Vision 2030

A glimpse into the future of Insurance

November 2021
In ten years ...

With this report, we would like to provide a glimpse into the Insurance world from the perspective of the year 2030.

Why 2030? The industry is undergoing a fundamental transformation worldwide, mainly due to the digitalization of the economy and society. Things are changing fast and, if it is difficult to predict a far future, we can already foresee how the Insurance market will look like in 10 years based on the mutations we are witnessing now.

Our objective is not to prove all statements empirically, scientifically or otherwise. This is not useful to build such a vision as the one we are presenting here. We would like on the other hand to provide a possible outlook and concrete alternative recommendations that Insurance companies may use to be better prepared for the changes ahead.

This report is principally aimed at Insurance & Reinsurance companies but by extension anyone who works in the surrounding ecosystems such as mobility, health & IT may find an interest in reading it.

To access specific contents in a quicker way we have inserted hashtags at the beginning of each chapter. You will find the list of those hashtags you can use right after the Index.

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Our Hashtags

To make it easier for you to search this report for specific contents, we have placed the hashtags below at the top of each related chapter. Just cut and paste one of them and use the CTRL+F function to quickly access the topic.

#Acquisition
#Adaptive_Organization
#Ageing
#Agile
#Artificial_intelligence
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#Automation
#Autonomous
#Big_Data
#Blockchain
#Capital_pools
#Captives
#Chatbots
#Claims_Performance
#Climate_change
#Cloud
#Coinsurance
#Connectivity
#Consumer_behaviour
#Controlling
#Country_escape
#Cryptocurrency
#Customer_experience
#Customer_journey
#Customer_care
#Customization
#Data_driven
#Deductible
#Digitization
#Distribution
#Diversity
#Distribution_channels
#Down-aging
#Drone
#Environment
#ESG
#Funds
#Health
#Healthcare
#Individualization
#Industry_4.0
#Innovation
#Insuretech
#IoT
#Life
#Life_expectancy
#Merger
#Mobility
#Natural_disaster
#Natural_Language_Processing
#Neo-ecology
#New_business_models
#New_players
#New_products
#New_segments
#Non_life
#Omnichannel
#Pandemic
#Pay_as_you_live
#Payment_transactions
#Peer-to-Peer
#Processes
#Reinsurance
#Resilience
#Risk_management
#Run_Off
#Sales
#Sensors
#Self_driving_cars
#Service_strategy
#Share_trading
#Sharing_model
#Silver_society
#Single_Sign_on
#Smart_cities
#Sustainability
#Tokenized_Funds
#Tribes
#Underwriting
#Urbanization
The megatrends behind the vision

The first three waves of innovation brought us mechanisation, then mass production and finally the internet. Building on the third, the digital revolution had a greater impact than we had imagined retrospectively after the pandemic crisis in 2020. The fusion of technologies has in fact blurred the lines between the physical, digital, and biological.

The megatrends that are shaping our socio-economic landscape today in 2030 and that have dramatically changed the Insurance industry could already be perceived ten years ago in 2021.

The insurers that have maintained and developed themselves in many areas in 2030, despite the rapid metamorphosis of the previous decade, are precisely those who "insured" themselves early on those Megatrends. They are the ones who recognized that there would be more changes in the industry between 2021 and 2030 than in the previous 30 years and accepted the fact that a transformation was necessary.

The thriving insurer today, i.e. in 2030, not only had successfully supported the trend towards digitalisation, but at the same time had radically rethought and acted in an evolutionary and even in a revolutionary way to adapt itself to the new environment. This what we could call a perfect example of Economic Darwinism.

Connectivity
The digital interconnection between things, networks and humans

Urbanization
Continued shift of life modes in cities

Mobility
The increasing request to freely move and the impact in the supplying industry

Automation
The multiplication of machines or systems replacing people to autonomously do a job

Health
The growing health conscious and the repercussions on consumption

Silver Society
The rapidly changing age pyramid.

