Outlook25

Insurance

Alpha Insurance

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Insurance

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Letter from our Global Head of Insurance Consulting, Britton Van Dalen

As the global Insurance industry moved into 2025, it faced a mix of challenges and opportunities: economic pressures, regulatory shifts, and evolving risks, from climate change to cyber threats, demand agility and strategic focus. At the same time, advancements in Artificial Intelligence ('AI'), automation, and digital transformation offer new ways to enhance efficiency, improve channel engagement, and drive growth. While market conditions remain uncertain, insurers that embrace innovation and proactive risk management will be well-positioned for sustainable success.

Balancing Uncertainty with Opportunity

The Insurance industry entered 2025 at a crossroads, where resilience and adaptability are critical to success. While market conditions remain dynamic, insurers and brokers must navigate economic headwinds, evolving risks, and accelerating technological change. Profitability pressures and a softening market demand smarter underwriting, enhanced operational efficiency, and a sharper focus on customer experience. AI-driven insights, cloud modernization, and digital innovation will set industry leaders apart, while proactive risk management, especially in climate and cyber threats, will define those positioned for long-term, sustainable growth.

Industry Trends

The Insurance Outlook 2025 highlights the economic and market pressures driving insurers to enhance efficiency and customer experience. AI and advanced analytics are transforming underwriting, claims, and risk management, while digital transformation through cloud, cybersecurity, and InsurTech integration will continue to improve operations and agility. Addressing climate and emerging risks is crucial. Finally, talent and operations remain key, with a focus on upskilling, cost control, and resilience. Strategic investments in technology and innovation will define industry success.

Our Outlook

This is the first year that we have aligned our Insurance Outlook to the key personas whom we advise, highlighting the themes that insurance industry leadership teams will be concentrating on in the year to come.

I want to take a moment to thank my predecessor Stuart McNulty, who is retiring from Alpha after 18 years and who has led our Insurance Consulting business from inception to the strong global client proposition that it is today. I look forward to building on all his efforts and exceptional commitment to clients, and I wish him the best in the future.

It has been a privilege to work across our global Insurance team to develop this document. Thank you for reading our Outlook, we hope that is a valuable resource. As ever, we would be delighted to hear any feedback and look forward to discussing the content with you over the coming months and year.

Digital Transformation and AI Integration

The Insurance industry is rapidly embracing digital transformation, with AI and automation at the forefront. Companies are investing in AI-driven underwriting, claims automation, and customer service to enhance efficiency and accuracy. Advanced analytics, predictive modelling, and AI-powered decision-making are becoming essential tools to improve underwriting accuracy, enhance risk assessment, and deliver personalized customer experiences. Cloud migration is also a significant focus, with firms modernizing legacy systems to improve scalability and operational flexibility.

Evolving Risk Landscape and Resilience Strategies

Climate change, cyber threats, and emerging risks such as pandemics and geopolitical instability are driving insurers to rethink risk modelling and mitigation strategies. The industry is investing in sophisticated risk assessment tools, data-driven insights, and AI-powered models to better predict and manage complex risks. The increasing focus on operational resilience means companies must balance cost control with strategic investments in risk management, ensuring financial stability while adapting to an evolving regulatory landscape.

Customer-Centric Business Models and Product Innovation

As customer expectations evolve, insurers are shifting towards more personalized, technology-driven offerings. The rise of usage-based insurance and digital engagement platforms is reshaping the channel and customer experience. Insurers are investing in digital distribution channels, self-service options, and real-time analytics to better understand and anticipate customer needs. Additionally, product innovation, such as parametric insurance and flexible coverage models, is becoming a competitive differentiator in an increasingly dynamic market.

Operational Efficiency and Cost Optimization

Amidst tightening margins and a softening market, companies are focusing on optimizing operations to drive efficiency and profitability. Insurers are leveraging automation, AI-driven workflow enhancements as well as process reengineering to reduce costs and improve productivity. Talent acquisition and workforce transformation are also key priorities, with firms investing in upskilling initiatives and restructuring business functions to ensure long-term competitiveness. CFOs and COOs are particularly focused on improving financial planning, evolving operating models, and enhancing cost-control measures to maintain profitability.

