

Property Casualty Insurance Research Outlook: 2020

PROPERTY CASUALTY INSURANCE DURING AN EXOGENOUS SHOCK

With COVID-19 spreading globally, insurers are rapidly shifting focus to three priorities: protecting their employees, maintaining customer relationships; and keeping a hold on expenses while waiting to see what the true impact will be.

With that in mind, our research agenda this quarter focuses on issues that impact an insurers' ability to manage expenses while driving efficiencies. This is also the time of year when model insurer results are announced. Our agenda this quarter will be fluid as we adapt to the fast-moving changes brought about by the coronavirus.

Celent is committed to helping our clients assess the technology implications across the financial system, from changes in customer behavior to new strategies and technologies required to respond to this upended world. We're in touch with financial institutions and their technology partners around the world and are developing a host of new perspectives, updated regularly, to help you make the right strategic technology choices in the medium- and longer term. Our clients have access to our insights through traditional ways – reports, blogs, Analyst Access – and new media, like interactive virtual roundtables and snap polls.

Because Celent is part of a larger organization, Oliver Wyman and Marsh & McLennan Companies (MMC), you have access to our collective thought leadership in areas ranging from epidemiology (Oliver Wyman), to economic modelling (Oliver Wyman), to risk/ crisis management (Marsh), and human resource implications (Mercer).

For further information, please see:

Marsh <https://www.marsh.com/us/insights/research/pandemic-risk-hub.html>

Mercer <https://www.mercer.com/our-thinking/managing-novel-coronavirus.html>

Oliver Wyman <https://www.oliverwyman.com/our-expertise/hubs/coronavirus.html>

MMC <https://www.mmc.com/pages/coronavirus.html>

One thing is certain: none of us can go it alone. As you face hard decisions in the areas of technology and partnerships, Celent is here to support you. We can help you vet partners and technologies as you respond to government initiatives, the changing needs of your customers, and growing cost pressures.

2020 RESEARCH THEMES

In this period of the COVID-19 crisis, we will extend our research coverage to better understand how insurers react and adapt their technology investments. While our space changes quickly enough that we'll respond to fast moving new developments, our analysts are focused on digital transformation, innovation and emerging technologies; data and artificial intelligence; the new architecture with a focus on integration strategies and the cloud; and our flagship vendor reviews as well as our Model Insurer initiatives (to be published in April).

Digital — How Insurers Can Use Technology to Transform the Business

Carriers are using technology to digitize a customer centric experience, improve decisions and react to real time events. We break digital down to better understand its impact on core insurance process and decisions including customer interactions, product design, underwriting and claims.

Innovation and Emerging Technology — How Insurers Innovate, Navigate the “Insurtech” Ecosystem, and Consider Emerging Tech

Insurers are using multiple approaches and techniques to drive innovation. We continue to follow the rise of insurtech and will also spotlight key emerging technologies and their application to the insurance industry.

Data and Artificial Intelligence

We've seen an explosion in new data sources and new ways of accessing rich sets of data. From strategy to tactics, we explore AI's adoption, use cases and vendors with a focus on practical application.

Ecosystem and Legacy Transformation — How Far Should an Insurer Go to Rationalize its System Landscape?

A growing focus of legacy transformation is integration strategies and the cloud. We detail how APIs, microservices, and DevOps impact an insurers legacy modernization programs. And we take a closer look at whether, when, and how to transition to the cloud.

Model Insurers' Initiatives

We had over 100 nominations of exceptionally high quality. We'll be publishing the case studies of the winners in mid-April.

SELECTION OF UPCOMING REPORTS FOR Q2 2020

Digital



- COVID-19, The Economy, The P&C Industry, and Tech Spending
- Billing as a Service – A Primer
- General Insurance in EMEA: 2020 Business and IT Priorities
- Insurance in APAC: 2020 Business and IT Priorities P&C Insurance in Latin America 2020: The CIO Perspective
- Payments as a Service – A Primer

Innovation and Emerging Technology



- Where Are Insurance Platforms Heading? And Why Does It Matter?
- Insurtech in Asia Series: Evolving Landscape, Changing Innovations in Singapore