Individualization
Expression of personal self-determination in all things

Neo-Ecology
The stronger awareness that businesses and consumers have to act more sustainably

Connectivity
The digital interconnection between things, networks and humans

Urbanization
Continued shift of life modes in cities

Mobility
The increasing request to freely move and the impact in the supplying industry

Automation
The multiplication of machines or systems replacing people to autonomously do a job

Health
The growing health conscious and the repercussions on consumption

Silver Society
The rapidly changing age pyramid.
In 2021, there were on average four internet-connected devices per person. To date, this number has more than tripled, enabling yet another increase in the level of connectivity between people of course but also between machines themselves.

The Internet of Things has helped to connect and revolutionize many areas and aspects of society from the smart home to the automotive industry, from agriculture to politics, or even from medicine to environmental protection. In short, connectivity is the sublayer on which all businesses is resting on. As you will see in the next pages connectivity is a strong enabler of all the other megatrends we are presenting here.

Besides transferring data, connectivity has also shift the balance of power between enterprises and customers. The consumer is no longer just a listener, but has gained a powerful voice. This voice can be publicized within seconds to both the business and other customers, influencing their buying behaviour. Along with unprecedented access to an endless amount of information, this has largely empowered consumers now only purchase from transparent organizations that are able to offer simple and yet innovative products.

What does it mean for Insurance companies?

Today’s products, unlike traditional insurance products, not only compensate for losses, but are designed to be more active than ever in preventing them and assessing risks in real time.

**Sensors for residential and industrial buildings**: these devices detect and prevent threats from various factors such as toxic substances, fires, gas, water leaks or burglaries in real time. In the event of a fire in a residential area, sensors sound the alarm and the population is evacuated as a preventive measure. Firefighters have a complete overview of the threats upfront and bring the necessary equipment.

**Wearable sensors and health monitors**: fitness trackers have evolved into complex devices that not only record various physical parameters but can also call up emergency services in case something goes wrong. Doctors can have access to all the vital signals and patient file in real time and to prep up their intervention.

**In-car devices**: these devices implemented a decade ago, not only analyze and inform drivers about traffic, weather and road conditions, can anticipate breaks down, pinpoint precisely malfunctions and call up assistance. They also evaluate damages after an accident that of course has been previously recorded. Personal wearable sensors can be linked to the car leading to immediate detection of health threats (e.g., dizziness, heart or epilepsy attack) and intervene accordingly before an accident occurs.

**AR/VR technologies** (Augmented or Virtual Reality): this sector in particular has developed massively in the last decade and offers insurers many new opportunities especially in customer relationship management. AR/VR is used to communicate with clients for product information as well as for handling claims remotely. Additional connected tools, such as drones support agents with real-time video footage of an incident. On-site visits are no longer necessary and the time and money spent on claims processing has been significantly reduced.
Self-determination and self-actualization are high priority topics for many people in 2030.

"Neo-tribes" or "urban tribes" have transcended class, gender, income and geographical location. They are social groups built on shared beliefs, passions, rituals and consumption preferences. But people's identification with social groups has always been diverse and flexible as well as unstable: interests can quickly change and so can the trends.

As pointed above people's identities are increasingly moving away from stereotypes and therefore past segmentation models have become obsolete as today's consumer categories are no more defined by demographic characteristics.

Today's individuals build their identities as they see fit, rather than according to what is "expected of them." As a result, they also choose the products they can best identify with rather than those they are traditionally "supposed" to use.

What does it mean for Insurance companies?

The successful insurers of 2030 are taking trends into account, and are following up on social groups formations. They are carefully listening to customers and are embracing diversity. Thanks to this open minded attitude they have a better understanding of their market.

As a consequence they have diverged from classic models and have developed new target segments. Thanks to big data and predictive analytics they have successfully launched new approaches and innovative products.

Taking advantage of Mass-Customization they are technically able to adapt and even tailor their services to perfectly match their customer needs and way of life. This ensures their satisfaction and loyalty.

Going further, modern insurers encourage behaviours (through programs and devices) that lead to positive outcomes for customers (Healthier way of life, safer driving, etc.)
Only 30% of the world’s population lived in urban areas in 1950, a figure that continued to rise to 56% by 2021. The urbanization or “Rural Exodus” trend continued and today in 2030 about 60% of people live in cities.

The return to the countryside witnessed during the pandemic has not turned into a massive trend. Cities appeal is still very high in 2030. Better infrastructure, superior education system, better jobs and higher compensation keep attracting people.