Chief Executive Officer

The Brief for 2025

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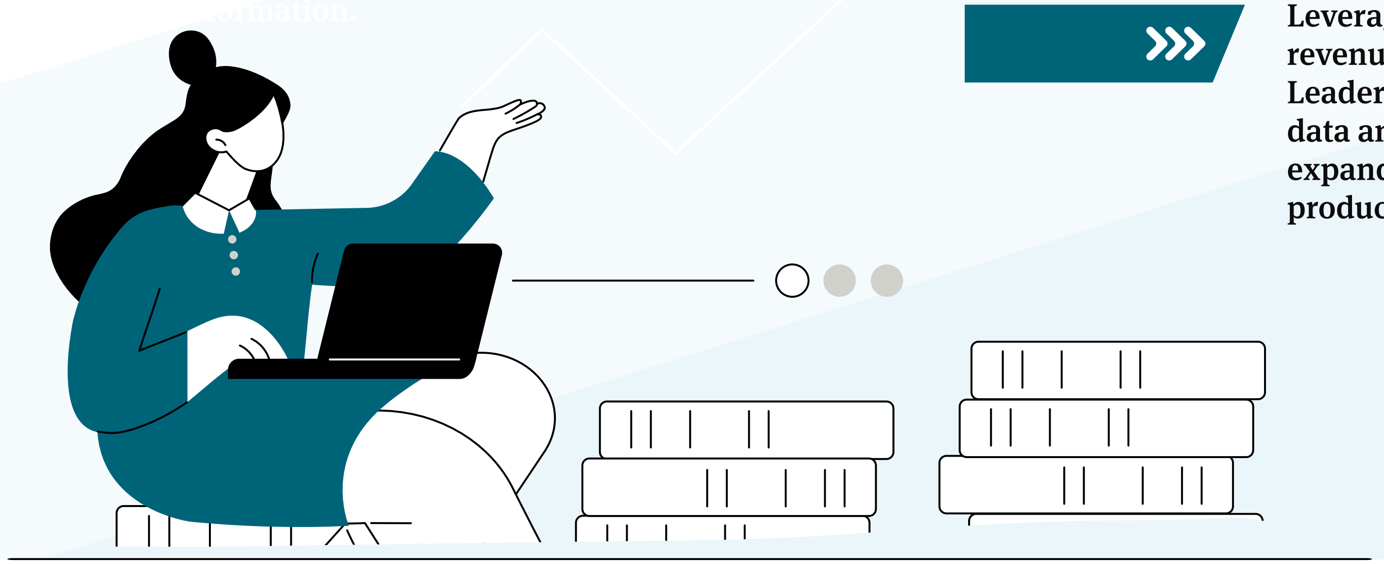


What are industry leaders focused on?

Prioritizing operational resilience and efficiency by leveraging advanced analytics and automation. Insurers are adopting AI-powered solutions to streamline operations, optimize decision-making, and improve customer satisfaction

Managing evolving risks, especially climate change and cyber threats, through sophisticated modeling and mitigation strategies. This includes developing new insurance products and leveraging technology to enhance risk assessment and monitoring

Leveraging digital transformation to seek new revenue and enhanced customer engagement. Leaders are investing in digital platforms and data analytics to personalize experiences, expand distribution, and develop innovative products

Expected areas of investment

Advanced Analytics & AI

Investing in advanced analytics and AI platforms to enhance underwriting accuracy, personalize customer experiences, and automate claims processing

Operational Transformation & Process Optimization

Implementing operational transformation initiatives and process optimization methodologies to streamline workflows, reduce costs, and improve efficiency across the value chain

