

The Next Decade of Insurance

Reinventing Business Models for a Digital World

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Insurance is not digitising fast enough & digitisation alone is insufficient

Industry realities

1

**Platform players
are reshaping
distribution**

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**AI is redefining
underwriting and
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**Clients demanding
embedded,
invisible insurance**

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Industry realities

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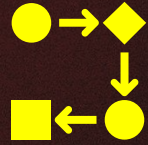
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Clients demanding
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Will insurers evolve into digital risk platforms, or remain legacy balance-sheet businesses?

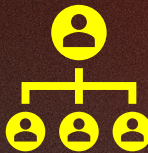
The macro shifts that are reshaping insurance



Business Model Evolution



Data as the Core Asset

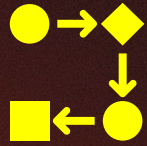


Operating Model Reinvention



Distribution Redesign

The macro shifts that are reshaping insurance



Business Model Evolution

Shifting from **product-centric** to **ecosystem-centric** models

From product-centric to ecosystem-centric

Moving from selling isolated products to building comprehensive ecosystems with non-insurance products & partners creating greater stickiness – e.g. Discovery Health, Wealth, and Lifestyle.

The rise of embedded insurance

Embedded is emerging as a powerful digital distribution strategy, bundling coverage with the sale of another product or service, solving the “second step” problem –e.g. Uber driver and rider insurance.

API-driven connectivity and partnerships

Transitioning from (or wrapping) monolithic legacy systems into agile, API-native insurance platforms enables partnerships and accelerates embedded.

The macro shifts that are reshaping insurance



Data as the Core Asset

Shifting from **static, historical** data to **real-time, behavioural** data

Predictive underwriting

Increasing adoption of AI/ML to process vast amounts of customer and market data, containing a wider range of variables, including social & lifestyle data to enable faster underwriting decisions.

Real-time risk pricing

Telematics is the best example, but this is shifting from Pay-As-You-Drive to Pay-**How**-You-Drive by collecting additional sensor and smartphone data to detect real-time risk.

Behaviour-based insurance

Actively changing behaviour after detecting risk by providing real-time feedback and gamified incentives for safer behaviour – e.g. Discovery found 20s of phone use per trip significantly increased probability of a claim, and incentivises safer behaviour.

The macro shifts that are reshaping insurance



Operating Model Reinvention

Shifting from **manual, paper-heavy** to **automated, straight-through**

Automation of underwriting and claims

Increasing deployment of AI to search and apply simple underwriting guidelines orders of magnitude faster than a human. AI can understand unstructured data (calls, photos) and automatically process and settle simple claims – e.g. Lemonade - fastest claims processed in 2s

AI copilots for underwriters and claims handlers

Augmenting underwriters and claims handlers to efficiently tackle complex cases with AI assistants that can read 100's of pages of underwriting guidelines to answer complex questions - e.g. Allianz BRIAN underwriting Copilot

Straight-through processing as the default

Motivated by customer satisfaction and cost savings, automation can reduce intake time, claims handling time and costs, etc. Making this the default means actively reducing human involvement in core processes to only what is strictly necessary.

The macro shifts that are reshaping insurance



Distribution Redesign

Shifting from **face-to-face & phone** to **hybrid (phygital) & platform**

Digitally enabled advisers

Advisers can spend up to 40% of their time on admin and compliance – therefore insurers are providing digital tools to reduce friction, shorten turnaround times and deliver client insights, allowing them to shift from “transaction middlemen” to “proactive risk advisor”.

Imminent Conduct of Financial Institutions (COFI) regulation

COFI will introduce key shifts in distribution like activity-based licencing, stricter governance, and operational obligations , which will drive up costs for FSPs and product providers.

Platform and marketplace competition

High growth and increasing sophistication from embedded insurance, and aggregator platforms (e.g. Hippo) force price transparency through comparisons, and pushes insurers to refine and improve their digital distribution channels.

What needs to change in order to transform?

Address the constraints on your execution



Modernise legacy systems

Legacy systems are not just “old IT”, they are an active constraint on business agility and ecosystem integration.

Commit to modernising (or wrapping) them with a clear digital transformation goal in mind.

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Cultural resistance

Culture eats strategy for breakfast – don’t ignore this major constraint on any transformation roadmap.

Acknowledge and address the fear of automation and the friction between traditional and AI methods.

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Governance bottlenecks

Traditional governance models can often result in overblown bureaucracies, which slows innovation.

Constructively engage your governance and compliance teams to eliminate redundancy and automate manual processes

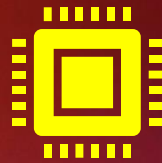
The non-negotiables for future success

**Executive level
ownership**



Digital transformation must be **owned by the C-suite**, it's not a technology programme that can be delegated to the IT department

**Digital-first
architecture**



Move toward cloud-based, API-enabled, “composable architectures” that allow for **rapid partner integration**

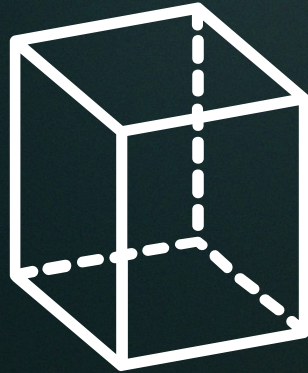
**Measurable ROI from
experimentation**



Define clear durations, success criteria and metrics for digital and AI experiments in the **language of the business** – i.e. revenue, savings, customer growth - and measure continually

Transforming from Risk Payer to Risk Partner

Traditional model



Focus: Indemnity (Pay after loss)

Structure: Siloed channels and monolithic systems

Data: Static demographics (age, gender)

Role: Reactive transactional risk payer

Future model



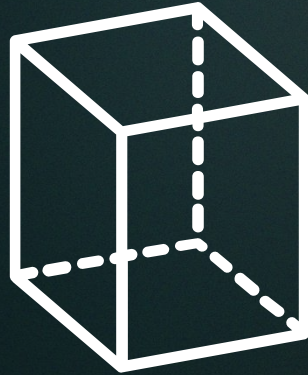
Focus: Risk management & prevention

Structure: Ecosystem-centric (Embedded & API-first)

Data: Behavioural & real-time (wearables, IoT)

Role: Proactive risk partner

Traditional model



Future model



Digital transformation is no longer a race to adopt—it's a race to evolve. The next decade is not about who digitized first, it's about who *reinvented fastest*.

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