

The insurance company of the future

Unlocking future trends in the Scandinavian insurance industry

December 2023



A perspective on

The insurance company of the future

The insurance industry is at a crucial point where new technologies, changing customer requirements and dynamic market conditions are transforming the industry landscape. With this report, we aim to map out the key trends and drivers that will shape the future of the industry, providing valuable insights and opportunities to navigate and adapt to the changing insurance landscape.

The report is based on a survey conducted in the spring of 2023 amongst some of Scandinavia's largest insurance companies. We have combined these results with our own expertise and recommendations for the industry.

We hope you enjoy the report!





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Executive summary

Implement Consulting Group has conducted a survey in the spring of 2023 amongst some of the largest Scandinavian insurance companies with a focus on identifying key trends and drivers that will shape the insurance industry in the future.

The survey covers the following eight themes:

1	Sales, distribution and customer service		5	Digitalisation	
2	Price, products and services		6	Claims handling	
3	Prevention		7	Regulation	
4	Sustainability		8	Market situation	

A series of representative and insightful benchmarks have been compiled based on the insurance companies' responses. The survey thus shows significant trends across all companies and provides an opportunity to show each company how it compares to the overall population.

Selected results



Value-added services and non-insurance products will grow significantly over the coming years.

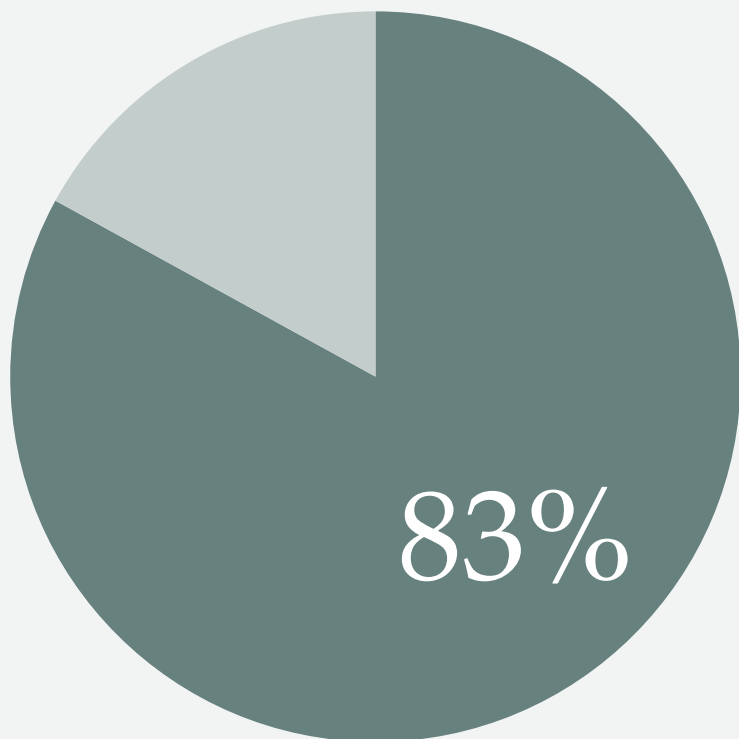


Partnerships and ecosystems will be crucial for delivering the product mix.



AI, partnerships, new service types and increased personalisation will transform the IT landscape.

Executive summary



of all insurance companies expect growth in value-added services and non-insurance products in Health, Mobility and Housing.

The future insurance company is a service company!

→ The insurance industry is facing a significant shift in the coming years: from being traditional providers of insurance products to becoming a **hybrid between an insurance and a service company**.

In addition to traditional insurance products, insurance companies will offer a wide range of **value-added services, convenience packages and non-insurance products**.

The focus will be on establishing a strong position in the product areas of **Health, Mobility and Housing** in collaboration with a range of third-party suppliers through different types of **partnerships**. This will ensure insurance companies a stronger position with their customers with increased presence and more frequent interactions.

However, this development will put **pressure on the companies** and their ability to develop the right product/service bundles, adapt to their customer segments and, based on the right partnerships, enter the strongest ecosystems as well as new delivery models.

At the same time, it will require a **significant change in the companies' IT landscape**. The new non-risk-based products and services require new types of IT systems, a strong pricing engine, seamless integration of a range of different partners and the ability to digitally service customers based on their specific composition of products and services.

