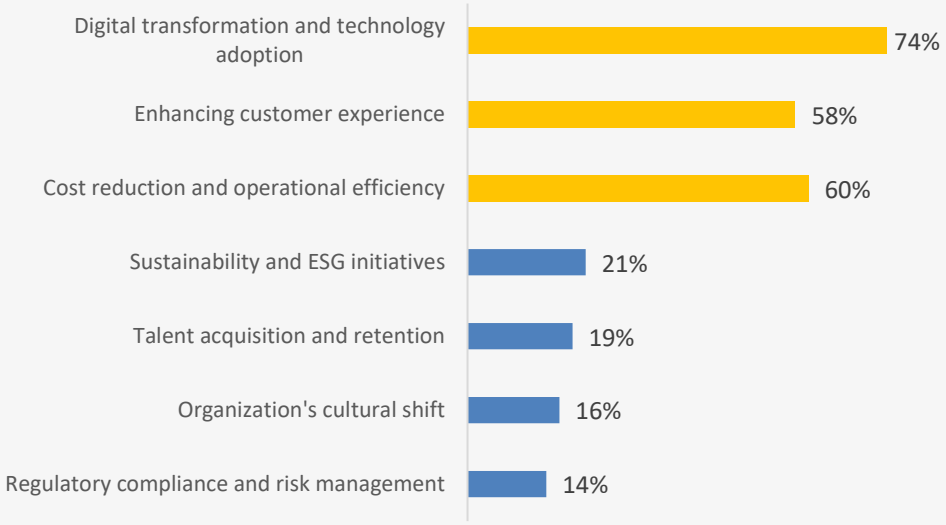
It's interesting to note that respondents in Latin America (LATAM) expect moderate evolution, while those in Asia-Pacific (APAC) and Europe anticipate significant changes and even potential disruptive impacts. Meanwhile, respondents in the US and UK have a balanced view, with many believing that changes could be minimal as well.

Top Three Priorities for Organization in the Upcoming Year

In 2025, the industry is clearly focused on digital transformation, customer experience, and cost reduction.

- Digital Transformation is imperative for survival in the age of AI, IoT and cloud-based platforms.
- Customer Experience is still a competitive differentiator with the growing demand for, hyper-personalization.
- Operational Efficiency remains crucial because of the volatility in the market and the profitability pressures.

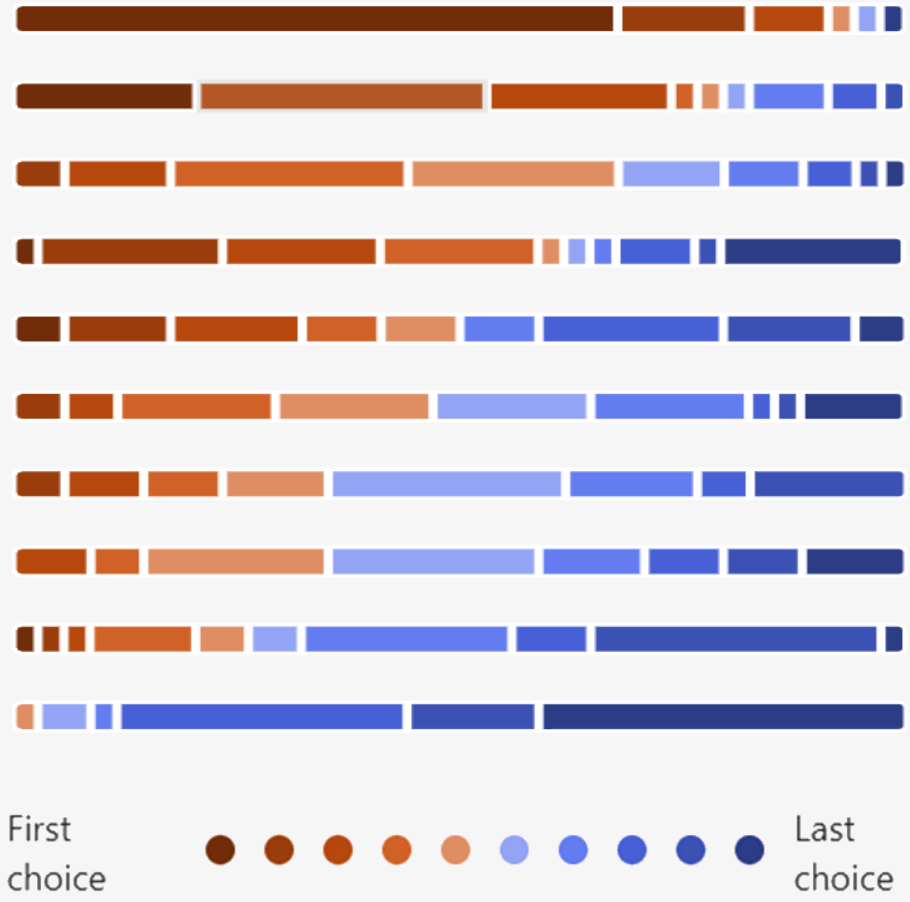
Less prioritized areas including Sustainability and ESG initiatives, Talent Acquisition and Retention, or Culture Shift suggesting a more immediate focus on short term performance, than preparing for long term vulnerabilities.



N=43 Insurance C-Level Executives answering.
Q: What are the top three priorities for your organization in the upcoming year?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

Emerging Technologies Substantial Impact Evaluation

1	GenAI
2	Pricing Tech
3	Cleantech
4	Satellite and Data
5	Quantum Computing
6	Autonomous Vehicles
7	Emotional Recognition
8	Blockchain
9	Digital Twins
10	Metaverse



N=43 Insurance C-Level Executives answering.

Q: In your View, what Type of Emerging Technologies will Have the Most Substantial Impact on the Insurance Industry in the Next Five Years?

Source: Insurtech Global Outlook Survey Report 2025

Note: Respondents ranking from 1-10

Emerging Technologies Substantial Impact Evaluation

- Top emerging tech: Gen AI, Pricing Tech, Clean Tech, and Satellite data.
- Second tier emerging tech includes Quantum Computing, Autonomous Vehicles, Emotional Recognition…
- Lower-ranked techs: Blockchain, Digital Twins and Metaverse rank the last.

The rapid evolution of technology is shaping industries, and certain innovations are emerging as frontrunners in terms of impact and adoption.

