

Illuminating Insurance Innovation

Insights from eight years of Qorus Innovation in Insurance Awards

Qorus  accenture

Introduction

Innovation in insurance was historically indulged in the periphery of the business, under-funded and watched with expectations of incremental rather than transformative change in business operations or performance.

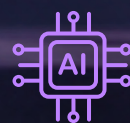
This has changed. We now hear insurers frame innovation as increasingly strategic, purposeful and critical to their success.

The evidence is all around us. Consider the many innovations in product development and distribution, including embedded insurance, usage- and behavior-based models and the convergence of insurance, health and wellness. The proliferation of insurtechs has been one of the most notable new features of the industry in the last decade. Additionally, in 2020, AM Best began to include innovation criteria in its ratings.

The Qorus Innovation in Insurance Awards launched in 2016 with 225 submissions. It has since grown as a global industry recognition program and has, to date, evaluated nearly 3,000 submissions from carriers and insurtechs alike. Each year, we examine and analyze the evolution of innovation in insurance. In this report, we explore our latest insights and identify key enablers of value generation that point the way forward.

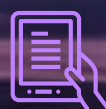


To gain a deeper understanding of innovation in insurance, including why and how it happens and what the benefits are, we conducted:



A generative AI analysis

of all the insurance innovation concepts submitted to the Qorus Innovation in Insurance Awards since its inception.



An online survey

with 41 responses from innovation executives representing 28 leading insurance companies across 16 markets. These companies have consistently submitted entries to the Qorus Innovation in Insurance Awards, many of which have earned recognition.



Structured, in-depth interviews

with 11 senior insurance executives responsible for innovation.

Through this research we uncovered:



Where innovation is focused:

Insurance organizations are focusing innovation efforts on product development.



The payback of innovation:

Most innovation initiatives are meeting or exceeding insurers' expectations in delivering both financial and non-financial returns.



Challenges confronting innovators:

Innovators—particularly in large organizations—face persistent and significant challenges, especially as they accelerate their efforts, including an increasingly complex regulatory landscape and a resistant company culture.

The demand for better products, improved efficiency and greater personalization will only intensify. To be competitive in this industry, innovation will be increasingly critical. It's time to master the art and science of innovation in insurance.



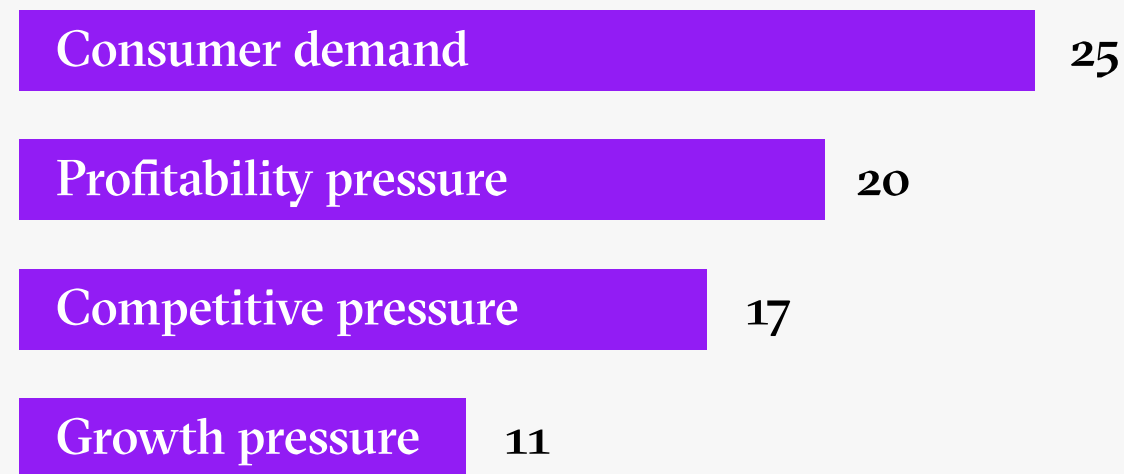
What is driving innovation in insurance?

Incumbent insurers are under immense pressure to improve their operating model, offerings, and experiences and financial performance. These aren't new challenges, but they are greatly intensified by emerging technologies that are helping established competitors accelerate both the speed and scale of transformation efforts and removing barriers to entry for newer competitors.

As a result, innovation—once comfortably a fringe activity in this field—is rapidly becoming critical to their success.

Our survey of 41 of the most prolific participants in the Qorus Innovation in Insurance Awards attests that familiar forces that have long shaped the industry are now driving efforts to increase innovation (Figure 1).

Figure 1.
Key drivers of innovation in insurance today



Note: Based on top 2 answers from 41 respondents
Source: Qorus/Accenture survey 2024.

Insurer Perspective

"Insurance is a risk business, but we need to think about the risk of not doing things, the cost of inaction. This requires a change of mindset culture."

Dr. Christian Roland, Chief Strategy and Digital Officer, AIA Thailand



Where is innovation focused?

