The changing insurance landscape

**Customer focus**

Insurers handle large amounts of data but few have yet to use that information to both excel in customer service and develop a greater understanding of customer needs.

47% see investing in data and analytics to help develop innovative propositions to meet changing customer needs as a top priority. 1

Only 34% & 30% of UK general and life insurance customers rate their customer experience highly. Vital lessons can be learnt from the e-retailing sector. 4

35% believe integrating data technology into existing systems and operating models is the biggest challenge to capturing data. 1

27% think that data/cyber security will be their most important area of investment. 1

**Technology**

The industry will invest more in technology. Legacy systems will be overhauled and technology will play a crucial role as insurers promote digital channels and self-service options.

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There was an increase in the number of transactions in the insurance market between 2012 and 2014 with the value of these deals increasing from £1.6bn to £7.7bn. 1

65% consider that the regulatory environment does not yet support product and channel innovation. 1

The cost of implementation of full quarterly reporting on Solvency II is estimated to be between €418-696m for the European insurance sector and the ongoing costs around €38m per year. 2

**Corporate activity**

We predict further insurance mergers and acquisitions – especially amongst the large international insurers, life insurers, brokers and London market firms.

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The UK pensions insurance buyout market is set to grow significantly in the next five years reaching £20bn per annum by 2020. 6

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**Regulation**

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**Business model change**

Insurers will have to embark on bold business model transformation to succeed. Redesigned target operating models, risk transformation and having the right talent to deliver change are crucial.

61% believe that risk management is essential for adding value to their business. 8

An insufficient pipeline of future leaders ranks as #1 talent risk. 5

Financial change programmes can reduce operational costs by up to 30%. 7

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