While expanding cities have completely rethought their organization both in terms of circulation and constructions to become even smarter & greener. A large program of adaptive renovation has been launched to convert old buildings to the new standards.

What does it mean for Insurance companies?

This increasing urbanization has created new opportunities for insurers. The massive expansion of infrastructure, roads, residential and office buildings led to a significant increase in coverage needs: all those urban development projects require financial protection for all parties involved (Public institutions, private construction companies and their employees). Subsequently all the new built infrastructures also need to be insured.

If the return to the countryside didn’t really happened, partial home office is now the norm. This has led Insurers to develop new products around house protection for example. By partnering with anti-virus providers, Insurance companies are now also offering cyber security services.
In 2030 climate change is no longer a buzz word but on the contrary a vast majority has become environmentally conscious and act accordingly.

Consumers are very demanding when it comes to ESG and companies must demonstrate a real sense of responsibility and commitment.

What does it mean for Insurance companies?

Leading Insurance solutions in 2030 rely exclusively on sustainable assets and investments. Companies are completely transparent and communicate regularly on their ESG programs and actions.
The need for freedom of movement, together with the urbanisation mutations, connectivity and environmental sustainability, has led to a significant increase in the number and variety of mobility options.

Conventional individual transport has been banned from city centres while incentives to use environmentally friendly vehicles have boosted the usage of eBikes, eScooters. Urban freight distribution has also followed the trend and the “last mile” deliveries are made via clean, silent and sometimes autonomous devices such as drones.

But the real revolution is the proliferation of self driving electric cars connected to a global traffic management systems. This platform optimizes the circulation flow, making sure that people and goods arrive at their destination faster & safer.

What does it mean for Insurance companies?

The insurers who, 10 years ago, started to create new products insuring new motilities are in 2030 the ones with the stronger reputation on the market. They are the same who saw the opportunity to offer “pay as you drive/ride” services made possible via connected vehicles.

On the other hand defining a legal framework around self driving cars has been quite challenging as the question of ownership has been extensively discussed between manufacturers and Insurance companies. Now the topic is settled (to go further read our page n°23).
In 2030 the human genome holds no more secrets to the scientists. Doctors are using artificial organs and implants, stem cell therapy and nanotechnology to cure patients. Diagnosis are supported by strong AI which have proven very successful in cancer treatment. Most of the surgeries are now carried out by enhanced robots.

In 2030 people not only benefit from innovative health treatments, but are more focused than ever on their health condition. They are better informed, and they do pay close attention to their diet, work-life balance, physical and cognitive exercise habits.

As mentioned before many monitor their health status via connected devices, some of them like the blood sugar controllers are directly implemented under the skin. Those help prevent sudden condition changes and alert necessary medics in case of crisis. They also enables medical professionals to better assess patient condition and behaviour and to create more precise treatment or personalised recommendations.

What does it mean for Insurance companies?

Initiated a decade ago, the Pay-as-you-live model, based on personal digital health data feeding the underwriting, has not met a strong support. Many public policy has limited access to certain sensitive and predictive data (such as health and genetic information) that could be used in calculating adapted premium.

These has led Insurance companies who traditionally were focussing on financial compensations to put all their efforts in mitigating risks upstream. They got closer to their customers by offering risk prevention counselling services (nutrition, physical activity, etc.) The objective is to be perceived as a partner who can positively influence their customer behaviour.
Throughout the last decade, almost 20% of the hours worked has been automatized. Gradually, a large number of people have shifted occupational categories and learned new skills. We have witnessed a mutation equivalent to the industrialisation period at the end of the XIXth century.

The impact of automation has not been the same in every country but in many cases it has lifted the overall economy leading to higher wages and an increase in the demand.

Many new jobs have been created in various areas (New techs, Construction, Renewable energy, Health & personal care, Management) which have offset the effects of automation. A major public focus has been to support workers in the transition to their new jobs.

What does it mean for Insurance companies?

The use of RPA (Robotic Process Automation), IPA (Intelligent Process Automation) and Artificial Intelligence (AI) has streamlined many processes, such as underwriting and claims management, including fraud detection, and payments. High-tech chatbots are also the new norm for solving complex issues and boost the sales.