Cloud Migration & Modernization

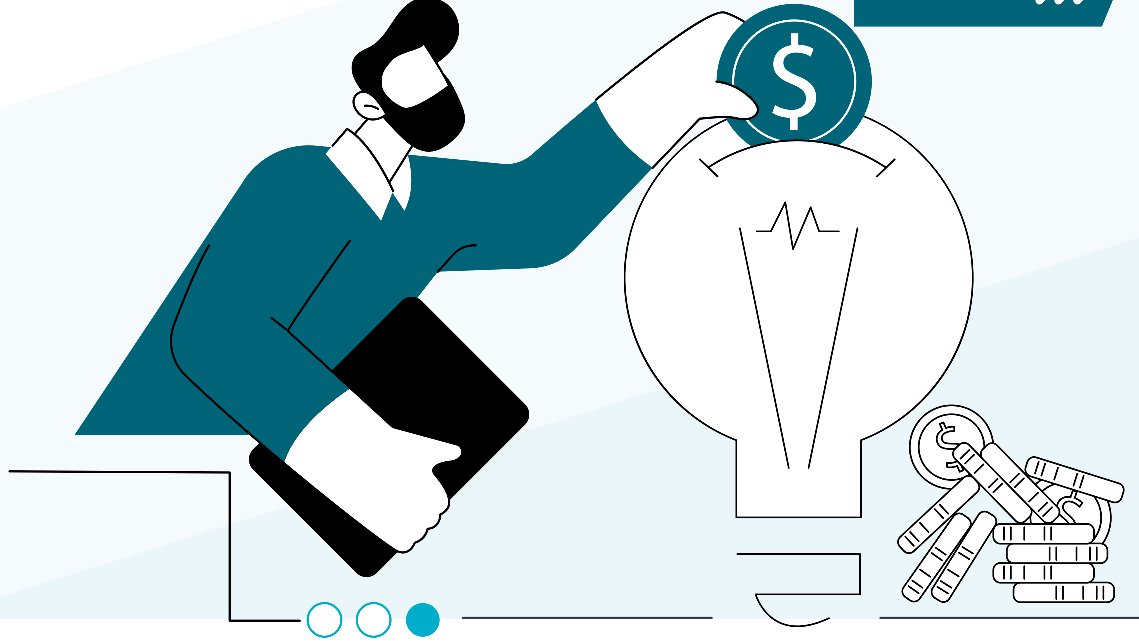
Migrating core systems and applications to the cloud and modernizing legacy technology to improve agility, scalability, and cost efficiency

Chief Financial Officer

The Brief for 2025

What are industry leaders focused on?

- Enabling an auditable source of truth for driving access to policy, claims, actuarial and financial data to drive finance operations, close activities and reporting
- Improving Financial Planning and Analysis ('FP&A') processes – with a focus on enabling connected planning solutions, dynamic scenario analysis and reporting (management, financial and regulatory)
- Driving efficiencies and effectiveness by evolving the operating model and capabilities to take advantage of new technologies that improve automation, while lowering costs in the longer term



Expected areas of investment

Finance Data Lake

Supporting emerging cloud capabilities, developing a source of truth for core insurance and financial data to support accounting and insights generation

FP&A and Reporting

Investing in connected planning, drive-based-models, improved scenarios/what-if analysis, forecasting and transparency

Efficient Operating Model

Evolving operating model constructs to drive cost efficiencies by taking advantage of shared service options, new technologies and re-thinking the talent model of the future