Added to this are the **ESG expectations** and **new regulatory requirements**, setting the stage for a comprehensive transformation of the insurance companies.

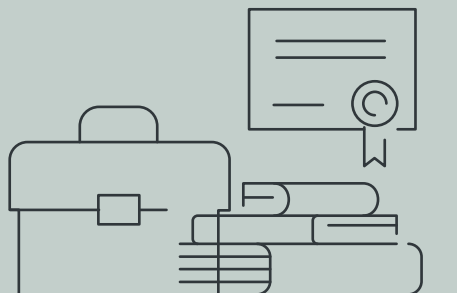
A low-angle, upward-looking shot of a highly ornate, multi-tiered chandelier. The chandelier features a large central globe made of many small, glowing spherical lights, surrounded by intricate metalwork and smaller hanging lights. The background shows a high ceiling with a grid of skylights and other distant lights, creating a sense of a grand, historic interior space.

What is happening in
the insurance industry?

The insurance market is facing significant changes, which places new demands on the business model and value propositions of the insurance companies

The insurance market is facing a series of pivotal changes and groundbreaking trends that demand attention and adaptation. These range from digital transformation and the complexity of new risks (such as climate change and cyberattacks) to shifting customer habits, demographics and regulatory requirements.

To preserve competitiveness and meet future needs, it is crucial for insurance companies to navigate these challenges with innovation, adaptation and strategic planning.



The biggest changes and trends in the insurance industry

Technological disruption

The rapid technological development, including artificial intelligence, Internet of Things (IoT) and blockchain, creates opportunities and challenges for the industry. The implementation of new technologies demands significant investments and organisational restructuring.



New collaborations and partnerships

Collaboration and partnerships will be the key to innovation. New business models, products and services are being explored with value-added partners, insurtech startups and tech companies. Partnerships with data and analytics firms can enhance customer insights and risk understanding for improved underwriting and pricing.



Products and preventive measures

Climate change, increased focus on mental health and new technological possibilities are driving the need for new insurance products and services. There is a heightened emphasis on prevention through collaboration with customers, sensors, IoT technology and incentives for healthy behaviour.



Higher demands for personalisation

Customer behaviour is changing in line with digital advancements. New expectations include tailored services, rapid claims processing and a seamless digital experience. Insurance companies must provide exceptional customer experiences to maintain customer satisfaction.



New regulatory challenges

Stringent regulation characterises the insurance industry. Legal changes such as Open Insurance and DORA can significantly impact the companies' operations and business models. Insurance companies must comprehend and adhere to the new regulations and ensure alignment with business practices.



We will delve into a series of selected benchmark themes to examine how the Scandinavian insurance industry is responding to these changes!



Benchmark themes



1



Sales, distribution and customer service

Developments in sales and service channels as well as the use of partnerships.

2



Price, products and services

Products and services expected to drive growth in the future.

3



Prevention

Development in preventive products and services.

4



Sustainability

How sustainability and ESG will play a role in the insurance industry.

5



Digitalisation

The focus of the digitalisation efforts in the upcoming years.

6



Claims handling

Ambition for digitisation and automation in claims handling.

7



Regulation

The significance of Open Insurance for the insurance industry.

8



Market situation

New players in the market and expected changes in the competitive landscape.

Results and benchmarking

EMERGE

[i 'mɜː dʒ]

To become,
manifest, to become
known – especially
as a result of
examining something
or asking questions
about it, to come into
being through
evolution.

Summary of the study

#1

The study covers eight themes presented on the next page.



#2

Some of the largest insurance companies in Scandinavia have participated in the study, and the responses have been collected during spring 2023.



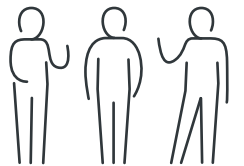
#3

The respondent group is largely represented by CEOs, COOs, CCOs, group directors and business development directors and covers both the private and commercial business lines.



#4

All responses are weighted equally – regardless of the respondent's share in the market.





New products and services call for new distribution channels

The results show ...

The focus is on increased sales and servicing through digital channels and partnerships



The trend of moving both sales to and servicing of customers from physical channels to digital channels continues to offer efficient and accessible solutions for customers.

