

Digitalization Will Shape the Insurance Industry in 2024

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Digitalization will continue to be the dominant theme in the insurance industry in 2024. Fadata (<https://fadata.eu/solutions/>), a leading provider of software solutions for the insurance industry, sees three sweeping trends: the increasing use of Cloud services, the growing use of AI and analytics applications, and the growing importance of digital ecosystems. In addition, the megatrend of sustainability will have a major impact on the insurance industry.

Increasing competitive pressure and changing customer demands are forcing insurance companies to drive digitalization. This includes process optimization and automation, as well as the establishment of new business models. Fadata has identified three key developments and trends to attaining transformation in the industry.

Trend 1: The use of the Cloud

There is a clear Cloud trend in all current modernisation initiatives in the insurance industry, especially in the direction of the public cloud. Using a standard solution in the Cloud offers insurers far-reaching benefits such as agility, flexibility, performance, cost efficiency and scalability. SaaS solutions in particular are becoming increasingly important. They are expected to increasingly replace on-premises environments. Bold and aggressive companies are bypassing a technology generation, choosing to be fast-moving by going straight to the Cloud for the ability to swiftly adapt to market changes and offer innovative services.

Trend 2: The use of AI and analytics applications

The insurance industry is becoming increasingly data-driven. In this context, AI solutions and analytics applications are becoming increasingly important, predominantly driven by the hype surrounding generative AI. They provide the technical foundation for data integration and analysis, including semi-structured and unstructured data such as scanned files. This provides insurers with important and accurate insights.

AI and analytics solutions can help insurers better understand their customers, identify risks, and make more informed decisions to deliver the personalised service that will elevate the industry to 'caring'. Suddenly tailored and flexible underwriting is enabled, chatbots can provide personalised support to customers, while more targeted advice and offers that are hyper-relevant deliver a more captivating experience. In addition, precise data analytics also support fraud detection and prevention.

AI to date has been talked about a lot, but real world application has been extremely slow in the insurance industry. As insurers look to use data and technology to improve their processes and better serve their customers, insurance should begin to look more intuitive and provide an experience for customers more in-line with services outside of insurance. 2024 is expected to be the year that AI uptake begins to move in a more positive direction, and the industry can finally shift from product-centric to customer-centric.

Trend 3: The use of digital ecosystems

There is also a clear trend towards digital ecosystems in the cloud, which make it easier to link one's

own insurance offerings with those of other service providers. An ecosystem allows insurers to further differentiate themselves and develop innovative offerings that best meet the needs of policyholders.

The insurance industry will therefore increasingly "open up" and build and utilize digital ecosystems, meaning that open rather than closed networks will dominate, including the integration of external partners as part of open insurance models. Such models, characterized by end-to-end processes, flexibility, agility and, above all, openness, will become indispensable for insurers from a competitive perspective, especially in property and health insurance. Above all, open insurance also creates the basis for the implementation of embedded insurance, and it is expected that many more companies will look to capitalize on embedding insurance in their products or services.

Trend 4: Embedding sustainability

Almost all companies today are striving to build a green image - and the insurance industry is no exception. In an era of ESG transparency and increasing sustainability awareness, sustainability will increasingly come to the fore for all insurers. Increasing regulatory requirements, such as the EU's Corporate Sustainability Reporting Directive, will add to the pressure on insurers to drive the green transformation. In 2024, the industry should begin to deliver on the promises made to date and implement sustainable measures to meet both regulatory and self-implemented goals.

"The insurance industry faces fierce competition and increasing market and customer demands. The challenges ahead can only be met with greater digitalization," said Anders Holm, Chief Commercial Officer at Fadata. "And new operating models and technologies are inevitably coming into focus. Cloud, ecosystem approaches and AI can be the key enablers for entering a new and, above all, successful era in the insurance industry."

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About Fadata

Fadata is a leading provider of software solutions for insurance companies globally. We are on a mission to empower the insurance industry to drive customer engagement, innovation and business value. Together with our customers we are on a journey to build the future of insurance and impact millions of people's lives every day.

Fadata has clients in over 30 countries across the globe. Headquartered in Munich, with international offices in more than 5 European cities, Fadata is backed by Private Equity Riverside and Lowell Minnick.

For more information, please visit www.fadata.eu (<http://www.fadata.eu/>)

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