Top Emerging Technologies

- **Generative AI (Gen AI)** – Transforming automation, content creation, and decision-making in sectors like insurance, finance, and healthcare.
- **Pricing Tech** – AI-driven dynamic pricing models optimize product pricing based on real-time data, enhancing competitiveness and profitability.
- **Clean Tech** – As sustainability becomes a priority, renewable energy solutions, carbon capture technologies, and green innovations are driving investment and regulatory focus.
- **Satellite Data** – Real-time satellite imagery is revolutionizing industries like agriculture, disaster management.

Second-Tier Emerging Technologies

- **Quantum Computing** – Although still in early stages, quantum computing holds the potential to solve complex problems exponentially faster, benefiting cryptography, pharmaceuticals, and financial modeling.
- **Autonomous Vehicles** – Self-driving technology is progressing, but regulatory, safety, and infrastructure challenges slow mass adoption.
- **Emotional Recognition** – AI-powered sentiment analysis and emotion-tracking tools are gaining traction in customer experience, HR, and security applications.

Lower-Ranking Technologies

- **Blockchain** – While transformative for secure transactions and decentralized finance, its broad adoption beyond crypto remains slow due to scalability and regulatory challenges.
  Digital Twin – The concept of creating virtual replicas of physical assets is valuable in manufacturing, urban planning, and healthcare, but adoption is industry-specific.
- **Metaverse** – Initially hyped as a game-changer, the metaverse has seen slowed momentum due to unclear business applications and high development costs.

02

Strategic Challenges

In this section, we will uncover what are the main concerns for insurance industry.

"In order to utilize digital technology and collaborate with Insurtech companies, it is difficult to achieve the expected effects unless business processes, products, and services are further standardized and simplified".

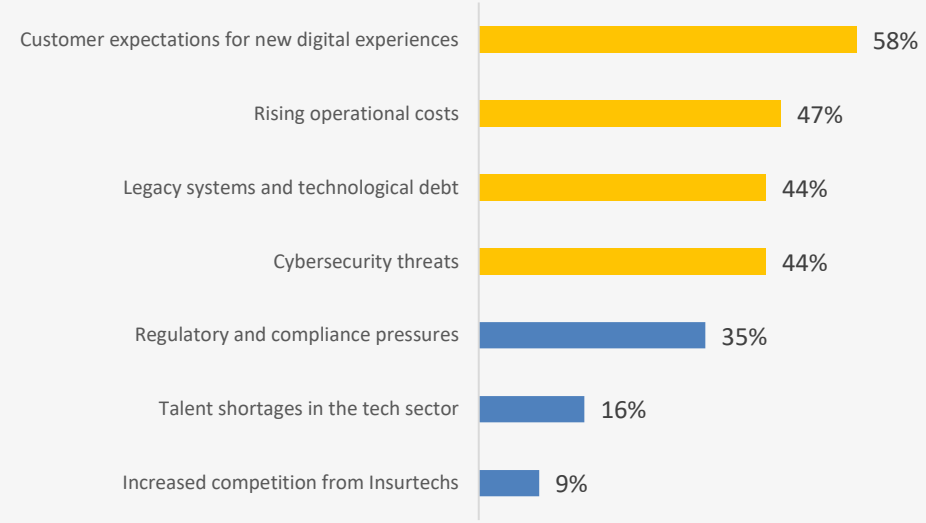
Most Pressing Challenges Currently Facing in the Insurance Industry

Top challenges identified in the insurance industries are customer expectation for new digital experiences, legacy system and technology debt, and rising operational costs.

Considering the fact that the results are very close suggests that these challenges are almost equally pressing. This means that insurance companies cannot afford to focus on just one area; a balanced approach addressing all these challenges simultaneously is necessary.

These challenges underscore the need for insurers to invest in modern technology, cybersecurity, and digital transformation strategies to remain competitive in a rapidly evolving market.

It's interesting to note that competition from Insurtechs is considered the least pressing challenge, this shows that currently Insurance Industry more focused towards: Internal challenges keeping the regulatory and compliance pressure in mind.



N=43 Insurance C-Level Executives answering.
Q: What do you Consider the Most Pressing Challenges Currently Facing the Insurance Industry?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

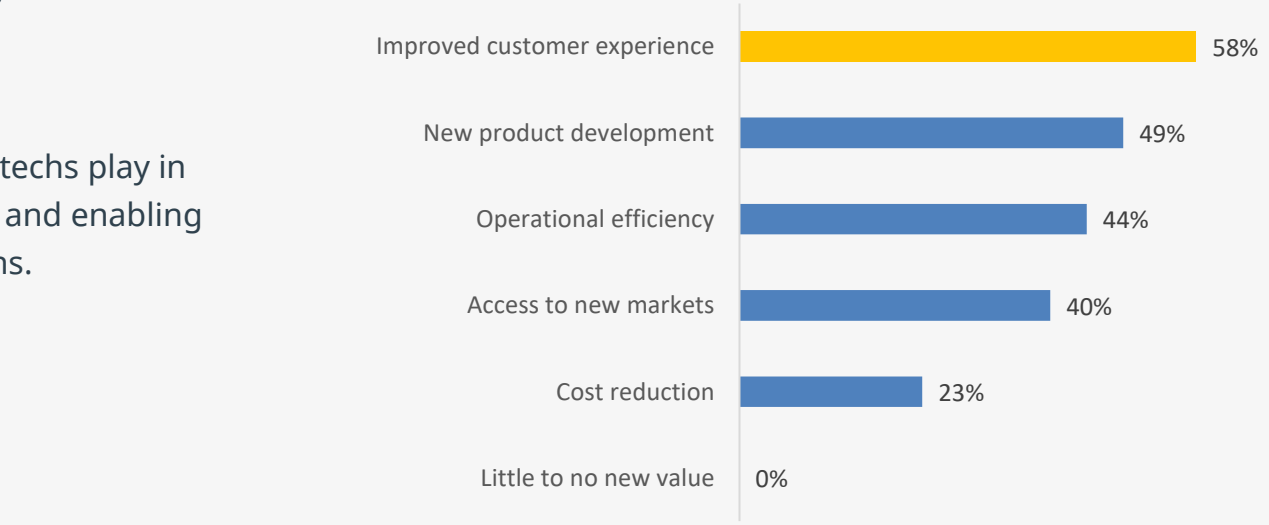
Values Insurtechs Bring to Business

Insurtechs are seen as key enablers of transformation, particularly in improving customer experience through innovative solutions that enhance interactions and satisfaction.