In recent years, the focus of insurance innovation has shifted to products. In 2019, innovations in Product Development made up 18% of all program launches submitted as entries to the Qorus Innovation in Insurance Awards. This tripled to 57% in 2023, which far exceeded Marketing & Distribution programs at 15% of all submissions and Claims Management programs at 13%.

While most carriers have had the capital to fund innovation, high interest rates and continuing inflation may discourage investment. Multiple insurers noted the conflict between reflexive cut-backs and the desire to capture the cost and variable-pricing benefits of innovations in automation and the cloud.

3x

increase in Product Innovation Program Launches from 2019-2023

Insurer Perspective

“I would say that the predominant driver in the market right now is cost-cutting. There is a pressing need for insurers to contain costs, also through the use of AI, as much as possible to avoid being overwhelmed by inflation.”

Insurance Executive requested anonymity

Is innovation paying back?

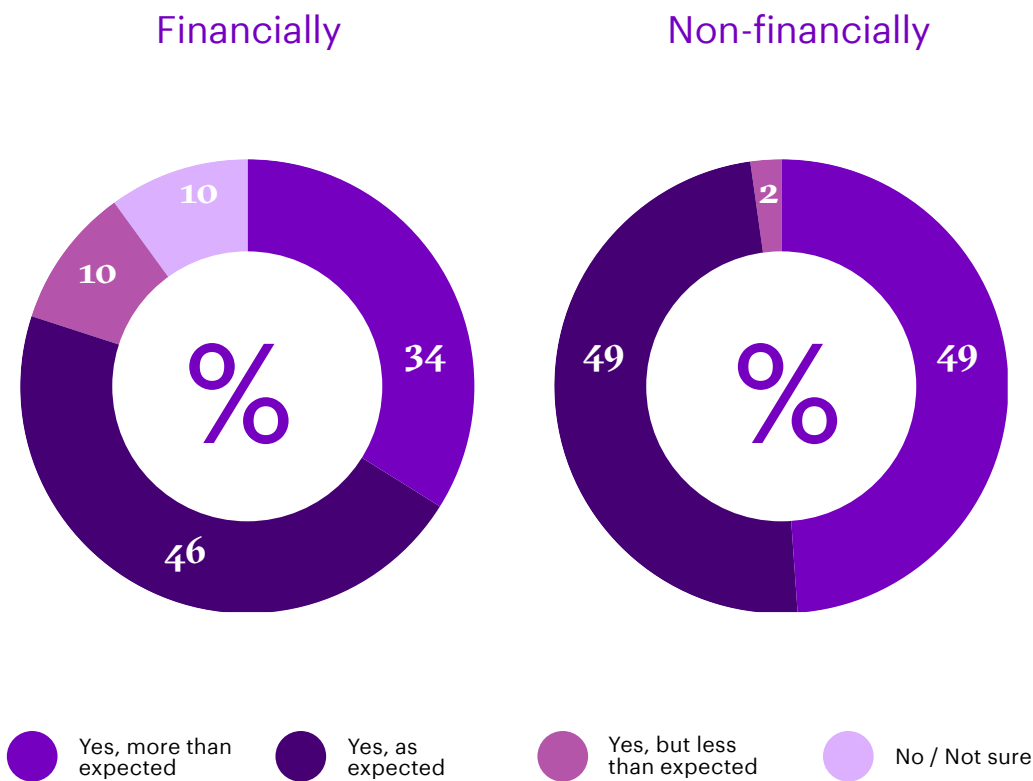
Insurance innovators are outperforming their competitors. Between 2017 and 2023, 72% of P&C carriers that entered the Qorus Innovation in Insurance Awards achieved a combined ratio equal to or above their country's average (2019 to 2022). In emerging markets, where the focus is on top-line growth, 80% of innovators achieved premium growth on a par with or above their country's average over five years.

Moreover, a large majority (80%) of our research respondents say their innovations either met or surpassed the financial outcomes they expected (Figure 2). When it comes to their non-financial goals, such as customer engagement and satisfaction, brand strength and employee loyalty, the figure rises to 98%.

Figure 2.

The 360° value of innovation

Question: Overall, do you think that the innovation project generated value for your company?



Note: Based on 41 responses
Source: Qorus/Accenture survey 2024.