Data and Artificial Intelligence



- Data Science and Improving Claims Experience and Outcomes
- Explainable AI in Insurance: Categorizing the AI Experience and Models
- Optical Character Recognition and Natural Language Processing: The Next Frontier in Data Aggregation and Understanding
- Spatial Context and the Uses for Location in the Insurance Value Chain

Ecosystem and Legacy Transformation



- Claims Systems Vendors: Asia Pacific Property & Casualty Edition ABCD xCelent Awards 2020 Edition, Powered by VendorMatch
 - Claims Systems Vendors: EMEA Property & Casualty Edition ABCD xCelent Awards 2020 Edition, Powered by VendorMatch
 - Claims Systems Vendors: Latin America Property Casualty Insurance 2020 Edition, Powered by VendorMatch
 - Policy Administration System Vendors: North American Property & Casualty Edition ABCD xCelent Awards 2020 Edition, Powered by VendorMatch
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SELECTION OF UPCOMING REPORTS FOR Q2 2020

Digital — How Insurers Can Use Technology to Transform the Business

COVID-19, The Economy, The P&C Industry, and Tech Spending

Donald Light

What is the outlook for P&C US technology spending in the time of COVID-19? We'll use a presentation format to look at three forces that will drive technology spending and explain why Q2 will be crucial.

Billing as a Service – A Primer

Karlyn Carnahan

Many insurers invoking business continuity plans due to COVID-19 found they still needed to send essential workers to the office to collect and process payments. But this essential service is one that is increasingly being outsourced. We'll walk through the basics of Billing As a Service highlighting some of the features to look for when selecting a provider.

General Insurance in EMEA: 2020 Business and IT Priorities

Nicolas Michellod

Europe, Middle East and African insurers continue to invest in technologies to make their business more efficient. What are their business plans and IT priorities for 2020? Are there specific initiatives they prioritize? How has this changed from 2019 and what can we expect in the future?

Insurance in APAC: 2020 Business and IT Priorities

Max Ang

Asia Pacific insurers continue to invest in technologies to make their business more efficient. What are their business plans and IT priorities for 2020? Are there specific initiatives they prioritize? How has this changed from 2019 and what can we expect in the future?

Payments as a Service – A Primer

Karlyn Carnahan

Many insurers invoking business continuity plans due to COVID-19 found they still needed to send essential workers to the office to process outbound payments. But this essential service is one that is increasingly being outsourced. We'll walk through the basics of Payments As a Service highlighting some of the features to look for when selecting a provider.

Property Casualty Insurance in Latin America 2020: The CIO Perspective

Juan Mazzini

Our 7th annual review of CIO priorities and projects for Latin American insurers in P&C. Celent aims to answer three questions. What are the drivers of IT investment, for Latin American insurers? What is the planned level of activity, by Latin American insurers, regarding IT? What is the expected IT investment by Latin American insurers?

Innovation and Emerging Technology — How Insurers Innovate, Navigate the “Insurtech” Ecosystem, and Consider Emerging Tech

Where Are Insurance Platforms Heading? And Why Does It Matter?

Donald Light

Is every year the year of the insurance platform? If so (or if not), how will platforms develop?

Insurtech in Asia Series: Evolving Landscape, Changing Innovations in Singapore

Max Ang

Most insurers in mature markets have a good understanding of emerging technology startups and the insurtech community in their regions. However, there are also interesting companies focusing on insurance technologies in Asia. As the home of many large financial institutions, Singapore has witnessed increased activity in emerging technologies. What do local insurtech companies focus on? What can insurers learn from them?

Data and Artificial Intelligence

Data Science and Improving Claims Experience and Outcomes

Marty Ellingsworth

Using new techniques on new data creates opportunities for dramatically improving individual claim outcomes and experiences that collectively improve a portfolio over time.

Explainable AI in Insurance: Categorizing the AI Experience and Models

Craig Beattie, Nicolas Michellod

Artificial Intelligence can be consumed in various ways. However, the key question for insurers is: who should leverage AI within their organization? Are there simple ways to make AI capabilities available to business users? Should they be mainly reserved to data scientists? Are there ways to embed AI in daily operations?

Optical Character Recognition and Natural Language Processing: The Next Frontier in Data Aggregation and Understanding

Max Ang

As insurers look at Artificial Intelligence applications, Optical Character Recognition (OCR), Natural Language Processing (NLP) and Natural Language Understanding (NLU) are technologies they are increasingly considering investing in. We'll lay out examples of relevant applications of these technologies in insurance and discuss key considerations for insurers when leveraging these technologies.