Similarly, partnerships will be a central distribution channel in the future, with especially bank assurance and trade unions/interest organisations continuing to play a key role.

There is an expectation that new distribution channels and partnerships will be introduced over the coming years.

50%

of the respondents expect that partner distribution will constitute a medium to large share of the total distribution in five years.

The results show ...

Both new digital channels and partner distribution require insurance companies to strengthen their infrastructure

- With the **expectation of an increase in partner distribution**, there will be competition for the most attractive partners. This will require a well-functioning setup from identification to integration of new partners.
- Organic growth through third-party companies **requires upgrading and developing the existing distribution platform** to ensure consistency across and good customer experiences.
- **New technology provides opportunities for more efficient and accessible channels** for customers and a strengthened omnichannel approach. However, it also carries a risk of greater complexity and further fragmentation of customers' touchpoints.



Future growth is created through new value propositions

Results show ...

There is focus on ...



- Exploring new business models to expand revenue opportunities and to adapt to changing market conditions.
- Underwriting (UW) excellence and advanced use of data should ensure profitability while new markets are established.

Health

Products and services related to mental health and rehabilitation are experiencing the largest increase.



... of the surveyed companies expect to offer these services in five years.

Mobility

Both package solutions for electric car chargers and insurance against cyberattacks are focus areas.



... of the surveyed companies expect to offer these services in five years.

Housing/building

Both value-added services and sustainable upgrades are in focus.



... of the surveyed companies expect to offer these services in five years.

Implement believes ...

Societal trends, technology and data are driving the development of new value propositions

→ **Continued focus on customer experiences and operational efficiency for core products** through simplification of products, processes and systems throughout the value chain.

→ The development of new products and services will require changes to the operating model with **increasing demands for agility, pricing models and advanced use of data.**

→ **Effective development and implementation of scalable digital platforms and processes** to improve productivity, pricing processes and risk assessment by using internal and external data.

Prevention is part of all product areas in the future

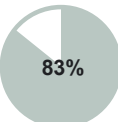


Results show ...

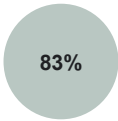
There is a huge focus on prevention in the coming years



... of the surveyed companies expect to offer preventive services in "Cars/Transport" to a **medium or large extent in five years.**



... expect to offer preventive services in "Health and well-being" to a **medium or large extent in five years.**



... expect to offer preventive services in "Cyberattacks" to a **medium or large extent in the future.**

Implement believes ...

The value proposition of prevention requires careful adaptation to customer segments



Convenience, speed in remediation and the same quality in damage repair will be the driving forces for customers to want sustainable solutions and carry out preventive measures.



Health and well-being as well as securing and maintaining the **property** represent significant opportunities to strengthen customer relationships and enhance retention through "lock-in" effects such as ongoing analysis and history of health data, property maintenance programmes and more.



The severe climate changes (hailstorms, wildfires, storms, floods) will make customers demand personalised real-time alerts and ongoing risk assessments as well as guidance on relevant preventive measures for securing larger assets and family health.

Sustainability must be integrated widely into the business



Results show ...

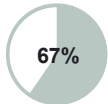
Focus is on increasing sustainability efforts in large parts of the business



... of the surveyed insurance companies predict **a medium to large focus on sustainability in the future.**



... expect that **investment and claims handling** will be highly influenced by ESG requirements in five years.



... expect that **sales and distribution** will be highly influenced by ESG requirements in five years.

Implement believes ...

Insurance companies should invest in effective ESG integration throughout the business

→ **Insurance companies need to adjust their commercial strategy** holistically to include society's evolving needs and trends in product development, new customer segments, pricing models and communication efforts. Employees should incorporate ESG into all activities and be trained in their understanding of ESG in relation to insurance.

→ In addition to **meeting increasing ESG compliance requirements** as key stakeholders responsible for protecting society in the long term, insurers must incorporate the new unpredictable but systematic risks associated with ESG into their investment strategies to protect their customers and meet expectations for net-zero goals.

→ To handle the complexity of the necessary ESG efforts, it is necessary for **companies to review their overall sustainability operating model**, including governance, processes, incentive systems and culture.

The insurance company of the future works digitally



Results show ...