The reduction in time spent on repetitive activities has enabled insurers to invest more heavily in customer relations: self-service is now more reliable and accurate, allowing customers to solve their problems faster and on their own. But not only, insurers are now offering counselling services to develop lifelong learning plans for current employees to help them enhance and acquire new skills and qualifications.
The “Silver Society” refers to the increase in the proportion of older people within our community. This evolution has triggered a number of changes:

- Number of people in employment
- Volume of taxes on revenue
- Individual pension levels and retirement ages
- Use of transportation
- Shift from urban to rural life

Successful insurers of the year 2030 are those who started to develop their strategies years earlier and have continuously adapted them since. They have transformed the increased emergence of the “silver society” from a problem (e.g. in insurance calculations) into an opportunity to assume new and thoroughly lucrative risks.

While the “Silver Society” megatrend has been observed globally, it is stronger in developed countries. In Italy, for example, the average age of the population was 40 years in 2000, rose to around 43.5 years in 2010 and today, in 2030, has reached 50 years.

While groundbreaking advances in health care have significantly increased life expectancy, birth rates have been rising after long years of stagnation in the past.

What does it mean for Insurance companies?

Successful insurers of the year 2030 are those who started to develop specific strategies years earlier to target this segment of the population. They have transformed the increased emergence of the “silver society” from a problem (e.g. in insurance calculations) into an opportunity to create adapted products. For example insurers are offering future retirees advisory services to help them plan for the next decades.

Smart Insurance companies have also strongly invested in entertainment and leisure activities as well as home care.

It is also important to note that while the population is aging the labour supply keeps also reducing, thus burdening public pension systems all over Europe. The competition on alternative retirement plans is very high especially with independent mutual and pension funds. More than ever Insurance companies who are standing out are the ones who were able to develop a real customer intimacy.
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The Insurance market in Europe was already largely saturated a decade ago, but this has not stopped competition from providers outside the traditional Insurance sector to keep growing.

To offer a relevant service Insurance companies not only need to assess risks and their probability of occurrence but also to develop a good knowledge of customers’ needs & interests. But Big Techs such as Google, Amazon, Facebook & Apple who collect trillions of customers data through their portals and wearable devices are able to define precise profile and predict behaviour. Therefore they are in a good position to partner with big players (such as the team Amazon / John Hancock for example) to offer direct tailored services.

Other companies, such as hospitals or car manufacturers, often have more frequent and therefore better access to customers information. Consequently they have a clear advantage in offering coverage responding to the precise needs of their clients. Many retail chains and even tourism companies use their close relationships with customers to directly sell insurances covering their product or services.

In these cases, the insurers do lose direct access to the customers who most of the time don’t really know who exactly is covering the risk (and they actually don’t care).

This so-called business-to-business-to-consumer (B2B2C) models have become a large trend in the market. Their growth rate is high because they are better at digitalizing and customizing products than classic B2C models.

In addition, customer demands in terms of service, flexibility and comprehensibility have increased significantly. They are able to easily analyse offer via different online comparators. Therefore their fidelity to a single provider has seriously decreased.
Due to favourable conditions on the capital markets and since organizations often know best about their own risks, many of them have decided to work outside the traditional commercial Insurance Marketplace and develop their own structure called Captives. Those offer a way for companies to close a gap between the protection they needed and what the Insurance market can offer.

A "captive insurer" is generally defined as an insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer’s underwriting profits.

Captive insurance is utilized by insureds that choose to:
- put their own capital at risk by creating their own insurance company,
- working outside of the commercial insurance marketplace,
- to achieve their risk financing objectives.

The insured in a captive insurance company not only has ownership in and control of the company but also benefits from its profitability.

Aside from the competitors mentioned before, Insurance companies had also to face new types of self-insurance models which have impacted their business lines.

Many individuals claim that there is a conflict of interest between Insurance companies and policyholders. They say it is profitable for the company to deny even valid claims thus leading to bad-faith practices such as unreasonable delays, denial of payment, etc.

This is why Peer-to-peer (P2P) insurance have emerged and grown fast. This model allows a group of insureds to pool their capital, self-organize, and self-administer their own insurance.