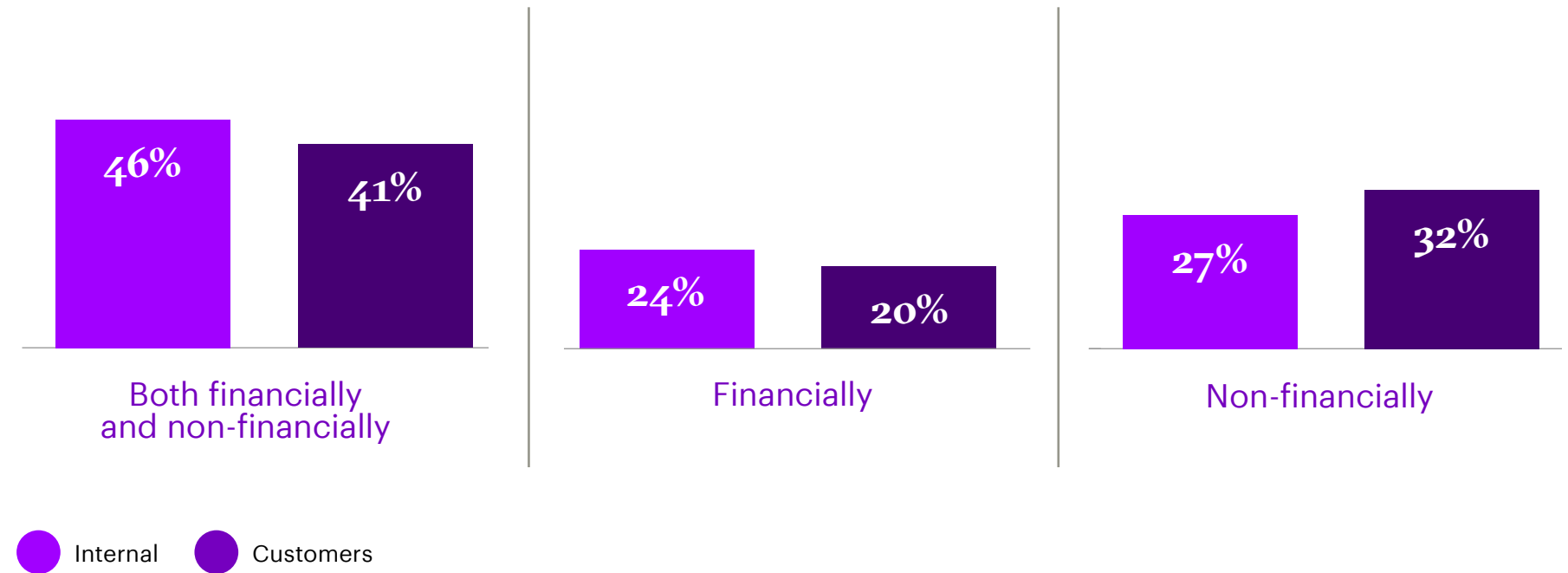




And most innovations are being brought to scale. Of the projects submitted to the Qorus Innovation in Insurance Awards, 73% have progressed to the scale-up stage. Insurance innovators say the biggest beneficiaries of these initiatives are their internal stakeholders and their customers (Figure 3).

Figure 3.
The main beneficiaries of insurance innovation

Question: In general, do you think that your innovation project delivers value to these potential beneficiaries?