The focus on digitalisation will increase significantly over the next five years



There is a general ambition among all companies to increase their efforts in digitalisation over the next five years, reflecting a broad industry interest in increased digitalisation.

83% ... of the surveyed companies expect a significant focus on digitalisation in “Data and Analytics” in the future.

83% ... expect a large or medium focus on digitalisation in “Prevention” in five years.

An important part of the digitalisation efforts is claims handling, where there is a clear ambition for increased use of automation and digitalisation. Products that currently have almost no automation and digitalisation are expected to be partially automated and digitised in five years.

75% ... expect that claims handling for personal property will be partially automated in five years.

Implement believes ...

The current IT landscape will change significantly, driven by a few powerful trends in the insurance industry

→ **Conversational/generative AI** will significantly change the industry’s customer service, ranging from supportive AI agents for call centre employees to direct customer service. AI will become an integrated part of all functions and workflows within a few years, driven by AI as a co-pilot built into the OfficeSuite and other standard systems.

→ **Partnerships, value-added services and non-insurance products** will drive major changes to the IT landscape, which must be supplemented with non-risk-based product systems, more advanced pricing engines, aggregation of customer engagements and seamless integration with partners.

→ **Increased digitalisation and personalisation** of the customer experience through real advice to customers based on their current risk profile and coverage levels, possible prevention measures (health, home, mobility, theft, weather) and protection (digital ID, valuables, climate warnings) based on real-time data.

Changing market conditions call for partnerships and technological investment



Results show ...

Uncertainty regarding the impact of Open Insurance but a common expectation of changes in the competitive landscape



There are mixed expectations among insurance companies regarding the consequences and benefits of Open Insurance. However, there is some agreement that Open Insurance will open new commercial opportunities, lead to price pressure and facilitate access to non-customers' insurance data.

83% ... of the surveyed companies have a high expectation that Open Insurance will open new commercial opportunities.

In addition, there is a general expectation of significant changes in the competitive situation in the insurance industry over the coming years. Several new players are expected to enter the market, including tech giants, who will play a much larger role than before.

100% ... of the companies see tech giants as a direct competitor in the future.

Implement believes ...

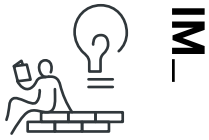
Four focus areas can prepare established insurance companies for the changing market conditions and turn Open Insurance into an advantage

- **Ownership of the customer relationship** will be crucial. Banks will try to leverage their more frequent interactions and digital solutions (online banking) to get between insurance companies and their customers.
- **Develop an API strategy and infrastructure** to enable seamless integration with external partners and platforms.
- **Explore collaboration with insurtechs, technology companies and other players in the industry**, as it can provide quick access to new technologies, markets and customer segments as well as facilitate the development of new products and services.
- **Prioritise personalisation**. In a much more open and transparent insurance market, companies must be able to translate knowledge of customers' preferences and behaviour into tailored products and services that meet individual requirements and create a unique experience.







A hand holding a black pen is positioned over an open spiral notebook on a dark wooden desk. To the left of the notebook is a clear glass of water. In the foreground, a calculator is visible. The background is blurred, showing another person's hands and a yellow sticky note. The text "Recommended focus areas" is overlaid in white on the left side of the image.

Recommended
focus areas

Six focus areas should be prioritised towards 2028



Following this year's insurance survey, implement has identified six focus areas that we believe insurance companies should prioritise to stand stronger in the future.