Chief Operating Officer

The Brief for 2025

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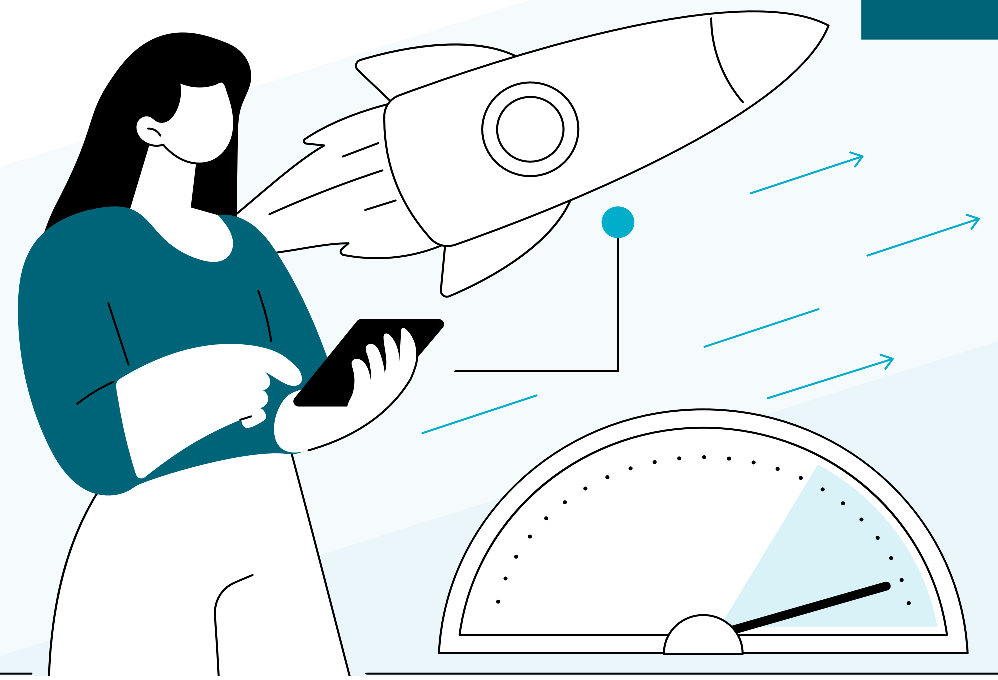

What are industry leaders focused on?

- Focusing on the contribution that Operations makes to the overall result rather than volume of work or transactions being processes
- Extending the scope of Operational support, creating a well-defined, well-oiled machine that allows the front of the business to focus on revenue-related activity
- Driving efficiency relentlessly, ensuring no opportunity to create the most effective operations environments to support the business is left unexplored

Expected areas of investment

Strategic Portfolio Prioritization

Developing a relevant, future-focused transformation portfolio that drives towards business outcomes, underpinned by a transformation capability that is set up to deliver it

Functional Cost Control

Targeting cost control measures to right-size and right-place bloated operations centers, driving efficiency across the organization and undertaking more middle- and front-office activities to support the business

Maximizing Investments

Building core capabilities on existing technology investments to provide an efficient and optimized Operations environment that is not reliant on a complex network of loosely connected technologies

Chief Technology Officer

The Brief for 2025

What are industry leaders focused on?

Building digital ecosystems to deliver seamless customer experiences, modernizing legacy systems, adopting cloud-native platforms, and leveraging Application programming interface (‘APIs’) for integration with third-party tools, InsurTechs, and partners

Leveraging embedded AI, providing 360-degree access to data and enabling self-service analytics that drive 360-degree customer views and inform next best action

Implementing zero-trust architectures, AI-driven threat detection, and robust governance frameworks. Safeguarding sensitive customer data, ensuring compliance, and maintaining trust

Expected areas of investment

Front-Office Transformation

Implementing an integrated platform that centralizes data, manages workflows, and provides real-time information for improved risk assessment and collaboration

AI & Automation

Building AI-enabled intelligent decision models and Robotic Process Automation (‘RPA’) to transform core insurance processes like underwriting, claims management, and fraud detection

Cybersecurity

Investing in advanced cybersecurity tools, zero-trust security frameworks, and robust data encryption technologies

Chief Data Officer

The Brief for 2025

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What are industry leaders focused on?

- Using AI to create highly personalized customer experiences. By leveraging advanced analytics, top insurers can tailor policies and premiums based on individual risk profiles, which helps improve both customer satisfaction and profitability
- Adopting more sophisticated data-driven risk models, using external data sources to refine underwriting and better assess emerging risks. This enhances decision-making and allows for quicker response to market changes
- Investing in advanced digital platforms that facilitate more dynamic, real-time interactions with customers. These platforms not only improve customer service but also offer self-service options, claims tracking, and personalized recommendations through mobile and web interfaces