The core idea of P2P is that a set of like-minded people with mutual interests group their Insurance policies together introducing a sense of control, trust, and transparency while at the same time reducing costs.

This model of Insurance combines traditional pooling and sharing of losses with current technology and innovation, providing a product for increasingly savvy consumers who require transparency in an on-demand economy.

The P2P insurance model usually consists of a small group of family members, friends, or individuals with common interests who combine their premiums to insure against risks. When a loss occurs, money from the pool is used to cover the individual. Because each insured is responsible for the entire group’s risk profile and refund, they are motivated to maintain low individual risk to keep costs low for all involved.

This is not an entirely novel concept but P2P insurance leverages the latest technological advances in social networking to best apply the model mutual Insurance companies have basically used since the early days of insurance.
The economic crisis caused by the COVID-19 pandemic had a profound impact on both insurers and reinsurers. This resulted in a decline in capital levels and risk appetite. In addition, the supervisory authorities have tightened regulatory requirements. As a consequence primary insurers have increased their reinsurance obligations in order to secure their financial stability.

This explains why prices primary insurers are prepared to pay to reduce their risks capital and cover their exposures are still high.

The financial situation of reinsurers in 2030 is of course very good and they have enough free capital to invest in start-ups and InsurTechs. They are the one who are leading product and service innovation. InsurTechs had always have a technical advance. Because of their smaller size, they are more agile and offer niche services which wouldn’t be profitable for big legacy carriers. Not only their go to market is much faster, but their pricing is more attractive since they only operate online.

The obvious synergies between the InsureTech innovative approach and the insights that can be drawn from the vast amounts of data held by reinsurers made both players very appealing to primary insurers.

The reinsurance situation

#Reinsurance #Acquisition #Merger #Insure_tech #Digitization #Agile
The digitization of the profession along with the entry into force of IFRS17 in 2024 (and not in 2023 as planned) have shaken the international insurance chess board. Smaller players simply could not handle the end-to-end digitization of the customer relationship and had to merge with companies that were better positioned.

In this context, it was particularly surprising to see that most of the acquisitions were operated by Insurance companies originated from South Europe and not from the North. Capital markets were more sensitive to the digitalisation expertise of Southern Europeans than to the historically greater capitalisation of Northern ones.

Successful M&As between global Insurance companies have enabled to:

- achieve a company size that facilitated access to the capital market
- a reduction in operating costs through internationally available digital business platforms
- a higher workload in the execution of processes (more business with constant team size instead of staff reduction)
- a higher return for investors (shareholder value)
- a larger market share
- a greater diversification of supply
- many synergy benefits

What is new in this decade is that mergers did not only occur between primary insurers. Indeed, the move came from insurers and reinsurers who took over InsurTechs. They were less interested by their portfolio than by their attractive modern technology. As those InsurTechs had not been attentive enough in digital sales when it came to risk selection they have were used as transformation accelerators.

In addition, reinsurers have increasingly assumed and bundled primary insurance activities. This took place partly in the form of run-offs which offer many advantages.

### Run-off as an "emergency brake"

Many Non-life insurers (property and casualty lines) used run-off as an "emergency brake". Almost half of the them has deliberately winded-up their portfolio. Several reasons account for this strategy:

- high capital commitment costs
- outdated IT, high modernization costs
- stricter regulatory requirements
- increased costs for maintaining the insurance business

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**The Mergers & Run-Offs**

#B2B2C #Run_off #Reinsurance #Acquisition #Merger #Insure_tech #Digitization #Processes

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Cloud & big data at the heart of the business model

In 2030, every successful business is data driven, no question asked. Collecting and analysing data is no longer a “nice to have” or a something that will eventually give a lead on competition. It’s the minimum required to stay in the race.

Luckily there have been a global cultural change when it comes to data which has encouraged customers to share more information on one hand and inspire insurers to define clear & respectful data strategies and efficient architectures on the other. Despite an heavy IT legacy Insurance companies have been able to operate a smooth digital transformation partly by absorbing InsureTechs.

Now, Insurers are managing unimaginably large amounts of data which of course could only be stored in the cloud. No more on-premises heavy legacy systems which were technically so expansive to update, not to mention to protect.