They also drive new product development, helping insurers create and offer tailored products that meet evolving customer needs. Additionally, Insurtechs contribute to operational efficiency, streamlining processes and reducing costs with advanced technologies.

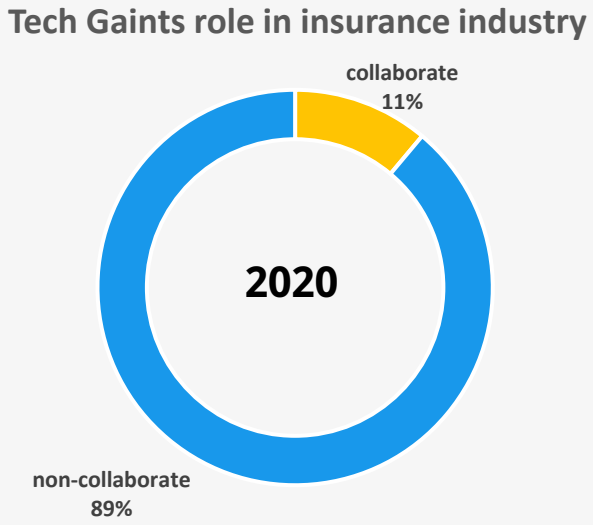
These insights highlight the strategic role Insurtechs play in driving innovation, improving competitiveness, and enabling insurers to meet evolving customer expectations.

However, it's noteworthy that no respondents believe Insurtechs bring little to no new value. This result suggests that while many insurers recognize the potential benefits of Insurtechs.



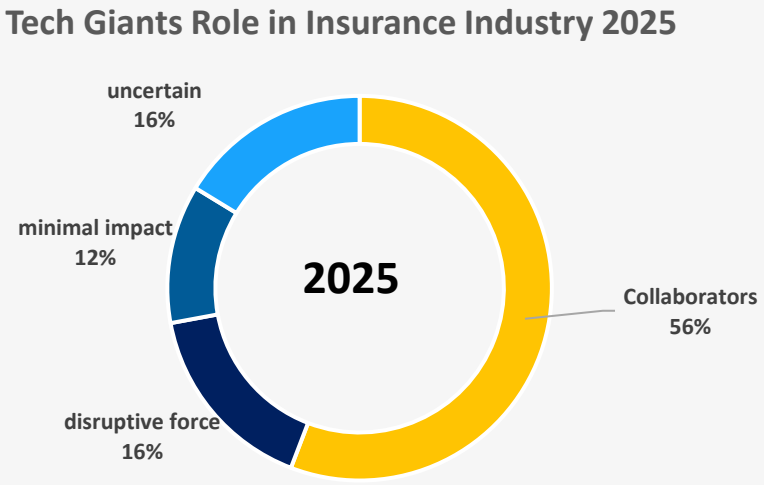
N=43 Insurance C-Level Executives answering.
Q: What Value do you Believe Insurtechs Bring to your Business?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

Roles Tech Giants (e.g., Google, Amazon) will Play in the Next 3-5 years



N=43 Insurance C-Level Executives answering.
Q: Does your company collaborate in any topic with a Techgiant?
Source: Insurtech Global Outlook Survey Report 2020
Note: True/false question

In 2020, 89% of our respondents viewed tech giants as non collaborators, with only 11% considering collaboration. In contrast, in 2025, more than half of the respondents are willing to see tech giants as collaborators.



N=43 Insurance C-Level Executives answering.
Q: What Role do you Believe Tech Giants (e.g., Google, Amazon) will Play in the Insurance Industry in the Next 3-5 years?
Source: Insurtech Global Outlook Survey Report 2025
Note: Multiple choice question

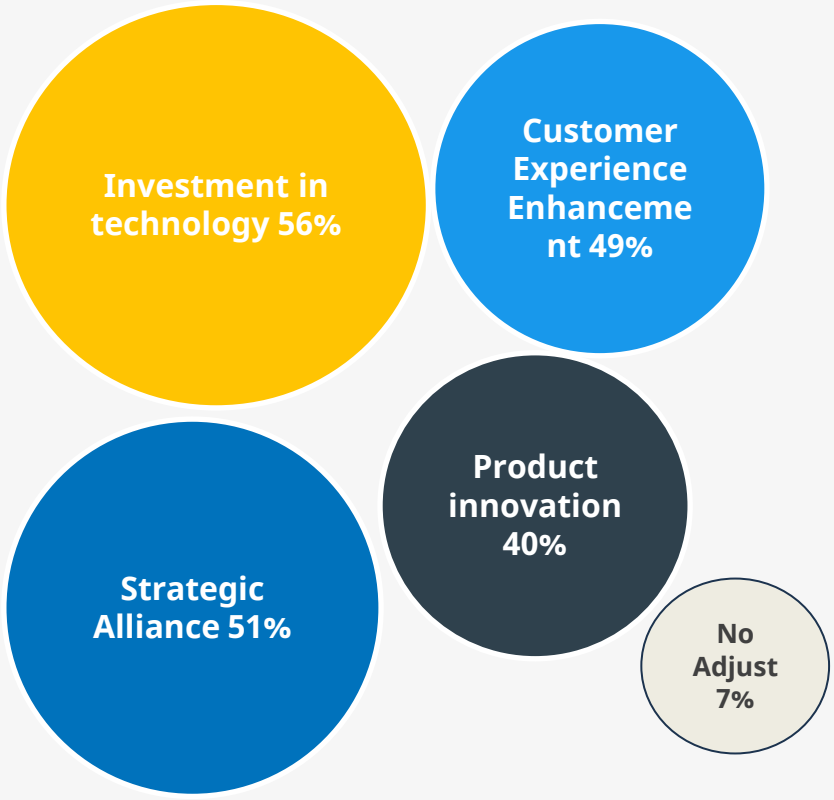
Around 30% of them see tech giants are either disruptive force or minimal impact. After 5 years, we can see the increasingly focus on the crucial roles tech giants are playing in insurance industry

Strategy Adjusted to Compete with Insurgents (Insurtechs & Tech Giants) and Incumbents (Insurers)

The several strategies used to compete with Insurtech, Insurers, and Tech Giants are investment in technology, customer experience enhancement, strategic alliances, and product innovations.

Only a very few insurance companies believe no adjustments are needed.

These strategic challenges align with the shift in market dynamics and industry challenges identified by insurance leaders. Actively leading the market and future trends, strategic adjustments have become essential for the insurance industry.