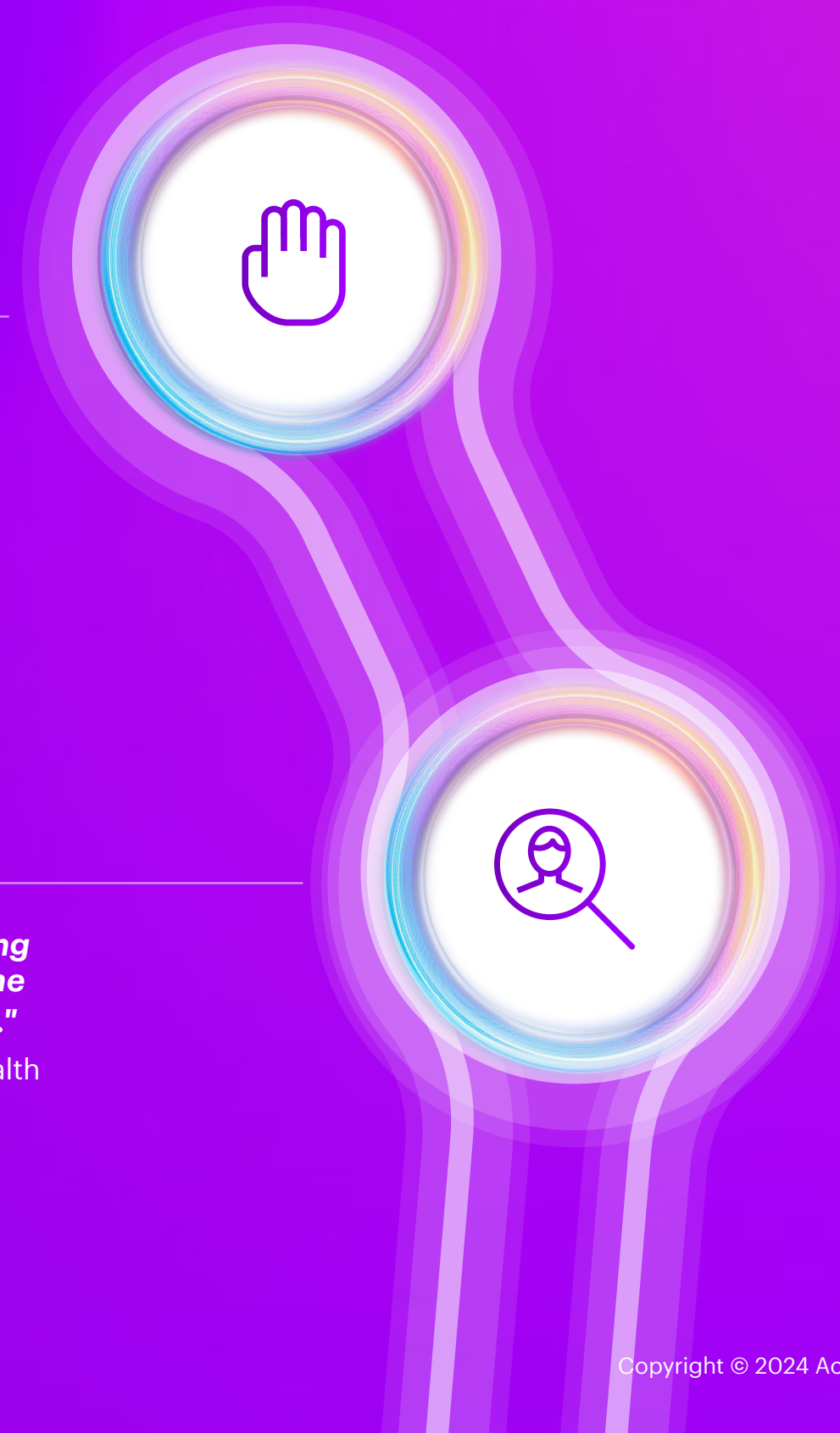


Note: Based on 41 responses
Source: Qorus/Accenture survey 2024.

What are the challenges confronting innovators?

Insurance innovators say they face significant challenges, particularly as they try to accelerate:

01	Challenge	Insurer Perspective
	<p>Lack of innovation culture</p> <p>The first innovation hurdle is an organizational culture that is resistant to change. People are often incentivized to master rather than question and improve the status quo.</p>	<p><i>"We need to change the mid-management mentality...managerial courage and vision are what's required."</i></p> <p>Jean-Marc Pailhol, Chief Global Strategic Partnerships Officer, Allianz SE</p>
	<p>Rare combination of necessary skills</p> <p>It is difficult to find people with both a clear vision of how an insurance process or product could be transformed and an understanding of how one or more new technologies could be harnessed to achieve this.</p>	<p><i>"Innovation is not a part-time job. If you're relying on people to do their day jobs and innovate at the same time, you're setting yourself up for failure."</i></p> <p>Deon Kotze, Chief Commercial Officer, Discovery Health</p>



What are the challenges confronting innovators?

(Continued)

03

Challenge

Regulation as both enabler and impediment

Insurers looking to disrupt their markets must navigate a complex web of local and international rules and laws. Some of these may support innovation, while others restrict and delay it.

Insurer Perspective

"At Zurich, we recognize the transformative potential of AI in the insurance value chain, making processes simpler, faster, and more valuable for our customers. Since our business is all about trust, we always prioritize effective control and governance mechanisms to ensure the safe, robust, and responsible use of AI. Our AI framework, introduced in 2022, equips our global workforce with robust processes and tools to ensure transparency, fairness, and accountability. This is not something we want to gamble with, as there's a lot at stake, including customer data and customer experience."