1	Sales and services		Strengthening the digital channels Choice of channels, omniexperience, personalisation through data.	Management of partnerships Increase in distribution through partners, upgrading and developing the distribution platform.		→	<i>Digitised, personalised customer experiences through sales and service channels with seamless integration into partnerships.</i>
2	Product development		Health Products and services in mental health and rehabilitation.	Mobility Package solutions for charging stations and convenience services.	Housing Convenience products, smart home technology and sustainable upgrades.	→	<i>Prioritised and differentiated value propositions tailored to customer segments that drive growth in top and bottom lines.</i>
3	Partnerships		Strategic setting for partnerships Selection of the right partnerships to create appealing value propositions.		Agility and change readiness Test of value-added services in the market, change management in the organisation, bundling of services, technical integration.	→	<i>Ability to enter the most advantageous partnerships and well-chosen ecosystems as a strategic competitive parameter.</i>
4	Prevention		Add “convenience” to the value proposition Convenience, speed and quality in claims handling.	Long-term security of health and property Analysis, health programmes, maintenance plans.	Product development reg. climate change Ongoing risk assessments, preventive measures.	→	<i>Offering relevant, preventive services that customers perceive as value-creating and convenient.</i>
5	Digital transformation		Conversational/generative AI Effective AI bots, pricing, co-pilots, risk evaluation.	Partnerships, VAS* and non-insurance Pricing engine, client engagement, integration.	Digital and personal client experiences Targeted communication, self-service and risk profile.	→	<i>Adapting the IT landscape to the significant shifts in the business, partnerships, the future product mix and servicing.</i>
6	Execution		Enhanced execution capabilities Effective development processes and organisation, empowerment, clear prioritisation and resource allocation.		Transformative leadership Bringing the organisation together around a common vision and goal, new ways of working, visible and visionary leadership.	→	<i>Creating change, adjusting behaviour, executing strategic objectives.</i>

Implement Consulting Group and Financial Services

*change with
impact*

Only 1/3 of all change initiatives have the desired **effect**. We believe that this can be improved if we bridge the gap between ...

Strategic understanding

Execution power

... and if we succeed in creating a close and trusting collaboration between the client and the consultant

Joint client/consultant teams, fact-based analysis combined with innovative processes, broader involvement of the client's organisation through 1-to-1 consulting, workshops and large-scale events, competence building and transfer at the client, development of the leadership team, focus on execution, measurement of impact and an appreciative approach.

Implement's areas of expertise

- Strategy and transformation
- Operations and optimisation
- Digitalisation and IT
- Change management
- Growth and innovation

10
offices

8+
years of
consultancy
experience

1,600
consultants

450+
published
scientific
articles

25
Books
published

Next
steps?

We help
change
the world one step at a
time ...

We help insurance companies prepare for and execute complex business transformations

Deep experience with insurance



- We are 150+ consultants with experience from the financial sector.
- We have worked with most major insurance companies across the Nordics.
- Several of our consultants come with experience from the financial sector, including insurance, reinsurance and assistance companies.
- We have extensive experience with all types of transformations in the financial sector, including both business and IT transformations.

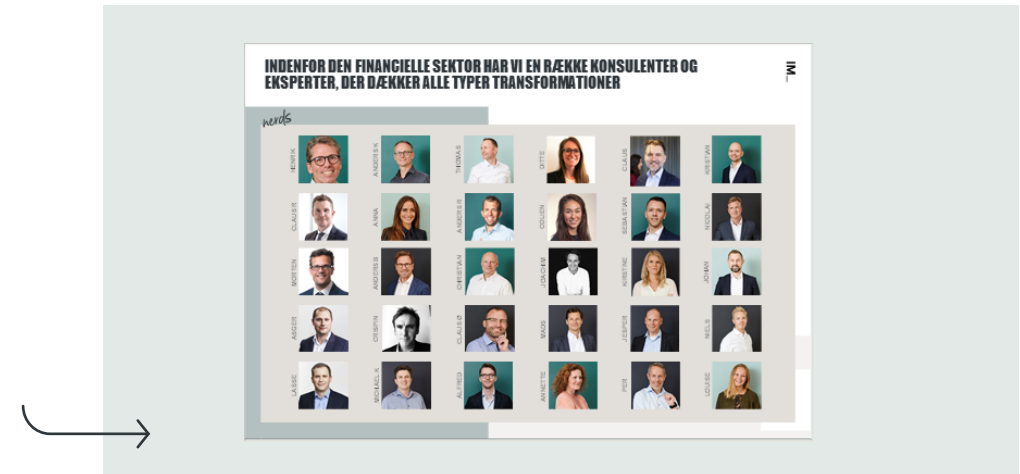


Implement's key services



We offer services in seven areas of expertise:

1. Business strategy
2. Business transformation and operational excellence
3. Growth initiatives, innovation and commercial excellence
4. Digitisation and IT
5. Risk and compliance
6. Change management, leadership development and organisational development
7. ESG and sustainability



Thank you.

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