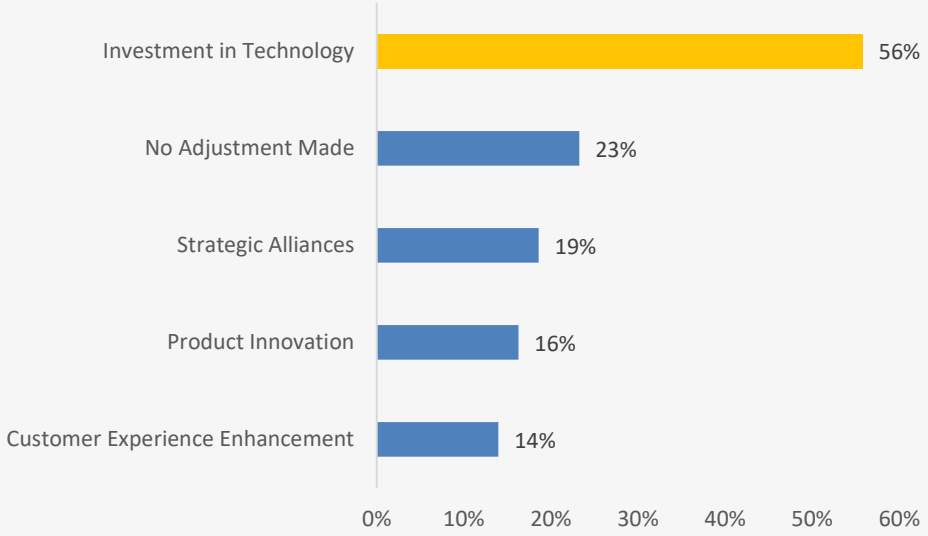
N=43 Insurance C-Level Executives answering.
Q: How has your Strategy Adjusted to Compete with Insurgents (Insurtechs & Tech Giants) and Incumbents (Insurers) in your Region?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

Recent Regulations (DORA, NIS2, etc.) Affected Strategic Approach

Companies need to invest more on the regulation technology and better places where industries are having a strategic focus to align with the regulation and data security issues.

The primary effect has been increased technology investment to comply with stringent digital resilience and cybersecurity requirements. This investment enhances data analytics, meets customer expectations, and improves the claims process.

They are considering strategic alliances for efficient regulatory navigation. Some companies reported no adjustments, possibly due to pre-alignment with regulations. Despite the regulatory focus, insurers emphasize customer experience and product innovation, balancing compliance with delivering value and staying competitive.



N=43 Insurance C-Level Executives answering.
Q: How have Recent Regulations (DORA, NIS2, etc.) Affected your Strategic Approach?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

03

Business Priorities

In this section, we will examine the business priorities defined by top executives and analyze how these priorities align with current market dynamics and strategic challenges.

“Digital Transformation and Automation are Non-Negotiable, furthermore, Data-Driven Decision Making is a Competitive Edge”.

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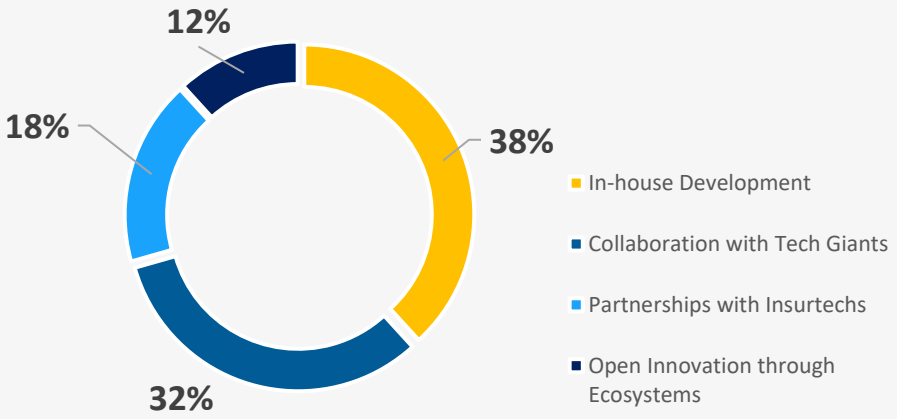
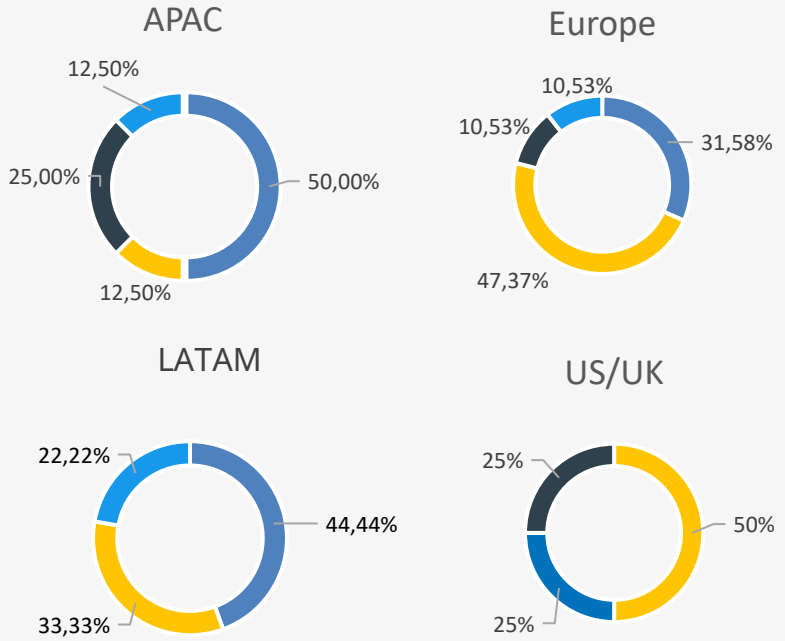
Organization's Primary Approach to Innovation



N=43 Insurance C-Level Executives answering.
Q: What is your Organization's Primary Approach to Innovation?
Source: Insurtech Global Outlook Survey Report 2025
Note: Multiple choice question



As companies evaluate business priorities, 38% are opting for in-house development. This approach allows them to tailor solutions to their specific needs and maintain greater control over their technology stack. Additionally, 32% are choosing to collaborate with tech giants, leveraging their advanced technologies and expertise to enhance cybersecurity measures. However, there is less interest in partnering with Insurtech startups or engaging in open innovation through ecosystems.

