

12 Insurance Industry Trends

Challenges and Opportunities

Last year's unexpected challenges taught the insurance industry important lessons. Insurers now understand just how important planning and agility have become to their long-term growth. To help infuse more certainty into an unclear future, we've identified the 12 key trends shaping insurance in 2021.

REMOTE WORKING

83% of financial industry participants in a recent Mercer survey¹ said they intend to continue leveraging flexible work options. Insurers are strategically investing in digital solutions to handle a wide array of working conditions.

VIRTUAL EXPERIENCES

Auto-insurance shopping experienced a nationwide surge in 2020, and digital carriers significantly outperformed traditional counterparts³. Insurers are reimagining the entire customer journey with the resources available in a digital environment.

ESG RAMIFICATIONS

88% of senior executives surveyed by Deloitte⁵ said they are reprioritizing environmental, social, and governance factors. By raising their ESG standards, insurers will benefit from improved employee recruitment, retention, productivity, and more.

RPA EFFICIENCIES

Robotic process automation (RPA)⁷ is increasingly handling routine communications and transactions via chatbots, interactive voice response (IVR), and virtual customer assistants. Innovative insurers are using RPA to deliver personalized service while optimizing efficiency and operational capabilities.

DIGITIZING BUSINESS LINES

From the decline in commuter traffic⁹ and airline travel to the sudden drop in workers' comp claims and premiums, several business lines were affected by the economic upheaval of 2020. Insurers and insureds are improving stability by adopting digital solutions such as comparison websites and telehealth.

STAFF ADDITIONS

According to a recent [Insurance Talent Jacobson study](#), around **50% of companies** plan to add staff in 2021. To fill the "talent gap" with qualified employees, insurers are emphasizing their organization's modern digital capabilities and flexible work environment.

DIGITAL PAYMENTS

81% of personal lines insurers and **57% of commercial lines insurers** are accelerating their digital payment technology plans in 2021². Insurers are increasingly adopting digital disbursement capabilities to meet consumer expectations.

LEGAL CHALLENGES

The COVID-19 pandemic created and exposed several new legal issues, including business interruption claims and liability questions⁴. Insurers should monitor the development of pandemic-related bills, including the Pandemic Risk Insurance Act of 2020 (H.R.7011).

INSURTECH ADOPTION

A recent McKinsey Global Survey⁶ of insurance executives estimated that the industry's technology adoption in 2020 happened three to four times faster than the pre-pandemic pace. Forward-looking insurers are continually adapting and refining their technology plans.

RECESSION-PROOFING

The pandemic's economic impact was marked by missed auto insurance payments, defaults on mortgages, dropped commercial policies, and reduced workers' comp and health insurance policies⁸. Insurers are leveraging new and existing technologies to ensure survival and competitiveness.

XAAS ADVANTAGE

Also known as "Anything as a Service" or "Everything as a Service," the XaaS model¹⁰ eliminates the burden of developing in-house solutions. Insurers are gaining a competitive edge by leveraging cloud-based solutions to empower staff and customers with cost-effective modern technologies.

PERSONALIZED PRODUCTS

The extraordinary public health, social justice, and climate emergencies of 2020 proved that business owners, employees, and consumers should never take a "status quo" for granted. Insurers need to meet our ever-changing reality with personalized and customizable insurance products and experiences.

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