Insurance Innovations in 2023 & Beyond
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The insurance industry is continuing to show tremendous resilience. The sector grew by 13% between 2020-2022, and that growth shows no signs of stopping, with experts forecasting a CAGR (compound annual growth rate) of 8.5% through 2028.

But you can’t expect your insurance company to see this kind of growth by staying the same. Growth of this scale is fuelled by digital transformation, adaptation, and evolving your offerings to meet changing customer needs.

Through 2023 we expect a lot to change and have put together a list of the top four insurance trends that we think will be crucial to continued growth. Read on to find out what they are.
Insurance Trends to Watch in 2023

1. Hyper-Personalised Products

Hyper-personalisation is reshaping the insurance industry. Consumers are ready to share their personal data and expect hyper-personalised products in return.

A Capco poll of almost 14,000 consumers across 13 global markets found that nearly three-quarters of people would share some form of personal data to get cheaper insurance premiums (72%). This could be using a range of technology, with survey respondents happy to share data from fitness and health tests (33%), home smart devices (32%), and wearable tech such as smartwatches (29%).

Life and Health is perfectly poised to start incorporating the use of smart devices to deliver hyper-personalised insurance. Wearables such as fitness bands can be used to monitor health abnormalities such as changes in pulse, blood pressure, oxygenation, and temperature that can notify the policyholder to take action to avoid health hazards and improve their lifestyle. In turn, policyholders who display healthy lifestyle habits can be rewarded with deductions in their premiums.

Property and Casualty providers can also look to deliver hyper-personalised offerings by targeting new, underserved markets. For example, Veygo Short Term Car Insurance allows users to insure a car for a day. They can take out temp cover on their own car, or someone else’s car, for short-term periods rather than committing to a larger annual policy.

One other example is Aon Flee who launched a personal car leasing product that includes pay-on-use insurance, giving customers the advantage of saving money when they are not driving. The product offers telematics-based car premiums bundled in, plus the ability for multiple users to share a car and to pay for premiums based on their individual proportionate usage of the car.
2 AI & Automation

AI and automation are being used to simplify end-to-end processes and deliver agile product development in all types of insurance. Zippia predicts that up to 25% of the Insurance industry will be automated by 2025. In addition, 40% of CIOs increased their AI spending in 2021, which is why AI and automation are one of our top insurance trends to watch for 2023.

The coming years will see a significant increase in the number of connected consumer devices. Not only wearables powering hyper-personalisation but also home assistants, car trackers, and more. As these devices become a part of day-to-day life, they will bring with them an avalanche of new data carriers to analyse. Providers will then be able to use AI to understand their clients more deeply and develop propositions their customers will love.

3 Partnerships

Over the next 12 months, we expect insurers to build more meaningful partnerships with start-ups, external data sources, and more to fuel innovation. These partnerships will help carriers with everything from finding new means of distribution, to big data analysis for underwriting and even testing new offerings that incorporate Internet of Things (IoT) devices.

For example, in the past year, INSTANDA partnered with a number of Insurers to help them speed up the time to market for their new offerings. By building partnerships with insurtechs, carriers can quickly create and test products that will allow them to reach underserved audiences and maintain their market share in a saturated industry.

Throughout 2023, we will see a shift in the mentality of larger insurance firms. Many are now realising that taking a “move at the speed of insurance” approach is not the way to stay ahead in the market. Those who innovate first are the ones that will see the greatest success.

In addition, forward-thinking carriers who embrace technology in their operations and use partnerships to make those changes quickly will see notable business advantages compared to their rivals. Carriers who are slower to adapt to the pace of change or try to make disruptive changes within their operations, without outside help, will find it more difficult to meet customers’ changing needs.
Core Insurance Platforms

Insurance, as an industry, has been living in a perpetual state of technical debt. Carriers have continued to make do with insufficient tools and outdated systems due to the disruptive cost of changing them. In 2023, we believe this will start to change.

We expect to see Digital Insurance Platforms replace legacy systems for more and more carriers. Digital Insurance Platforms significantly reduce the number of insurtech software needed to create a 360° process. These platforms can often co-exist and integrate with legacy platforms, allowing insurers to quickly gain advantage from new digital technologies without an immediate need to remove the legacy system.