Expected areas of investment

Product Innovation & Analytics for Growth

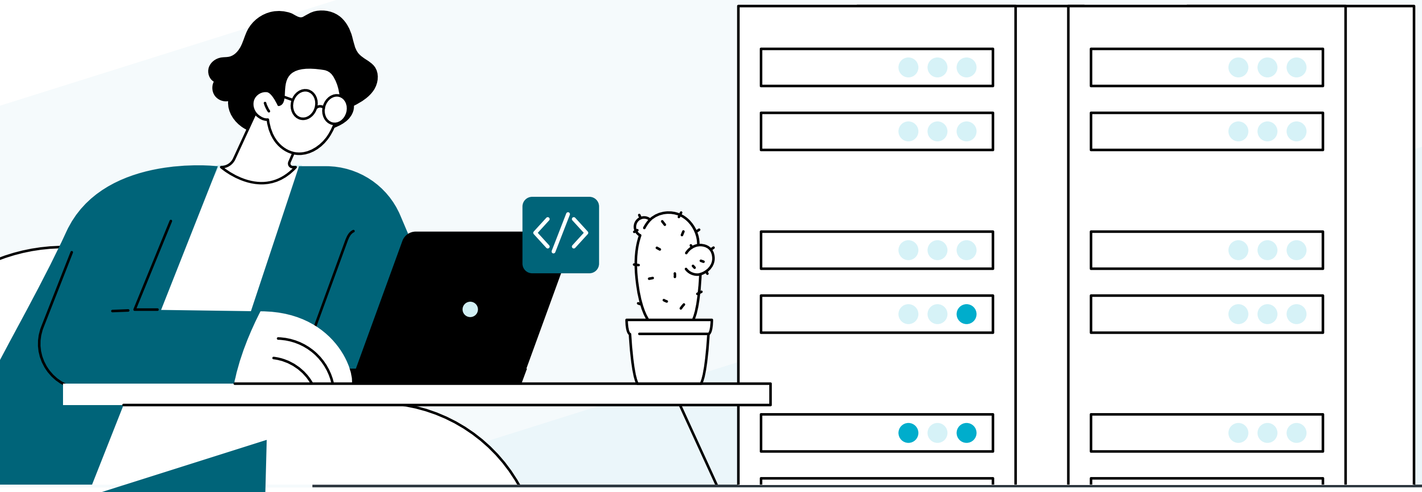
Leveraging advanced analytics to drive product development and innovation, ensuring competitive growth in dynamic markets

Actuarial, Pricing & Claims Analytics

Utilizing data-driven insights to optimize pricing strategies and manage claims effectively, mitigating risk and controlling exposure

AI-Driven Operational Efficiency

Implementing AI technologies to reimagine business operations, streamline processes, and enhance overall productivity across the organization



Chief Underwriting Officer

The Brief for 2025

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What are industry leaders focused on?

- Leveraging new data, better available from underwriting workbenches to support more tangible decision-making
- Embedding AI at the heart of the Underwriting process, utilizing it for better risk understanding (data extraction, insight generation etc.), cleansing data and driving risk progression
- Developing flexible offerings that best respond to rapidly changing climate issues and geopolitical challenges

Expected areas of investment

Streamlining the Underwriting Process

Building on the foundations of underwriting workstations, focusing on expediting submission intake and prioritization for faster assessments and policy binding

Data Fluency

Embedding more data fluent underwriters who are adept at translating data into action. This can help fuel growth, strengthen broker / producer relationships and increase profitability overall

AI through the Value Chain

Utilizing AI as the ‘norm’ throughout the underwriting / product value chain, with a greater emphasis on leveraging the offering to drive decision-making