Joel Agard, Head of Group Innovation, Zurich Insurance Group

04

Challenge

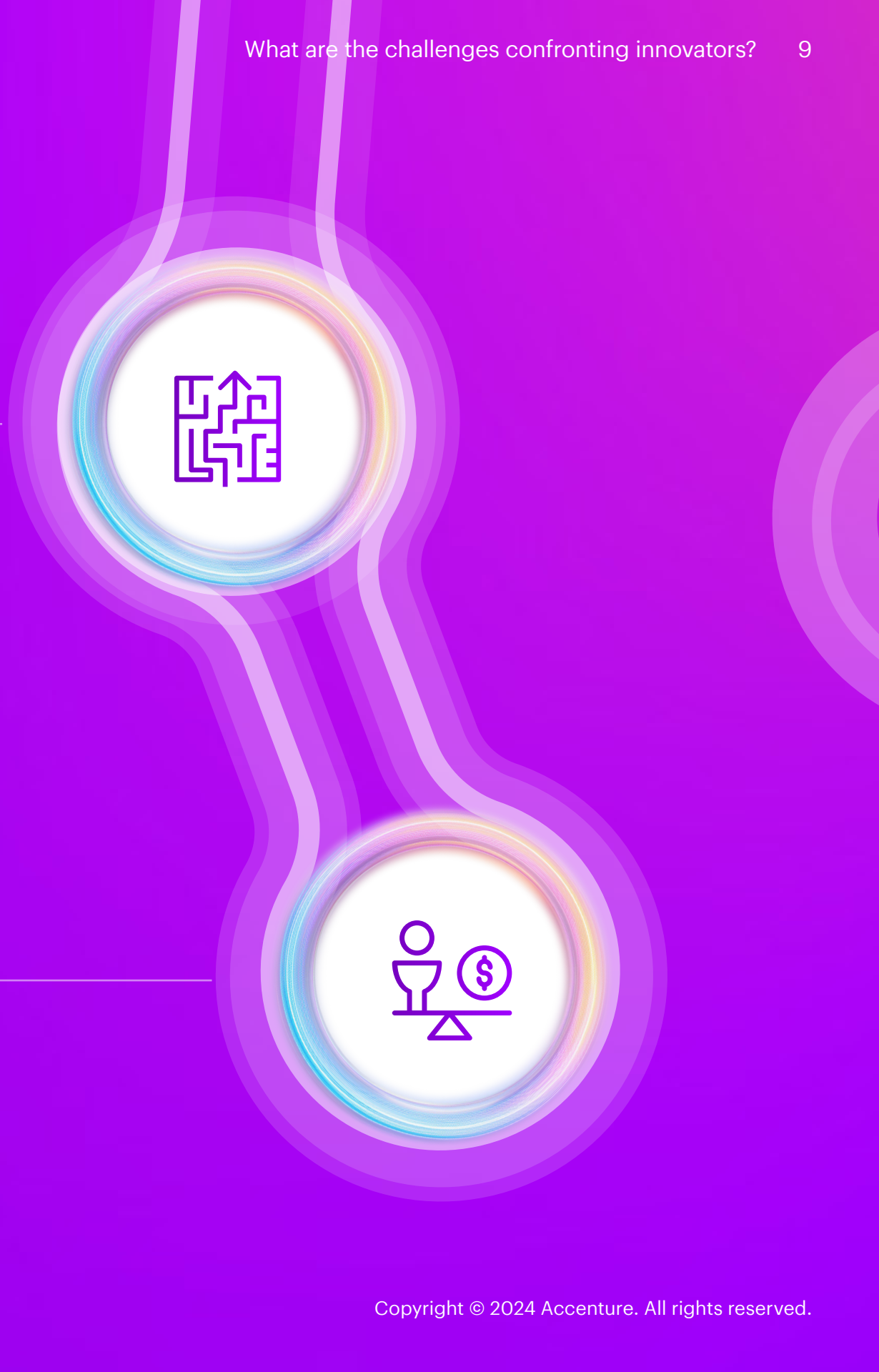
Clamor for payback in a volatile economy

Economic volatility may both impede and spur innovation, but in most instances, it reduces firms' tolerance of long ROI lead times.

Insurer Perspective

"As investors, we prioritize understanding ROI within the next 18 months. If returns extend beyond this period, the investment thesis is a lot more challenging. This is because insurance companies are primarily motivated by immediate bottom line improvements, leaving little incentive for long-term innovation."