Interestingly, in APAC, LATAM, and Europe, the primary approach is to collaborate with tech giants, whereas in the UK, the focus is more on in-house development. A significant portion in APAC, UK, US also shows interest in open innovation through ecosystems along with LATAM showing significant interest in partnering with Insurtechs.

Areas of Your Business are Receiving the Highest Investment in Technology?

Top Priority (Rank 1) Data Analytics & Insights: Data analytics is at the core of the modern insurance industry, driving efficiency, accuracy, and innovation.

Insurers are shifting towards data-driven decision-making to enhance risk assessment, underwriting, and customer engagement. Artificial Intelligence and machine learning (ML) help in predictive analytics, enabling better pricing strategies and fraud detection.

Real-time analytics improves claims processing by identifying patterns, detecting anomalies, and streamlining operations.

Second Priority (Rank 2) Customer Engagement & Sales: Customer engagement is key to retention, satisfaction, and competitive differentiation in the insurance sector.

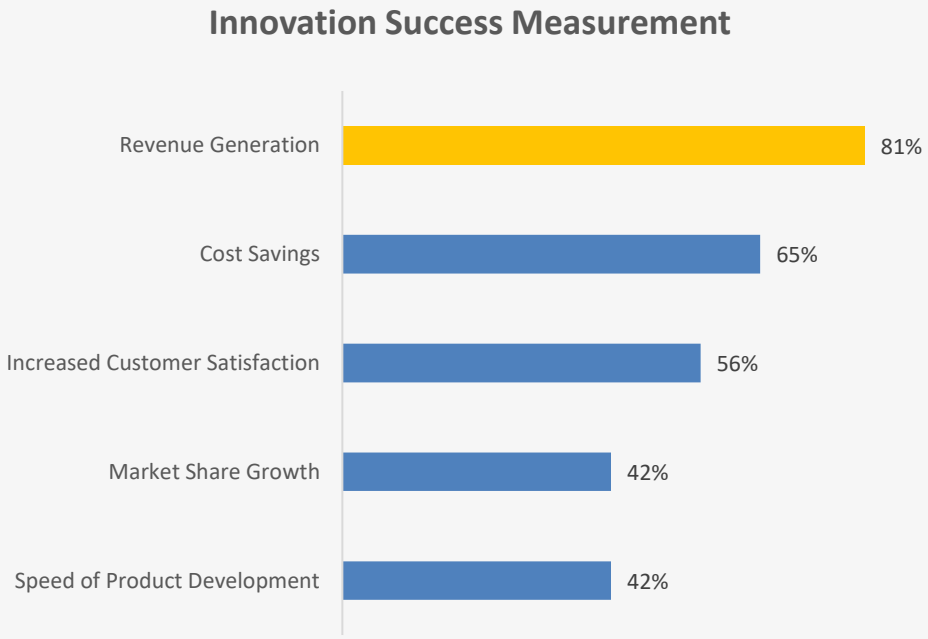
With Gen Z and digital-native customers expecting faster, self-service solutions, insurers are adopting automation and AI-driven customer service. Digital tools such as chatbots, virtual assistants, and omnichannel communication are improving engagement.

Third Priority (Rank 3) Claims Processing: Claims processing is a critical area where efficiency and speed directly impact customer satisfaction and company reputation.

How do you Measure Success for your Innovation Initiatives?

Insurance companies are prioritizing revenue generation and cost savings as the primary metrics for evaluating their innovation initiatives. This emphasis suggests that there is a relatively lower focus on product development and innovation within the industry.

However, increased customer satisfaction can also serve as a valuable metric for enhancing overall business success. By focusing on financial performance, many insurance companies appear less inclined to invest heavily in product development and market share growth. This approach highlights a strategic preference for immediate financial returns over long-term innovation and market expansion.



N=43 Insurance C-Level Executives answering.
Q: How do you Measure Success for your Innovation Initiatives?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

04

Future Goals

In this part, companies are setting goals to achieve their business success, we are going to see the budget changes, demographic structure influence and their key focus.

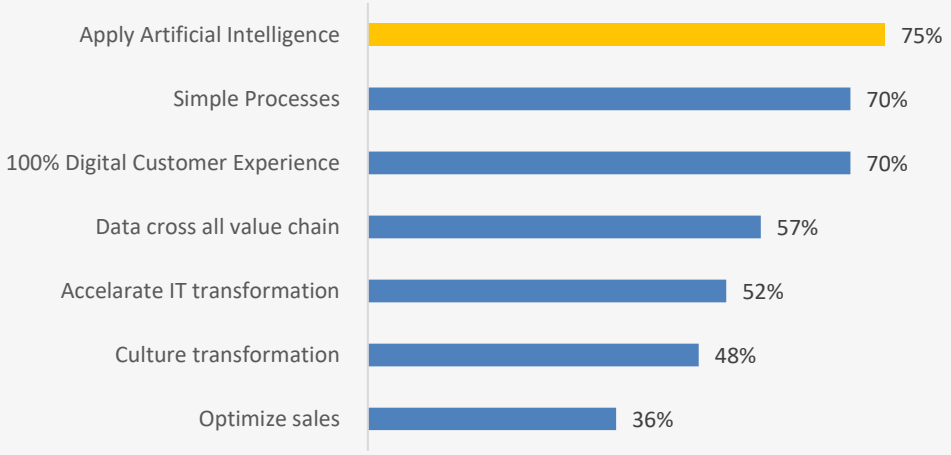
“Insurtechs rarely provide "the answer" but can enrich our already performant ecosystem”.

What are your Organization's Key Goals for the Next 1-3 Years?

In 2020, the top goals for insurance companies were different, focusing on applying artificial intelligence, simplifying processes, and creating a 100% digital experience for customers. The emphasis on digital transformation has nearly doubled compared to 2020. This shift in key goals over the past five years shows that the industry has achieved many of its previous objectives, such as applying AI and digitizing customer experiences. Now, the focus is on more complex goals.