Insurers nowadays all rely on their own central & single source of information and work with online harmonized applications that can be accessed 24/7 from anywhere ... business trip, at the office or from home, safely.

Safely yes, because all data integrity relies now on the blockchain technology. Not only it enables sensitive information to be stored securely but it increases transparency and fairness in the processing of claims through tamper-proofing and traceability.

The principle of blockchain technology is in a nutshell

A blockchain is a database that is shared across a network of computers. Records are added to the database (chain) using cryptographic principles. To ensure that the databases are the same the network does constant checks. Records are bundled together into blocks and added to the chain one after the other. In the end, it works as a time-stamped series of transactions that do not require to rely on an external authority to validate the authenticity and integrity of the data.
Achieving resilience through data analysis & innovation

Since the 2019 continuous disruptive events have kept changing market rules and the notion of resilience has emerged. To better face the future and become more agile, Insurance companies understood they need advanced data frameworks and new modelling tools such as RMS, Eqecat, Air.

As previously mentioned, Insurance companies learned to collect and map data coming from different sources: IoT, claims, customer relationship, etc. With the help of AI, they are now able to assess more accurately size and frequency of losses which were often underestimated in the past due to calculation limitations.

With proper data analyses processes in place, Insurance companies were able to study long-term statistics. They used all these information to:

- develop new products
- assess and cover new risks
- manage claims faster
- better support their customers

Indeed, 2030 Insurers are equipped to encompass the complexity of the new ecosystems and behaviours. They know how to quickly respond to sudden changes (new regulations, political or sanitary crisis, natural disasters)

If data analytics are mandatory to stay in the race, they are not sufficient to take the lead over largest competitors. To disrupt a market by creating new needs or services for example, a company must innovate.

All 2030 leading Insurers have long ago created their own Innovation labs and insufflate an ad-hoc culture within their company. Employees have the time and freedom to develop their own ideas and turn them into proof of concepts. If the market feedback is positive, they are empowered to build a new organizational unit. With this approach, they act as entrepreneurs within their own company.
With the expansion of the digital era, companies were forced to change their business models and adapt to the new market reality. But the main point is that this change was not driven by the companies. Instead, it was led by customers. Companies who did not provide a seamless and engaging experience were outrun by competitors who did.

Insurers learned how to listen to the Voice of the Customer and placed it at the very core of their business strategy. This approach is called Customer Centricity. They understood that at the end of the day, success relies on how satisfied and engaged customers are with the products and services, and by extension with the global experience they provide.

But to achieve greater customer centricity Insurers had to change the perspective from products to services, consolidating customer information across product lines, and ensuring that customer needs are addressed holistically.

As a consequence, this requires streamlining internal processes to follow the customer journey rather than product and service delivery cycles. For that they heavily invested in solutions capable of centralizing customers interactions across different touchpoints (telephone calls, emails, instant messages via social media) and integrate them in their ERP. This omnichannel approach has empowers agents by giving them access in real time to the exact information they need at the right point in the customer journey. They are of course assisted by an AI who can either resolve the customer request on the fly or decide that human interaction is required and therefore operates a seamless transition to an agent. This way companies are not losing the precious human touch.
New services creation

Today’s customers view insurance products from a different perspective than they did ten years ago. As a matter of fact individuals are well informed and their procurement competences have increased along with their expectations. They keep using comparator portals and smart chatbots to assess services relevancy. As we have seen in the megatrends presentation (Slide 8), they want coverages tailored to their life style and specific usages.

This is the reason why insurers have developed flexible products based in some case on “Pay as you Use” model. This was achieved through data analytics of course but also by:

• combining adaptively different insurance policies (life, pension, etc.)
• giving the possibility of switching between pay-in and pay-out phases on short notice
• developing a situational savings process.

This evolution was as real challenge for insurers who had to make their own investment strategy more flexible so that no asset liability mismatch occurs.

In any case, in 2030 many new risks are now not only being covered but more importantly avoided. Insurers are extending their role by offering dedicated tools such as, for example, cyberattacks protection systems. Indeed, the generalization of home office have led to an increasing volume of serious hacking attempts. Insurance companies have partnered with technical leaders to offer data storage and secure transfers.