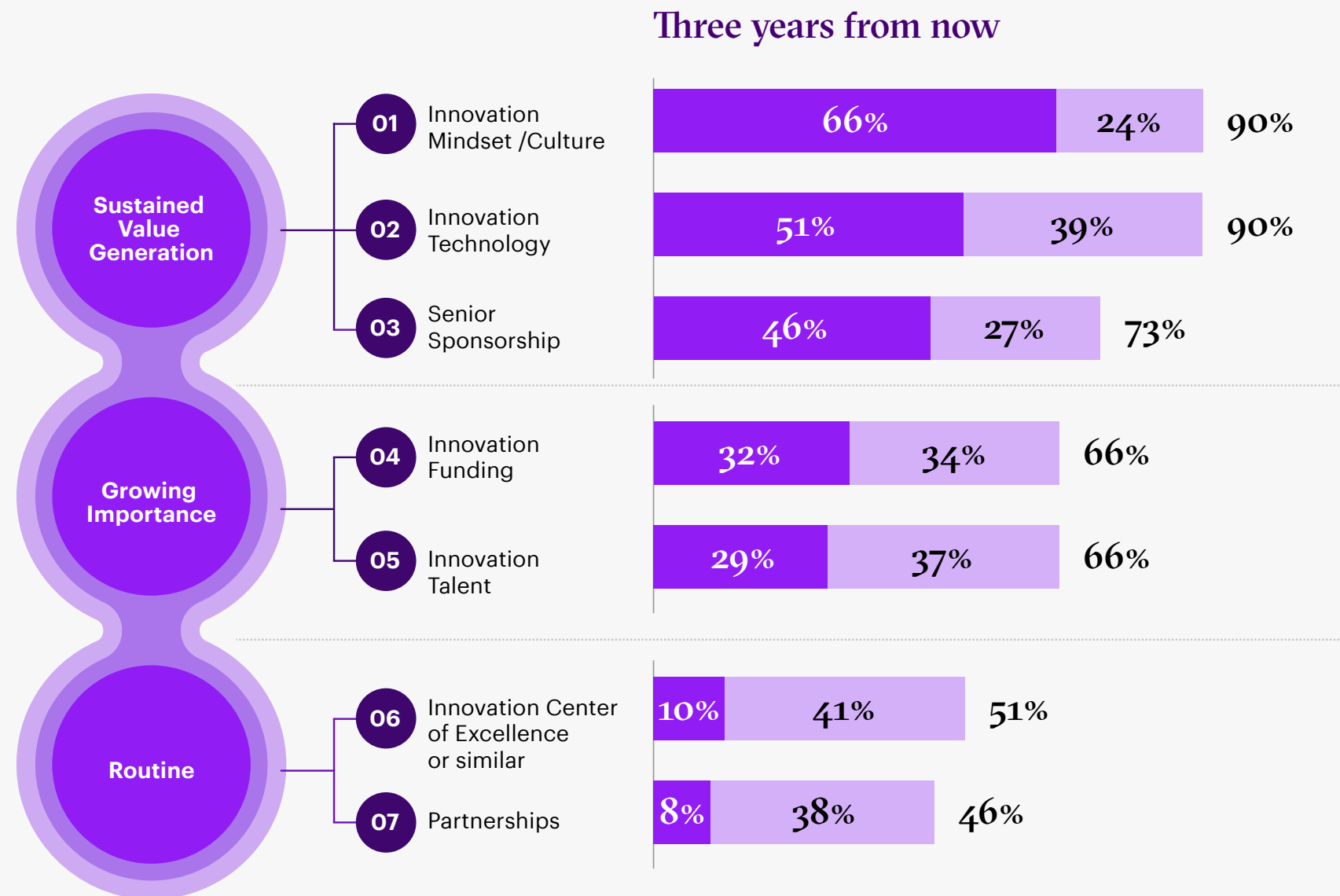
David Castellani, Operating Partner, Brewer Lane Ventures, and Accenture Insurance Luminary



Seven enablers of value generation

How is it that some companies are able to produce a steady stream of innovation while for others the well remains dry? The successful companies understand that it takes a deliberate and sustained strategy and an environment in which disruptions are encouraged, innovators are rewarded and the necessary enablers are in place. Two key enablers stand out for their sustained value generation—an Innovation Mindset/Culture and Innovation Technology (Figure 4).

Figure 4.
Key enablers of value generation in insurance
 Question: In the insurance industry, what do you think is the significance of the following enablers for value generation?



Note: Based on 41 responses
 Source: Qorus/Accenture survey 2024.

● Decisive ● Very significant

An innovation mindset and culture

Insurance innovators say the most critical enabler of innovation in the near future will be an organizational culture that encourages change. In these organizations, leaders initiate and support change programs even when the potential cost of a disappointing outcome exceeds the potential reward of success. They work to eliminate institutional barriers, replacing them with incentives and an enabling operational framework. They establish and give overt support to dedicated innovation teams and ensure that all innovation is tightly aligned with the business strategy. They further see that expected financial and non-financial outcomes are quantitatively defined and rigorously measured.