Spatial Context and the Uses for Location in the Insurance Value Chain

Marty Ellingsworth

If a picture is worth a thousand words, a sequence of pictures combined with the contextual information of a location-based threat landscape may be a full library of knowledge. Read about what to look for in spatial data and solutions that help you put it to work across the insurance value chain.

Ecosystem and Legacy Transformation — How Far Should an Insurer Go to Rationalize its System Landscape?

Claims Systems Vendors: Asia Pacific Property & Casualty Edition ABCD xCelent Awards 2020 Edition, Powered by VendorMatch

Craig Beattie, Max Ang

Claims systems are becoming increasingly sophisticated as insurers look to optimize their processes and improve the customer experience. Our review provides an overview of the claims administration vendors available in EMEA for property casualty insurers. You'll find a description of the functionality, the customer base, lines supported, the technology and other information insurers evaluate in a buying situation. The winners of Celent's XCelent awards are revealed.

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Policy Administration System Vendors: North American Property & Casualty Edition ABCD xCelent Awards 2020 Edition, Powered by VendorMatch

Donald Light, Karlyn Carnahan

Policy admin systems are becoming increasingly sophisticated as insurers look to optimize their processes and improve the customer experience. Our review provides an overview of the policy administration vendors available in North America for property casualty insurers. You'll find a description of the functionality, the customer base, lines supported, the technology and other information insurers evaluate in a buying situation. The winners of Celent's XCelent awards are revealed.

Model Insurers' Initiatives

Model Insurer: Innovations in Digital

Winner of Celent Model Insurer Award 2020 for Innovation Execution

Tom Scales

This winner has embedded a focus on change throughout their organization. By bringing innovation to their entire team, they have been able to accelerate the goals.

Model Insurer: Building a Greenfield Startup

Winner of Celent Model Insurer Award 2020 for Innovation Execution

Tom Scales

This winner went beyond the typical "minimally viable" greenfield to build a true end-to-end business model to drive their future state.

Model Insurer: Partnering and Intrapreneurship

Winner of Celent Model Insurer Award 2020 for Innovation Execution

Tom Scales

In this time of increased digitization, this winner built a start-up ecosystem, combining insurtech startups with increased internal entrepreneurship

Model Insurer: Hosted Rating System for UK Motor Insurance

Winner of a Celent 2020 Model Insurer Award for Legacy and Ecosystem Transformation

Karen Monks

The UK motor insurance market is a highly competitive market that relies heavily on comparison pricing sites to generate new customers. Insurers in this market need access to every potential quote in a highly efficient way. Read how this insurer tackled the issue and why they earned a Model Insurer Award for legacy transformation.

Model Insurer: Creating a New Direct-to-Consumer Business in the Cloud

Winner of Celent Model Insurer Award 2020 for Legacy and Ecosystem Transformation

Karen Monks

How does a 160-year-old insurer with a traditional distribution network begin selling direct to consumer products in a way that is 100% focused on the customer journey via a digital, cloud-based platform? This case study will tell you how and why the insurer won a Model Insurer.

Model Insurer 2020: Simplifying Pension Operations

Winner Celent Model Insurer Award 2020 for Legacy and Ecosystem Transformation

Nicolas Michellod

Many insurers face the challenge of running a complex system landscape and architecture. This complexity often generates problems when a process triggers data that needs to be communicated across various internal departments and systems.

Model Insurer 2020: Replacing an AS400 Legacy System and Moving to the Cloud

Winner of Celent Model Insurer Award 2020 for Legacy Ecosystem Transformation

Nicolas Michellod

Legacy and ecosystem transformation projects are generally highly risky projects, and many insurance CIOs prefer avoiding these long transformation journeys. With this project, the insurer has been ambitious and demonstrated that when well prepared and managed, replacing legacy systems and digitizing key business processes can be highly valuable. Indeed, this project was not only about replacing an AS400 legacy system, but also a move to the cloud.