Head of Product

The Brief for 2025

Product innovati
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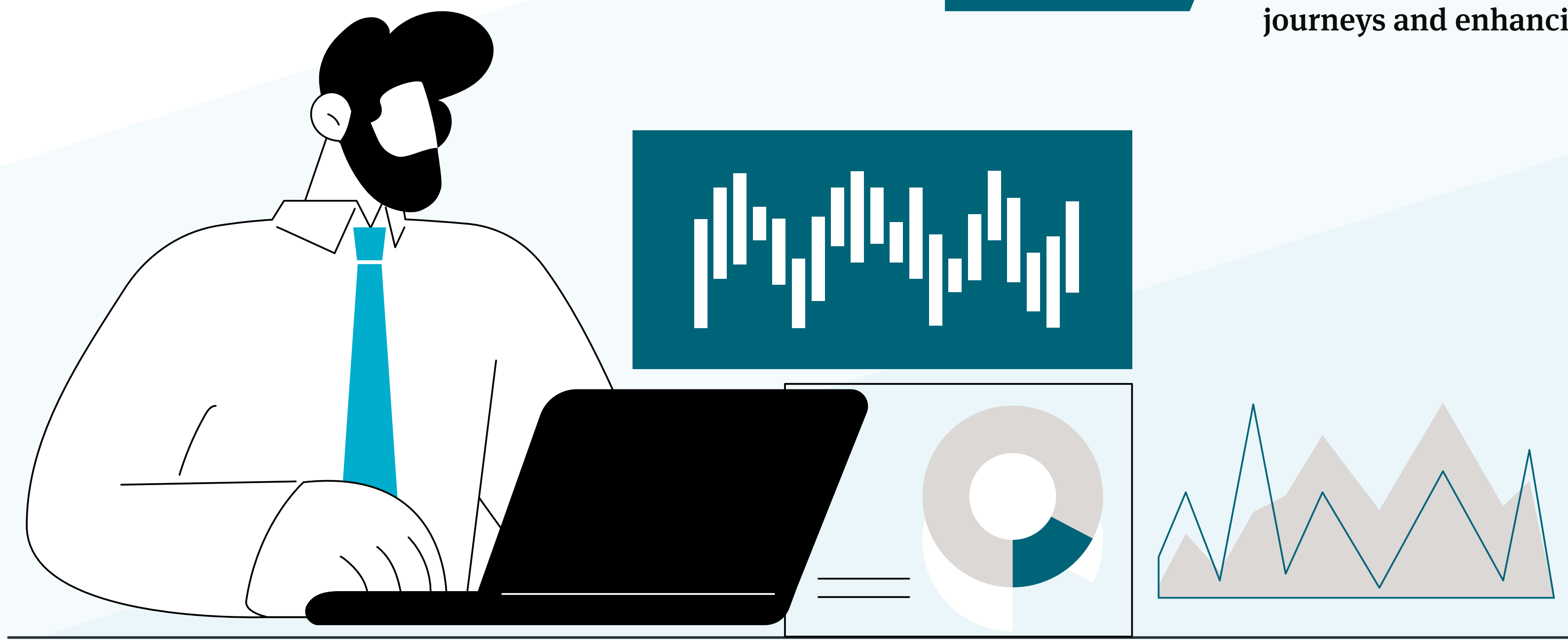
What are industry leaders focused on?

- Building modular, data-driven products that adapt to customer behaviors in real-time
- Developing wider partnerships to support with prospecting (identification of need), implementation (embedding of need) and opportunities for cross-selling (further expanding)
- Leveraging AI to test and launch new products more efficiently while optimizing customer journeys and enhancing digital engagement



Expected areas of investment

Innovation Labs

Focusing highly on testing and iterating new products and understanding their elasticity with test groups / customers

Product Delivery Model

Investing in infrastructure to develop and push new products with high speed to market

Ecosystem Partnerships

Fostering partnerships with ecosystem players to expand distribution channels and deliver insurance where customers need it most

Chief Broking Officer

The Brief for 2025

Chief Broking Off
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What are industry leaders focused on?

- Building a streamlined and digital first onboarding experience that seamlessly picks up from Sales through to efficient servicing and ongoing communication with clients
- Servicing the investors and distribution platforms that allocate to and support new product ranges, including alternatives, retail offerings, and public-private investment solutions
- Re-balancing teams and skillsets to improve service scalability without compromising client satisfaction as well as piloting automation and Artificial Intelligence ('AI') that reduces repetitive work and increases productivity

Expected areas of investment

Talent Acquisition & Retention

Planning tactical and strategic initiatives to prepare for a soft market including identifying production capability gaps, diversifying to classes sustaining hardened pricing and maintaining a sharp focus on renewal retention

Innovative Technologies

Focusing on technologies such as Artificial Intelligence and automation to streamline processes such as client onboarding, policy management, claims processing and communication

Value Proposition Protection

Taking a consultative, relationship-centric approach to better address customer needs, challenges, and their risk profiles as competition increases

Chief Claims Officer

The Brief for 2025

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claims f

What are industry leaders focused on?