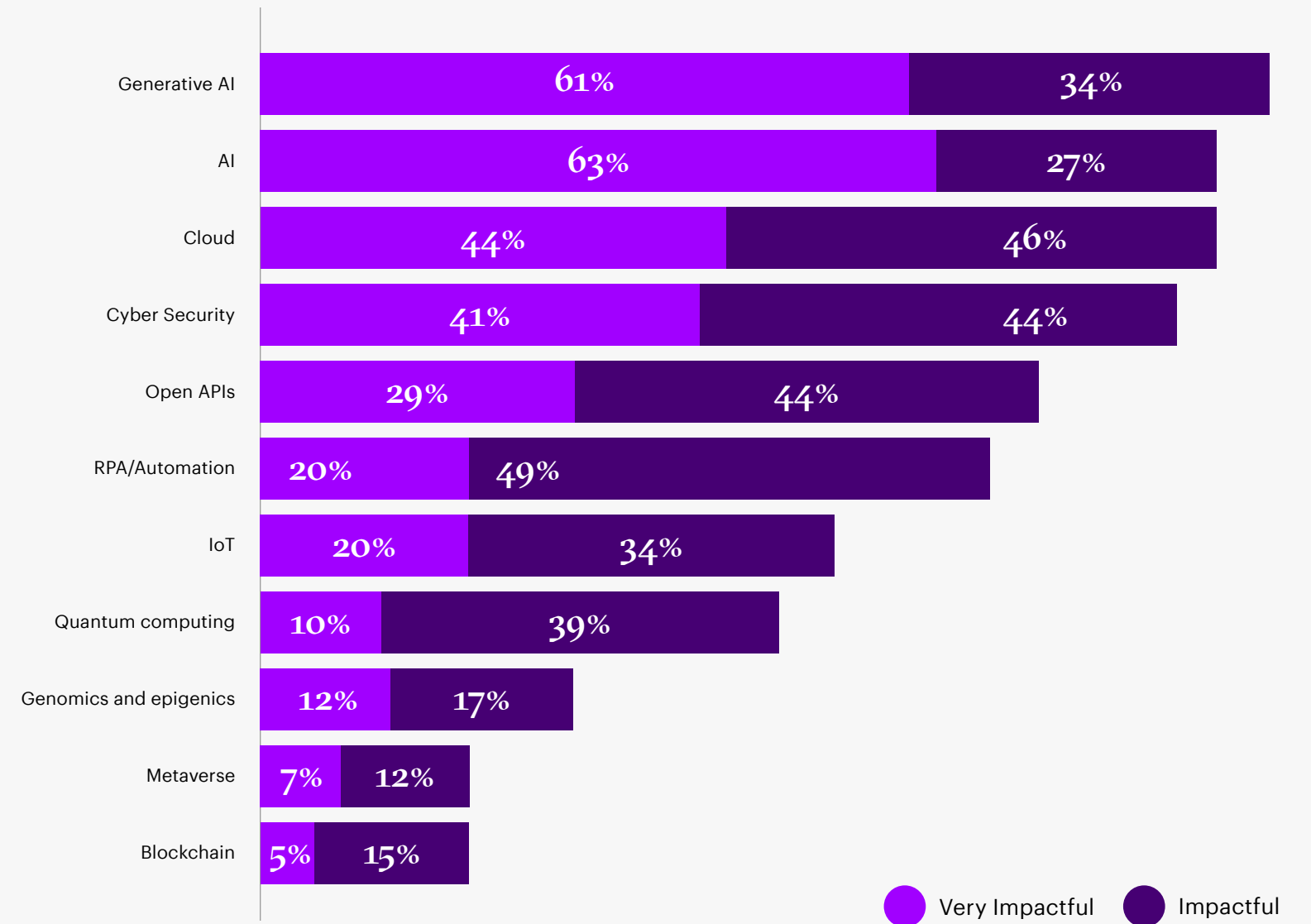
Innovation technology

The rapid emergence of modern technologies is another key enabler. Gen AI is the most recent and clearest example (Figure 5). With its wide array of applications, gen AI has massive potential to materially improve process efficiency and decision effectiveness.

Classical AI and Cloud are also recognized for their impact. AI is the transformative technology in insurance and a critical differentiator for insurers, while Cloud is the enabler that makes innovation at scale possible. Both are essential as insurers continue to innovate in their products and get closer to customers through ongoing risk mitigation and management.

Figure 5.
Technologies expected to have the greatest impact on insurance

Question: How impactful do you believe these innovative technologies will be in terms of their potential to generate value in the insurance industry over the next three years?



Note: Based on 41 responses
Source: Qorus/Accenture survey 2024.