Model Insurer: Bring Together Multiple Technologies for a Digital Experience

Winner of Celent Model Insurer 2020 Award for Digital and Emerging Technology

Craig Beattie

Delivering a faster, more customer friendly digital experience is a large and challenging market requires perseverance and bringing together multiple partners and technologies. This case study offers a view of how one insurer achieved their goals through digital transformation.

Model Insurer: Changing Customer Service with Bots

Winner of Celent Model Insurer 2020 Award for Digital and Emerging Technology

Craig Beattie

ChatBots and AI have been the source of significant hype recently, but what's the reality of delivering this technology quickly and at scale. Celent examines how one insurer augmented their human customer service staff with robotic ones and examines the benefits gained.

Model Insurer: Blockchain Brings Light to a Sandbox

Winner of Celent Model Insurer Award 2020 for Digital & Emerging Technology

Juan Mazzini

An insurer shows for the first time that blockchain can be used with great effect and at a fraction of the cost to significantly improve the customer journey by providing a completely frictionless experience, simplifying underwriting and eliminating burdensome claims. This work therefore represents a major step forward for the industry in leveraging an emerging technology not just in a prototype or pilot, but for real customers, generating real value.

Model Insurer: Innovating Fraud Detection Using Computer Vision & Deep Learning

Winner of Celent Model Insurer Award 2020 for Data, Analytics, and AI

Marty Ellingsworth, Max Ang

Learn how an executive sponsored internal data science group combined computer vision, AI, and deep business operational expert partnering to transform their company culture in their efforts to fight fraud with data driven analytics.

Model Insurer: Improving Auto Claims Repair or Replace Decisions with AI

Winner of Celent Model Insurer Award 2020 for Data, Analytics, and AI

Marty Ellingsworth, Max Ang

Making faster decisions for repairing or replacing parts for auto collision claims speeds up the end-to-end process while creating great efficiency. Learn how this insurer worked with an insurtech partner to implement their new image-to-estimate process.

Model Insurer: Partnering Against Fraud with AI and Network Analytics

Winner of Celent Model Insurer Award 2020 for Data, Analytics, and AI

Marty Ellingsworth, Max Ang

Read about how an insurer created a common framework for improving customer experience while fighting fraud across many systems with operations in many countries speaking many different languages by partnering with an advanced analytics vendor using text, AI, and network analytics.

Model Insurer: Advanced Analytics Taking Financial Planning to a Higher Level
Winner of Celent Model Insurer Award 2020 for Customer Experience Execution
Donald Light

This initiative combines a data-driven 360-degree customer view, with predictive analytics, and an AI/ML engine to enable the insurer's financial planners to present customers with a report based on the customer's current product portfolio and on the portfolio of a data-based "someone like you".

Model Insurer: A Digital Coach for Clients
Winner of Celent Model Insurer Award 2020 for Customer Experience Execution
Donald Light

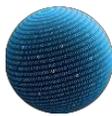
A digital coach initiative that provides a very good execution of a friendly and personable interactive digital coach, who provides tips, nudges, and personalized information to the insurer's customers.

Model Insurer - Transforming the Customer Experience Across Divisions
Winner of Celent Model Insurer Award 2020 For Customer Experience Execution
Karlyn Carnahan

Transforming the customer experience is increasing in priority for insurers around the world. Successful transformation combines a number of key dimensions including customer centricity, the use of data to drive the experience, a broad set of partners, and real results. This winning initiative combined all aspects to deliver significant results.

SELECTION OF REPORTS PUBLISHED IN Q1 2020

Digital



- [COVID-19-Three Scenarios for Insurers](#)
- [Digital Transformation in Workers' Compensation](#)
- [Property/Casualty Insurer CIO Pressures and Priorities 2020](#)
- [Voice of The Cyber Insurance Buyer](#)

Innovation and Emerging Technology



- [Cloud Strategy in Insurance: Finding the Right Cloud Model](#)
- [North American Insurance Innovation Outlook 2020](#)

Data and Artificial Intelligence



- [Data, Analytics, and the Consumerization of Personal Insurance](#)
- [Image Recognition in Insurance: Applied Machine Learning](#)

Ecosystem and Legacy Transformation



- [Claims Systems Vendors: North American Property Casualty Insurance, 2020 Edition](#)
 - [Unlocking the Value of Unstructured Documents: Insurance Use Cases](#)
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SELECTION OF REPORTS PUBLISHED IN Q1 2020

Digital

[COVID-19-Three Scenarios for Insurers](#)

Karlyn Carnahan

We're all vividly aware of the global pandemic going on today. Most insurers have begun to take immediate action - invoking business continuity plans and launching work from home initiatives. But what are the longer-term implications for the insurance industry? What other actions should insurers take given the uncertainty of the future? We look at three potential scenarios and their impact on insurers.