Digital platforms are leading a shift to customer-centric, fully digital, and cloud-native services that offer end-to-end design, build, underwriting, quote and bind services through one platform.
According to Gartner’s CIO Survey, 58% of insurance respondents reported that the COVID-19 pandemic had sparked an increase in funding of digital innovations within their organisations. Digital transformation is rapidly accelerating in the insurance sector, which has driven the adoption of insurance technology among large-scale MGAs and insurance carriers. Investments in technology have become a priority for insurance providers and will remain so over the coming years.

In the next 36 months, the insurance industry will further transform. Insurers will see greater adoption of no-code platforms that increase speed-to-market and find themselves migrating from legacy systems to cloud-native platforms. Read on to find out five things we think all insurers will do by 2025.
1 Scaling down legacy systems

As new no-code technologies emerge within the market, the heavy resource cost of legacy systems is becoming more apparent. Over the next 36 months, we will see a greater number of insurers opt to replace or augment legacy systems with new tech innovations.

Reducing the reliance on legacy systems allows insurance providers to solve slow risk pricing and claims processing, create faster end-to-end quotes, and to quickly deploy and manage solutions.

2 Facilitating betterment with health tech

Life and Health (L&H) is an area of insurance ripe for disruption through technology. The industry is currently facing fundamental challenges and struggling to create offerings that will expand its markets and reach younger audiences.

Some progressive insurers, are already producing offerings that incorporate healthtech and solve genuine customer problems.

With data gathered from wearables (in the form of Apple Watches, FitBits, etc.), Insurers can change their customers’ premiums on a monthly basis, according to their level of activity. Over the next 36 months, we will see more insurers follow in these footsteps to start using health to encourage healthier habits in customers.

3 Offering hyper-personalised insurance

Data-driven hyper-personalisation will see further adoption within insurance. Providers will use big data to analyse patterns and changes in consumer behaviour to identify and even predict the products and services they need.

Hyper-personalisation products are already on the market. For example, InsureApp creates personalised insurance by gathering and interpreting data from smartphone sensors and Internet of Things (IoT) devices.

Customers can install the app and consent to being tracked and monitored. The algorithm then predicts issues or accidents and gives advice for the customer to take action when needed through timely notifications, for example, for driver coaching recommendations.
4 Transforming customer experiences

Customer expectations have increased in the insurance sector, and hyper-personalisation is one way to meet them, but we will also see insurers look to improve their customer experience (CX) in the coming 36 months.

Using open CX technology such as APIs, insurers can make bespoke products that react to real-time data. Information such as location for travel insurance, or health status via wearable technologies can be used to cut down on data entry will help insurers offer personalised products quicker.

However, to keep customers satisfied, insurers must remember that CX technology is not a ‘silver bullet’. Providers will need to strike a balance between using digital capabilities and relationship management. Customer preferences vary, and data needs to be carefully monitored to provide each customer with the journey and touchpoints they’re most comfortable with.

5 Agile product development

According to the Forrester report, The Future of Insurance, successful insurance companies will focus on customer value and agility. Over the coming 36 months, we will see a shift in digital insurance strategy that will put a greater focus on customer outcomes.

As such, insurance providers need to position their company within their customers’ ecosystems and source capabilities from a range of partners. This strategy will change the experience for customers and will go from paying claims to preventing claims.

Agile product development will be key in delivering these strategies. It gives providers the opportunity to design, build and release products quickly and efficiently. By quickly testing new products and offerings, providers can make themselves stand out and provide greater value to their customers.

The flexibility that agile provides means that insurers can react to the continuous disruption in the market with ease. Even with thorough planning for the future, life can be unpredictable – as we saw from the pandemic.

The moving parts of the insurance supply chain can change rapidly through influences such as a global pandemic or connective technology. The core ideas behind agile product development are to incorporate speed, flexibility, and resilience into strategic design roadmaps. By removing three-year roadmaps for product development and changing to stories and sprints, insurers will become lightweight and able to react quickly to the changing needs of their customer base.
The insurance trends we’ve listed will be the main focuses we see carriers invest in over the next 12 months. By concentrating your efforts on these areas, you can meet your customer’s needs and create more efficient operations.

Speed and efficiency are crucial elements in the transformation that we expect to see carriers undergo in 2023, and to help you in these areas; you’ll want to consider a premium digital solution like INSTANDA’s one-stop Core Insurance Platform.

The platform enables fast-paced change, allowing MGAs and insurance carriers to design customer experiences using digital touchpoints, configure products in-house, and distribute to market quickly. Additionally, it’s a no-code system, ensuring quick implementation and minimal disruption to your operations.

Find out more about INSTANDA Core Insurance Platform and book a free demo here.

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