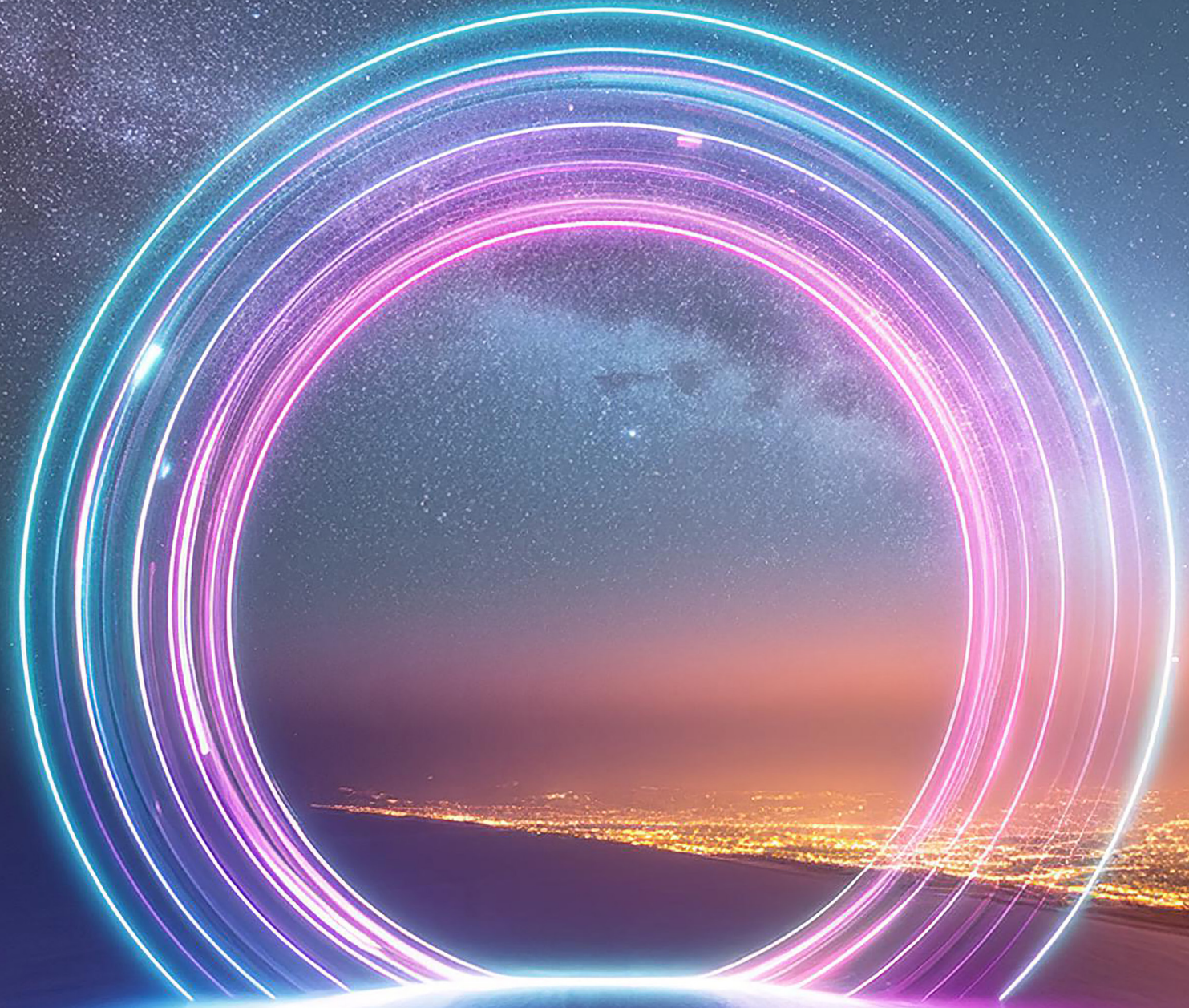
Very Impactful Impactful

Conclusion

Innovation initiatives may be difficult to justify, especially during times of intense cost pressure. And taken individually, such initiatives may not result immediately in lower costs or higher revenues. However, by cultivating a favorable culture and developing capabilities that support innovation, insurers can overcome the challenges and enable continuous reinvention across the enterprise.

“I really think that innovation in insurance is currently a no-brainer; it’s a question of life or death. If you don’t lead the transformation, you are killed by the transformation.”

Jean-Marc Pailhol, Chief Global Strategic Partnerships Officer, Allianz SE



About the Research

Quantitative

We used gen AI to analyze the dataset of eight years of Qorus Innovation in Insurance Awards submissions from carriers around the world—more than 2,300 in total.

In April and May 2024, we conducted an online survey with 41 responses from innovation leads at 28 global insurers that had submitted innovations to the Qorus Innovation in Insurance Awards in the past two years. Of these respondents, 68% held strategic roles related to the innovations they had submitted. At the time of our survey, 73% of the innovations had been scaled. The majority (58%) of our respondents are based in mature markets and the rest in emerging markets. The survey covered the value generated by their innovations, as well as the technological and other enablers of innovation within the insurance industry.

Qualitative

We conducted in-person deep-dive interviews with senior executives responsible for innovation strategy and execution at 11 leading regional and global insurance companies. These interviews covered four major topics: What is happening with innovation in insurance? Why does innovation matter, and is it delivering benefits? What actions should insurers be taking? What can we expect to see next?

To determine whether innovation pays off financially, we leveraged data sets shared by Qorus Innovation in Insurance Awards participants since 2017. We compared these with insurers' historical financial performance from 2017 to 2022, focusing on premium growth and combined ratio. For the analysis, we used P&C-focused insurance companies and controlled for factors such as currency exchange, premiums used on a direct or gross basis and combined ratio calculated on a net of reinsurance basis.

Proprietary gen AI tools were utilized throughout the research process.

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Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients' industries, our team of 300 researchers and analysts spans 20 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research developed with world-leading organizations helps our clients embrace change, create value, and deliver on the power of technology and human ingenuity.

About Qorus

A global non-profit organization established in 1971 by banks and insurance companies, Qorus (formerly known as Efma) helps its members to reinvent themselves to thrive – to go further, be faster and work together. Our global ecosystem brings valuable insights, inspiring events, rich data, and active global communities all in one place. With over 50 years of experience, Qorus provides a neutral space for best-practice sharing and collaboration, while offering diverse knowledge and a global reach – to more than 1200 financial groups in 120+ countries. The Qorus Innovation in Insurance awards have served as a catalyst for innovation in the insurance sector and have helped insurers develop disruptive strategies since their inception in 2016. An annual event, this global competition rewards the best new ideas and practices transforming the industry for the benefit of both insurers and their customers. Open to insurance, bancassurance, and insurtech organizations, they help to connect a worldwide network of leaders and disruptors. A rigorous, independent judging process determines the winners by their peers to ensure the awards' ongoing credibility.