- Balancing supply chains focused on preserving indemnity spend with a need to ensure customer and client service is not destroyed
- Forging closer ties to underwriting to understand the scope of exposure that is being written at the front-end, allowing proactive management of the claims operating model
- Deploying focused technology and data solutions, building on top of existing investments in core claims admin platforms to provide additional tools for claims managers to work with

Expected areas of investment

Indemnity-Specific Solutions

Providing tooling to the claims function that is specifically focused on management of the component parts of the claims value chain, with management of indemnity as a core outcome (vs. historic focus on process)

A 'Right First Time' Approach

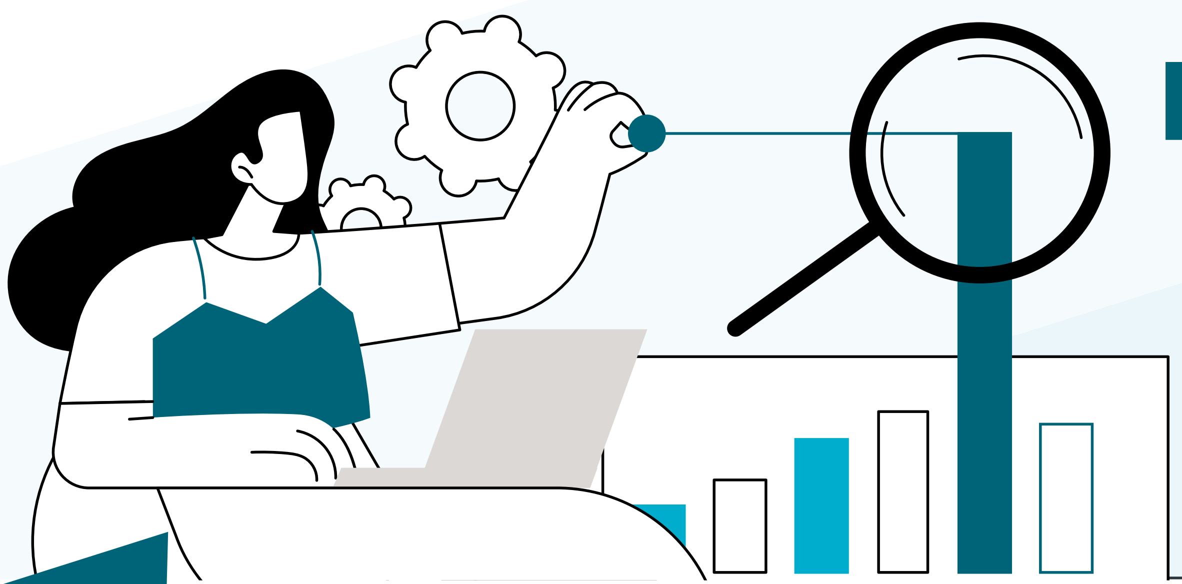
Reducing the noise that exists within a claims function through failure demand, whether human or system driven, will require a holistic approach to how the function handles claims. Quality of resolution should be managed in line with pace

Supply Chain Development

Reviewing complex supply chains with a mission to extract as much cost value out of agreements with suppliers and to ensure any delegation of claims management is given to those that uphold the fundamentals of the principal insurer

Chief Actuary

The Brief for 2025



What are industry leaders focused on?

- Improving data quality and workflows to manage growing complexity. Implementing automation and advanced tools to ensure cleaner, and more reliable datasets to enhance predictive accuracy and operational efficiency

- Identifying evolving threats that may not have been fully considered or modeled in traditional risk assessments e.g. emerging risks including cyber risk, climate change, pandemics, technological disruption. As the world changes, these risks can introduce significant uncertainty and require insurers to adapt their strategies

- Designing new insurance products to stay current, and positioning themselves to be forward-thinking, and responsive to the market's evolving demands ensuring sustainability, competitiveness, and growth in an ever-changing landscape

Expected areas of investment

Digitization & Automation of Actuarial Processes

Adopting innovative tools to enhance operational efficiency and speed of analysis

Performance Management

Increasing oversight of performance management, including financial planning, capital management, forecasting and strategic monitoring, in collaboration with the CFO to drive profitability and risk-adjusted decision-making

Talent Attraction & Retention

Strengthening ability to attract, develop, and retain top actuarial talent through upskilling initiatives and career development opportunities

Head of Distribution

The Brief for 2025

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What are industry leaders focused on?