But to overtake existing competitors on this segment, they positioned themselves as the legitimate supplier for digital identities management. The time when users were storing hundreds of logins and passwords on a Google Sheet is now revoked. Insurers are now the leaders in Single Sign On services, allowing their customers to access all their online services with a unique encrypted solution.

The case of self-driving cars

In 2030, autonomous driving (i.e. cars that drive themselves without a human driver nor a steering wheel) is exponentially growing. This has been made possible thanks to the expansion of the 6G network and by the introduction of a legal framework. Of course this had major impacts on the business model of Insurance companies:

• accident rate involving self driving car responsibility is close to zero
• since there is no human driver, the passengers cannot be held liable; instead, the responsibility lies with the car manufacturer, sensors suppliers and/or algorithms developers
• Like any other connected device, self-driving cars are storing sensitive data that can be potentially hacked.
Digitalized distribution

The number of independent Insurance brokers has declined sharply in favour of Insurance contracts concluded via comparison portals and direct transactions on the Internet. Chatbots piloted by AI are increasingly being used in direct sales, especially for commodity products such as property and casualty insurances. Of course agents are still available on customers request to help out with more complex coverage demands like life insurance or retirement planning. Therefore the purchasing process has been accelerated.

Thanks to RPA, IPA and AI, the underwriting process is now operated in seconds. Insurance systems have enough data to present quotes quite immediately for customers to choose from. Policyholders are therefore able to cherry-pick options in order to design the coverage that suits them the best.

Contracts are secured via blockchain technology and payments are instantly carried out online.

To grow their customer base, Insurers have partnered with a wide variety of market players to design new service offerings covering in healthcare, energy supply, consumer good, mobility and travel. Those partners are de facto acting as resellers.

Contracting an Insurance policy in 2030 ...

Martin just purchased an electric mountain bike (eMTB) as he loves downhill & trail ridings. He needs a dedicated Insurance policy and therefore asks his virtual PA to carry on the search:

"Hey Alexa, I need insurance for my new eMTB and while you’re at it, can you check if I am already covered for sport injuries. You’ll find my purchase invoice in my emails and all my policy details on the Insurance portal. Can you find me a suitable & competitive product for all this, you know my priorities!"
Claim processing

#Drone #Claims_Performance #IoT

Claims have always been considered a crucial moment along the customer journey. They alone determined whether the experience was positive or not. Unfortunately, in the past feedbacks were often critical:

- “Much too long”
- “Constant contact but it leads to no result”
- “But that was not in the contract conditions”.

Insurers who were sometimes rightly criticized have taken into considerations those customers comments to improve the claim process.

In 2030, the process has indeed been fully digitalized and in 90% of the cases automatized. Thanks IoT, the damage is detected in real time by the Insurance company which eliminates the need for a traditional claim notification.

On top of those sensors transmission (equipping homes, cars, machines for example) drones are sent to to provide agents with real-time video footage of an incident. Experts visits have been limited to the most critical cases thus reducing both inspection time and cost.

Policy holders are immediately notified and coverage automatically calculated. As a matter of fact, AI is helping to process even more complex insurance claims without human interaction. For additional individual questions, customers can either chat with a bot or with an agent depending of the complexity of their request.

With this acceleration customers usually receive the money on their account within one day for simple cases. Blockchain, text mining, database cross checking and also deep learning have already reduced the risk of fraud to a minimum.
Asset management & real estate

#Blockchain #Tokenized_Funds #Natural_Language_Processing #Asset_Backed_Securities #Big_Data #Processes #Risk_management

Risk management in the trading and evaluation of fixed income securities

The use of Big Data and AI are helping mitigate risks. For example, Jingdong Digital Science has introduced an intelligent credit rating system for large enterprises risk management. It relies on the AI ability to analyze large amounts of data such as: industry community intelligence, equity, interdependencies between companies, public opinion, finance, and macro factors, etc. In 2030 this approach has largely improved the asset management of Insurance companies as well as the asset managers.

Funds

The Tokenized Fund Offering (TFO) is seen as a potential solution to the liquidity problems faced by many fund holders. Similar to a freely traded share, which is representative of the share in a company, there is a representation in the equity of the fund.