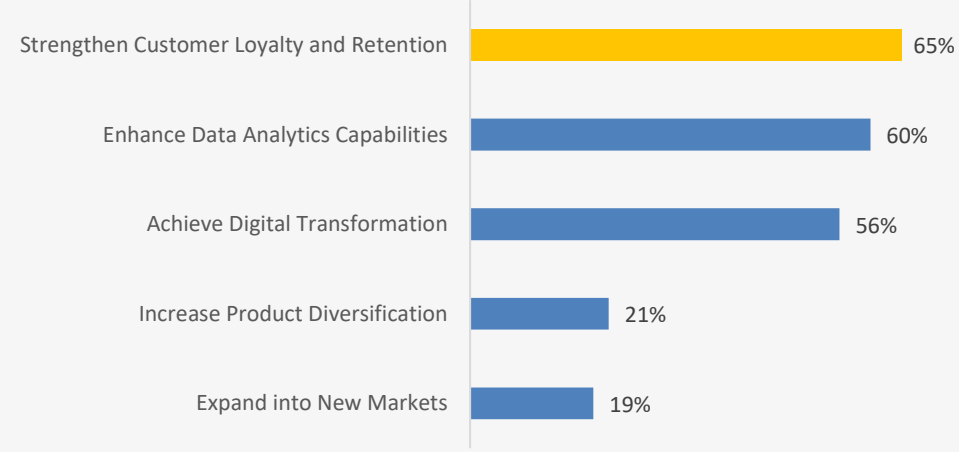
In the next 1-3 years, insurance companies are concentrating on strengthening customer loyalty and retention by enhancing satisfaction, which helps build long-term relationships and reduce churn. They are also enhancing data analytics capabilities to gain deeper insights into customer behavior and risk profiles, allowing for tailored products and optimized operations.

Top key goals in 2020



N=43 Insurance C-Level Executives answering.
Q: What are your Organization's Key Goals for the Next 1-3 Years?
Source: Insurtech Global Outlook Survey Report 2020
Note: Respondents could select up to 3 options

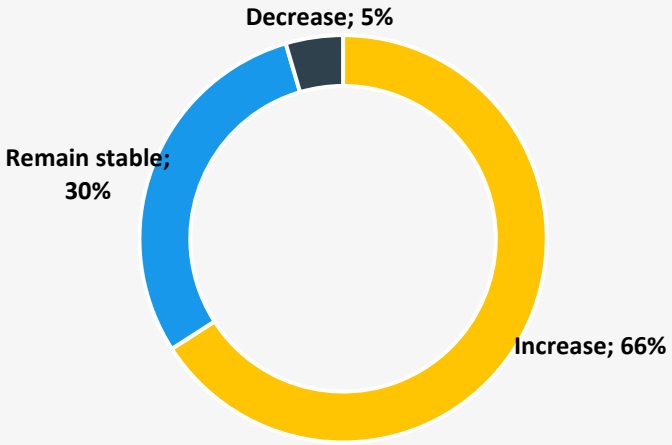
Key Goals in next 3-5 years



N=43 Insurance C-Level Executives answering.
Q: What are your Organization's Key Goals for the Next 1-3 Years?
Source: Insurtech Global Outlook Survey Report 2025
Note: Respondents could select up to 3 options

How do you Expect your Organization's Technology Budget to Change in the Next 12 Months?

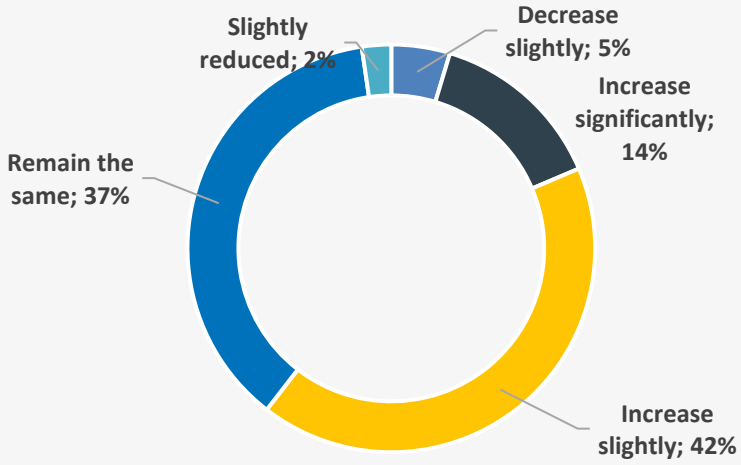
Private funds towards Insurtechs 2020



N=43 Insurance C-Level Executives answering.
Q: How do you Expect your Organization's Technology Budget to Change in the Next 12 Months?
Source: Insurtech Global Outlook Survey Report 2020
Note: Multiple choice question

37% of the organization plan to remain the same of technology budget, 42% of the companies would increase their technology budget slightly. 14% of them would increase their budget significantly. In contrast, in 2020, private funds towards Insurtechs were expected to increase by 66%, with 30% expecting their funding to remain the same.

Budget Allocation Change in the next 12 month



N=43 Insurance C-Level Executives answering.
Q: How do you Expect your Organization's Technology Budget to Change in the Next 12 Months?
Source: Insurtech Global Outlook Survey Report 2025
Note: Multiple choice question

This increased financial commitment to technology enables these companies to explore and implement cutting-edge solutions, enhance their operational efficiency, and stay ahead of the competition.

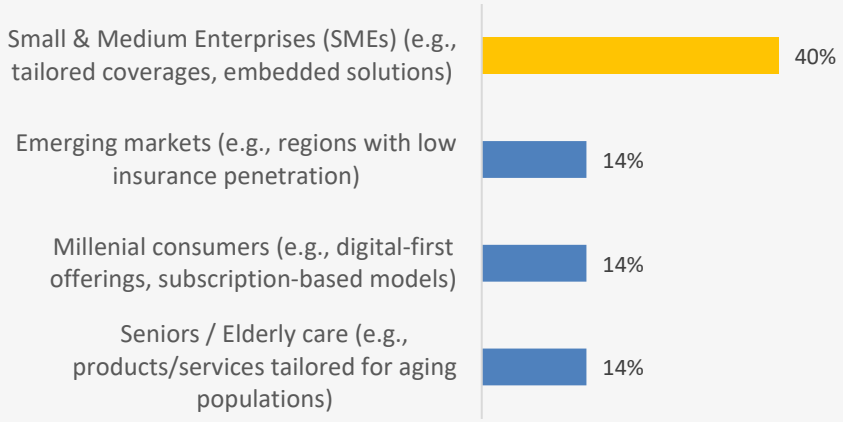
In Which Emerging Market Segment or Demographic does your Company See the Most Significant Growth Opportunity in the Next 3-5 Years?

Small and medium enterprises (SMEs) are anticipated to experience substantial growth over the next 3-5 years, driven by several global trends. The preferences of millennial consumers, who increasingly favor digital-first offerings, are significantly boosting the demand for innovative products and services.