[Digital Transformation in Workers' Compensation](#)

Karlyn Carnahan

Workers compensation results are the best they've been in half a century. But looming are trends such as job automation, the gig economy, and an aging workforce. How should WC carriers think about these trends, and where can they invest in digital to transform and prepare for the inevitable future downturn. We look at some of the big strategic issues impacting WC and describe where digital transformation is already taking place.

[Property/Casualty Insurer CIO Pressures and Priorities 2020](#)

Donald Light

What's on the agenda for North Am P/C CIOs in 2020? Find out what is in the works for application portfolios, cloud, insurtech. Plus changes in IT budgets.

[Voice of The Cyber Insurance Buyer](#)

Karlyn Carnahan

Cyber insurance is a nascent market and decision-makers suffer from a lack of information about the perceived need, the level of understanding, and the valued features of a valued cyber coverage approach. Celent's analysis of over 400 SME responses separates myth from legend.

Innovation and Emerging Technology

[Cloud Strategy in Insurance: Finding the Right Cloud Model](#)

Craig Beattie

Understanding whether a system is cloud-enabled or ready is not a simple task for insurers. So, what are the characteristics of these cloud systems? How can insurers better understand and figure out these models? What should they expect from the vendors going forward?

[North American Insurance Innovation Outlook 2020](#)

Karlyn Carnahan

With the onset of a new year, Celent clients want to understand the outlook for 2020 according to innovation practitioners. In order to gain insights, Celent conducted an online survey and invite innovation professionals from insurance to give their predictions for the upcoming year. What is expected regarding consumer expectations and industry disruption? In which areas will investment increase / decrease? Will making progress with innovation be easier or harder?

Data and Artificial Intelligence

[Data, Analytics, and the Consumerization of Personal Insurance](#)

Marty Ellingsworth

New data, new models, and new insights are fulfilling new and old business problems. A proliferation of new data along with new tools for accessing and using that data makes AI and machine learning among the top interests for insurers. They see great potential for new data to impact claims, underwriting, marketing and customer service. The availability of data also facilitates the digitization of distribution. Take a closer look at how personal lines insurers are using data to transform the business.

[Image Recognition in Insurance: Applied Machine Learning](#)

Max Ang

There are several use cases for image recognition in insurance such as vehicle damage estimation, tele-rehabilitation and telemedicine. We explore some specific uses of image recognition in insurance and discuss the challenges when developing an AI-based image recognition module including a discussion of partnership models and ecosystem viewpoints. Get an in-depth explanation of how the neural network algorithm is applied, providing a technical understanding of the mechanics behind a convolutional neural network. The brief technical walkthrough aims to deliver a simple understanding of machine learning and give insights into building a model and also includes an introduction to developing a more robust image-based model.

Ecosystem and Legacy Transformation

[XCelent ABCD Award for Claims Systems Vendors: North American Property Casualty Insurance, 2020 Edition, Powered by VendorMatch](#)

Karlynn Carnahan, Donald Light

Claims systems are becoming increasingly sophisticated as insurers look to optimize their processes and improve the customer experience. Our review provides an overview of the claims administration vendors available in North America for property casualty insurers. You'll find a description of the functionality, the customer base, lines supported, the technology and other information insurers evaluate in a buying situation. The winners of Celent's XCelent awards are revealed.

[Unlocking the Value of Unstructured Documents: Insurance Use Cases](#)

Max Ang

The insurance industry remains paper document oriented. Inbound and outbound communication in many insurance organizations still generates a lot of paper. Is there a way to better capture unstructured documents to improve business decisions? Are there insurers who have already succeeded in this task? What are the lessons learned from these examples?

FEEDBACK

As always, we welcome your views on our research agenda, and topics that would help you to better understand industry trends.

For more information on any of the above topics, or to discuss how Celent could assist further, please contact your account manager or info@celent.com.