Smart contracts have been created to reduce friction in KYC (Know Your Customer) or AML (Anti-Money Laundering) processes and reshape the way we do various paperwork.

There is no longer a need for an agent to verify the document as its validity is guaranteed in the Blockchain ecosystem anyway. As soon as a fund share is "tokenized" and thus passed on, the value of this share is linked to the "parent fund". This opens up the secondary market and creates a lot of liquidity for alternative investment funds as well. The tokenized or forwarded funds can be traded peer-to-peer through blockchain or alternative trading systems. This spurs a new wave of investment banking activity while bringing transparency and security to the industry.

Trading strategies for short and long-term equity investments

Leading asset managers are using AI and advanced analytics methodologies for both smart investment evaluation and decision making.

In 2030, Insurer relies on Natural Language Processing (NLP) to faster process unstructured information such as annual reports, research reports, etc.

They also leverage additional alternative data such as online retail, social media info as well as satellite imaging to gain insights into investment opportunities and generate high returns.

Investment opportunities in the real estate sector

There is an acceleration of the use and processes regarding Asset Backed Securities (ABS). Many different home equity loans can now be combined into one equity pool. Since virtually all digital assets on the Blockchain can be fractionated almost indefinitely it means that these fractionalized assets can be traded, collateralized and transferred at will on the Blockchain.

Since all digital assets on the blockchain can be considered both credentials and collaterals, the process can therefore be considered as a typical asset backed securitization process. As a consequence, the entire transaction can be done through a decentralized asset trading system based on the Blockchain without any traditional intervention from the exchange.

Recent examples of ABS applications include real estate, electric vehicle charging stations, drones, and computers. Individuals can now invest in those goods by simply acquiring shares which wasn't possible in the past.
The Global Situation in year 2030
The Insurance Market in 2030
The 2030 Insurance Company profile

Paving the way to 2030
Appendices
As we depicted in the previous pages, the leading Insurance companies of 2030 will be the ones who early had:

- invested in technology in order to implement cloud based ERP
- developed a data culture and strategy to become more resilient
- upskill their workforce to manage new tools
- put customers at the heart of their business model.

Besides those acknowledged points insurers will need to work extensively on the product & service (P&S) portfolio strategy. Should it be based on a vertical expansion or on an horizontal one, or on both?

In 2021, Insurance companies are still lacking either customer proximity or technological expertise to become the natural “companion” for risk prevention and coverage.

They will have to decide if it’s best to acquire in-house capabilities or to smartly partner with strategic suppliers such as for example:

- IoT specialists for all the sensors production and implementation
- cloud computing and data storage facilities
- Big Tech companies (Facebook, Google, Amazon, etc.) for their knowledge and privileged access to end customers
- sport & nutrition expert networks to work on health prevention
- car manufacturers to prepare the launch of self driving vehicles
- large online consumer goods stores for warranty extensions.
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Appendices
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Continuous disruptive events keep changing market rules at an increasing cadence. Single and reactive measures are insufficient to stay ahead of the competition. A holistic approach is needed. For more than two decades, we at BearingPoint, have been supporting Insurance companies to overcome their three main challenges:

**Digital Transformation:**
The path to digital transformation is often strewn with obstacles. We help insurance groups transform their application landscape using our market experience and partnerships with leading vendors to drive the implementations. Our architects know both Business and IT and define the right overarching architecture to effectively create solutions that better support insurance business processes.

**Complying with New Regulations:**
Besides European ongoing initiatives, national as well as international requirements are increasing, putting additional pressure on Insurance companies business. BearingPoint supports its clients in successfully and efficiently responding to the requirements set out by regulation, including organization, processes and information technology implementation.

**Development of Attractive Insurance Products:**
Today, change is not driven by the companies. Instead, this change is being driven by the customer. Companies that do not provide a seamless and engaging experience fall behind to those competitors who do. We have the know-how, an innovative and proven methodology to either align your products or create new services that will satisfy your customers ever-changing needs.

BearingPoint is an independent management and technology consultancy with European roots and a global reach. The firm’s clients include many of the world’s leading companies and organizations. The firm has a global consulting network with more than 10,000 people and supports clients in over 75 countries, engaging with them to achieve measurable and sustainable success.

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