Furthermore, emerging markets in regions such as Asia, Africa, and Latin America offer considerable growth opportunities. These regions are characterized by rising consumer demand and relatively lower levels of competition, making them attractive for business expansion.

Additionally, the market for products targeting senior demographics is gaining recognition as a key trend among many companies, reflecting the growing importance of catering to this segment.

Insurance Vertical Growth Opportunity in the Next 3-5 years.



N=43 Insurance C-Level Executives answering.

Q: In Which Emerging Market Segment or Demographic does your Company See the Most Significant Growth Opportunity in the Next 3-5 Years?

Source: Insurtech Global Outlook Survey Report 2025

Note: Respondents could select up to 3 options

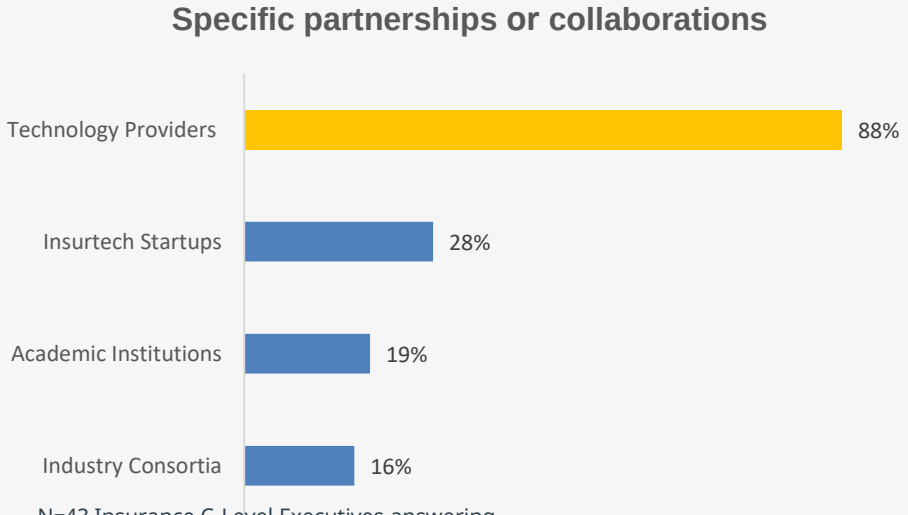
What Specific Partnerships or Collaborations are you Currently Pursuing to Drive Innovation?

Partnering with tech giants in AI and IoT offers companies access to a broader client base. These tech providers often have established networks and a significant market presence, which can help companies reach new customers and expand their market share. Collaborating with well-known tech firms also enhances a company's credibility and brand value, making it easier to attract and retain clients.

Secondly, the term "Insurtech" is often associated with creating innovative business models within the insurance industry. While these startups bring fresh ideas and disruptive technologies, their focus is primarily on transforming traditional insurance processes.

Thirdly, there is less emphasis on partnerships with academic institutions because their research and developments are often perceived as being distant from practical, real-world applications.

In summary, companies are gravitating towards partnerships with AI and IoT tech providers due to the extensive client access, broader innovation scope, and practical, ready-to-deploy solutions these partnerships offer. This strategic alignment helps companies stay competitive and responsive to market demands.



N=43 Insurance C-Level Executives answering.
Q: What Specific Partnerships or Collaborations are you Currently Pursuing to Drive Innovation?
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Note: Respondents could select up to 3 options

05

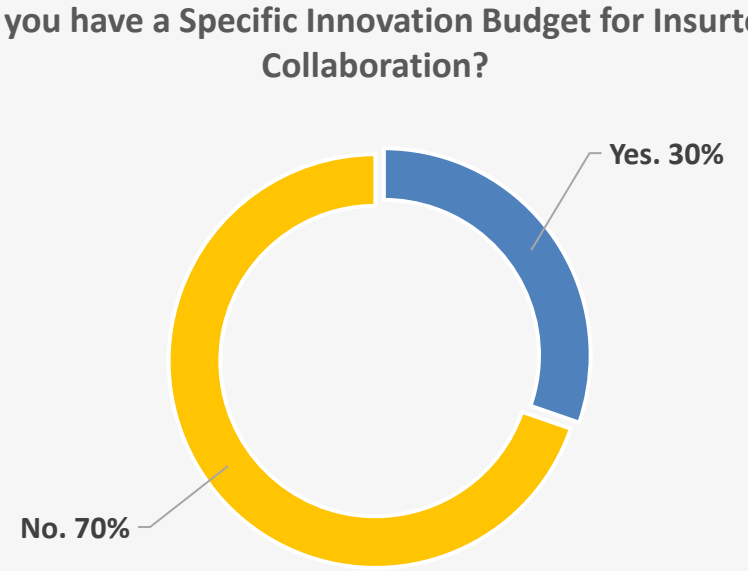
Thought Provoking Debate

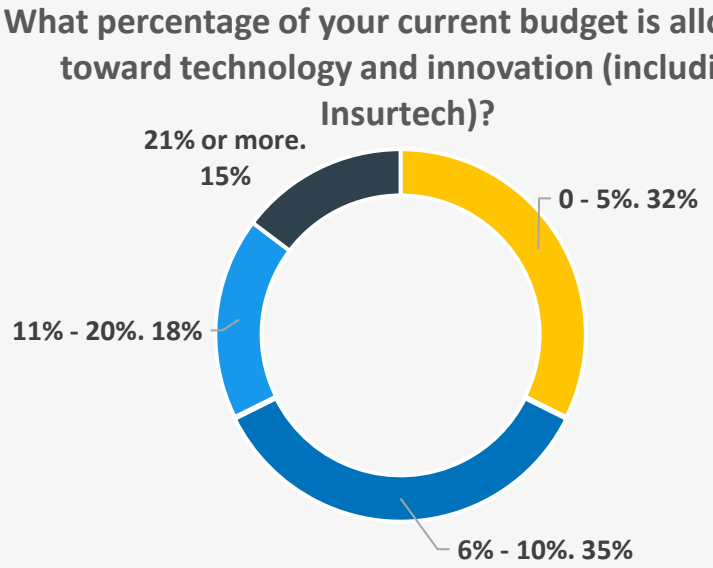
In this section, we gathered additional insights from top executives for our survey. We identified specific partnerships they are seeking and the unique lessons they have learned from the ever-changing market and emerging tech trends.

“ ¨It is necessary to formalize innovation initiatives to have internal resources aligned”.