- Enhancing the broker experience by providing real-time insights into their position within the underwriting process and by accelerating underwriting workflows to facilitate quicker connections between brokers and their customers
- Building trust with brokers to cultivate long-term relationships and drive mutual success through co-creation of service models and propositions
- Identifying and expanding into new markets and client segments as they develop and become increasingly viable growth opportunities

Expected areas of investment

Data-Driven Insights

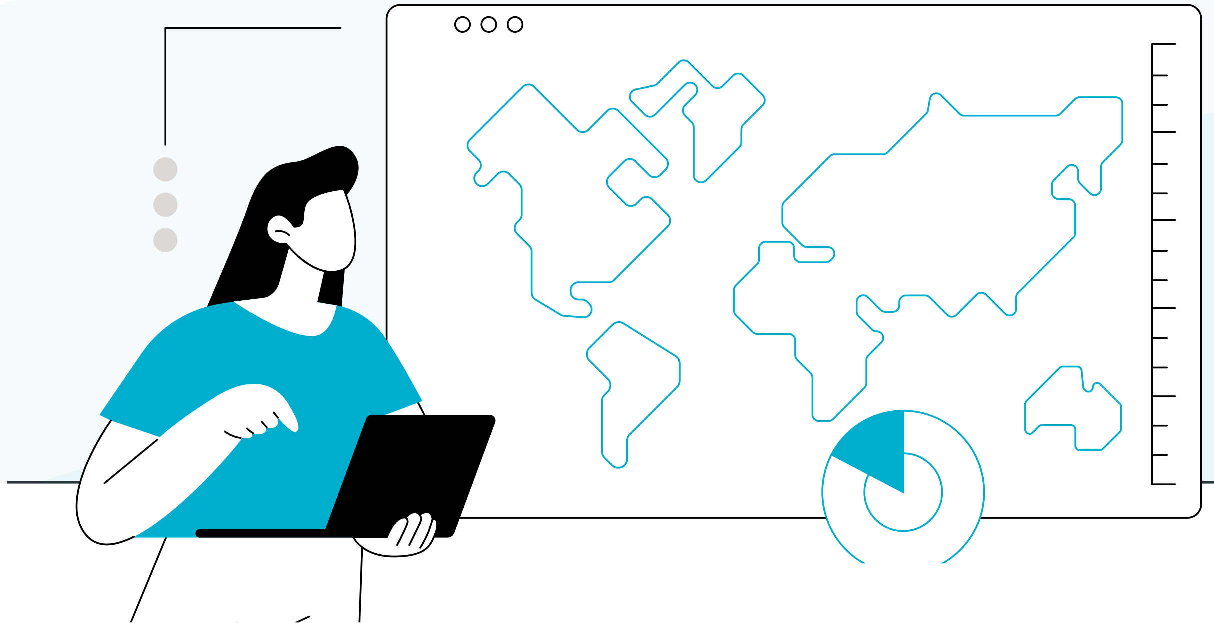
Investing in tools to analyze customer, broker and market data, delivering insights that drive segmentation strategies, improve targeting and identification of growth opportunities

Integration with Broker Platforms

Developing seamless integration between insurer systems and broker tools (e.g. CRM, quoting platforms) to improve the broker journey and enhance collaboration

Integration with MarTech

Leveraging advanced marketing technology (‘MarTech’) to create centralized marketing databases, effectively manage campaign expenditure and targeting, and develop personalized offerings to enhance client focus



Alpha Financial Markets Consulting is a leading global consultancy to the financial services industry. Alpha combines highly specialist sector-focused strategy, management consulting and technology expertise to support the client transformation lifecycle.

Founded in 2003, it now has over 1,180 consultants across North America, UK, Europe, MENA and APAC.

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OVER 1000
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For more information please contact:

enquiries@alphafmc.com, +44(0) 207 796 9300

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insurance.alphafmc.com