Do you Have a Specific Innovation Budget for Insurtech Collaborations?

What Percentage of your Current Budget is Allocated toward Technology and Innovation (including Insurtech)?





Approximately 70% of companies do not have a dedicated budget for Insurtech collaborations, indicating a lower priority for innovative insurance technologies.

However, most insurance companies plan to allocate around 10% of their overall budget towards technology and innovation. This reflects the growing importance of technological advancements in staying competitive..

What Lessons has your Organization Learned from Recent Market Changes?

1. Market Challenges & Opportunities

- **Adaptability is Critical**: the ability to quickly pivot and adopt agile methodologies is essential. Organizations must balance rapid experimentation with structured innovation.
- **Embedded Insurance as a Growth Driver**: integrating insurance into third-party platforms (e.g., e-commerce, travel, fintech) offers seamless customer experiences and boosts adoption rates.
- **Automation & AI Integration**: automating processes in underwriting, claims, marketing, and distribution is necessary to optimize costs, drive revenues, and minimize risks.

2. Insurtech & Digital Transformation

- **Collaboration with Tech Giants**: companies like IBM, Google, and Microsoft provide tools, but true success depends on how businesses leverage them.
- **Insurtech Startups' Role**: while many startups offer innovative ideas, only those with solid business models and technology infrastructure are worth integrating into established ecosystems.
- **Core Systems are a Bottleneck**: traditional insurance platforms are becoming too complex and expensive, making it harder to adapt to emerging solutions.

3. AI & Emerging Technologies

- **AI as a Market Transformer**: AI presents significant opportunities, but companies must carefully assess its risks and rewards.
- **Need for Modular IT Infrastructure**: large, rigid IT investments are no longer viable. Organizations must shift to flexible, modular platform ecosystems.
- **Cybersecurity & Regulation Impact**: stricter regulatory requirements and security concerns have reduced the capacity for customer-focused innovation.

4. Strategic Shifts & Business Priorities

- **Insurance Transformation is Slow**: traditional products remain dominant, and profitability in core business is prioritized over emerging segments.
- **Customer Expectations & Competition**: consumers are less loyal and more sensitive to price and innovative services.
- **Balancing Innovation & Regulation**: companies must simultaneously improve time-to-market, invest in new technologies, and ensure regulatory compliance.

Part 5 Additional information
Some thought-provoking debates

1. Debate about swift action to tech decisions VS prudent decision making

Swift Action:

- **Competitive Edge**: Rapid adaptation to digital tools can provide a significant advantage, helping organizations stay ahead of competitors who are slower to adopt new technologies.

- **Essential Transformation**: Digital transformation and automation are crucial for improving operational efficiency, reducing costs, and enhancing customer satisfaction. In many industries, these changes are no longer optional but necessary for survival.

- **Data-Driven Decisions**: Quick adoption of digital tools allows for real-time data analysis, which can lead to more informed and effective decision-making. This agility can be a critical advantage in fast-moving markets.

Prudent Decision-Making:

- **Risk Management**: Moving too quickly can lead to failures and wasted resources.
- **Structured Innovation**: Formalizing initiatives ensures alignment and risk management.
- **Cultural Barriers**: Rapid changes can disrupt existing workflows and face resistance.
- **Skill Updates:** Time is needed to update employee skills for new technologies.

Balanced Approach:

- **Evaluate Opportunities**: Distinguish between hype and genuine opportunities.
- **Phased Implementation**: Implement technologies in stages to manage risks.
- **Informed Boldness**: Make bold decisions backed by thorough analysis.

Part 5 Additional information
Some thought-provoking debates

2. Debate about traditional core business VS new products and designs

Traditional Core Business:

- **Performance and Stability**: Insurtechs may not provide complete solutions but can enhance the already effective traditional ecosystem.
- **Complexity and Cost:** Existing core systems have become large and complex, making it difficult and expensive to adopt new point-solutions.
- **Expertise Matters**: Analysts without direct insurance experience often misunderstand the industry's nuances.
- Slow Transformation: The insurance sector's transformation is slow due to a lack of demand-driven change.
- **Volume and Profitability:** Traditional insurance products still dominate in volume across all lines of business. Incremental profitability improvements in core business are seen as more valuable than significant growth in emerging areas.

New Products and Designs:

- **Innovation Potential**: Emerging insurtech solutions, while not complete answers, offer opportunities for innovation and modernization.
- **Agility and Adaptation**: New products and designs can help insurers pivot more easily to meet evolving market demands.
- **Fresh Perspectives**: New entrants and analysts can bring fresh perspectives, challenging traditional practices and driving change.
- **Demand for Modern Solutions:** There is a growing interest in connected, on-demand, and embedded insurance products, even if current volumes are lower.
- **Growth Opportunities**: Investing in new lines of business, despite their current smaller scale, can lead to substantial long-term growth.

Conclusion

The debate centers on whether to focus on optimizing the traditional core business for incremental gains or to invest in new products and designs for potential long-term growth. Both approaches have their merits, and the best strategy may involve a balanced combination of stability and innovation.

Part 5 Additional information
Some thought-provoking debates

3. Debate about vertical integration VS tech investments

Vertical Integration:

- **Market Growth and Cost Pressures**: The insurance market is expanding across various lines of business, but costs for health services and automobiles are rising faster than inflation.
- **Strategic Integration**: To manage these costs, insurance groups are increasingly integrating vertically by acquiring hospitals, repair shops, and automotive spare parts providers. This integration aims to streamline claims processes and control service costs.
- **Enhanced Control**: By owning the service providers, insurers can ensure better quality control, faster service delivery, and potentially lower costs for policyholders.

Tech Investments:

- **Shift in IT Investments**: The era of large, monolithic IT investments is over. The focus is now on creating modular platform ecosystems that can adapt and scale as needed.
- **Business Intelligence**: While tech giants offer powerful tools, the true value lies in leveraging business intelligence to understand and meet customer needs. This approach allows for personalized and effective service delivery.
- **Legacy Strength**: A deep understanding of customer needs and market dynamics, combined with legacy systems, can be a significant strength. Tailoring technological solutions to fit these insights can enhance customer satisfaction and retention.

Conclusion

The debate centers on whether to focus on vertical integration to manage rising costs and improve service delivery or to invest in modular tech ecosystems and leverage business intelligence for personalized services. Both strategies have their merits, and the optimal approach may involve a combination of integration and technological innovation.