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World InsurTech Report 2021: Unprecedented access to capital investment fuels InsurTech and BigTech maturity and customer adoption

For the first time, 50% of insurance customers are willing to consider coverage from new-age digital players, as incumbents seek strategic partnerships to remain competitive.

Paris, September 16, 2021 – [Capgemini](#) and [Efma's World InsurTech Report 2021](#), published today, reveals that InsurTechs and BigTech players are leveraging significant capital inflows to boost technological development and fuel innovation, turning up the heat on incumbent insurers. New age digital players are offering greater personalization and emphasis on customer experience, thus achieving maturity and customer adoption. In response, incumbents are attempting to strengthen their tech capabilities by partnering with or acquiring InsurTechs and shifting from "doing digital" to "being digital".

According to the report, tech giants and InsurTechs have secured unprecedented access to capital allocation from investors and are bolstering their digital capabilities, increasing their lead as innovation frontrunners. Between 2018-2020, the 5 biggest tech companies and a famous auto manufacturer which offers insurance services added almost 2.5 times the total market capitalization of the 30 largest insurers globally in 2020¹. By the end of 2020, the total market cap of listed InsurTechs surpassed \$22 billion ². InsurTechs are fast becoming the investment du jour, with a range of investors supporting and enabling the wave of flowing capital. Opportunistic venture capitalists and private equity partners are deploying early-stage capital. While reinsurers are actively playing two critical roles: enabling InsurTechs through investments and providing essential underwriting capacity.

CARE becomes the industry secret sauce

The COVID-19 pandemic catalyzed customer intention to purchase insurance (up by 7%) and increasingly, policyholders are gravitating towards insurers that offer better 'CARE'³, where **C**onvenience, **A**dvice and **R**each are at the heart of designing and evaluating the effectiveness of their customer journey. Today, policyholders no longer waver when it comes to dropping a provider in pursuit of more relevant CARE solutions provider. For the first time, 50% of customers today are willing to consider coverage from a new age player.

¹ Capgemini financial analysis based on data from [Yahoo Finance](#) and [CompaniesMarketCap](#).

² Capgemini Financial Analysis based on data from [CompaniesMarketCap](#).

³ C: Customers want 24/7 **convenience** – quick response time and multichannel access to policy information, and account management. A: Customers want personalized **advice** – products customized to their needs, as well as the ability to manage their risk profile across their policy lifecycle. RE: Customers expect insurers to **reach** out to them and engage meaningfully according to their preferences – such as via risk-prevention propositions or capabilities to offer unintrusive support during moments of need.

Digital technologies make the difference for new age players flush with investment capital

InsurTechs are leveraging the inflow of investor capital to further improve their CARE offerings through digital technologies, including AI/predictive modelling, advanced data analytics, API/open insurance and IoT/connected devices. InsurTechs are mindful of customer expectations and, while convenience has been at the center of InsurTech propositions for some time, priorities are now shifting towards reach. Although incumbents are experiencing clear data and analytics challenges (only a quarter of insurers are confident in their data handling abilities) they are not idle. To circumvent and overcome these limitations, many traditional insurers are buying and partnering with new age digital players to enhance their capabilities and value proposition as part of the CARE equation, with a special focus on reach.

"The insurance industry is evolving, the keyword for its future is modularity. Insurers must be prepared to tackle a broad range of future scenarios. Modular offers, systems and organizational structures will be indispensable to creating a robust and responsive value change. In the coming years, industry players will be defined by their strength within a hyper-specialized value chain, and insurers will increasingly become orchestrators," said Anirban Bose, CEO of Capgemini's Financial Services and Group Executive Board Member.

Insurance is moving from product selling to customer CARE and protection, and as the lines between insurance industry participants blur, the report predicts two scenarios emerging enabled by continued access to capital:

- 1. Embedded insurance as a value add within third-party ecosystems:** Coverage is embedded at the point of sale or point of service, becoming virtually invisible. The business model evolves toward a B2B2C proposition, where ecosystem partners control customer relationships.
- 2. Added value at the core of complex offerings:** Insurers evolve from selling products to CAREing for customers through predict-and-prevent propositions enabled by AI and analytics.

"As traditional insurers expand their ecosystems to remain competitive, they must increasingly consider the value achievable through trusted partners, including BigTechs, InsurTechs and non-traditional players like original equipment manufacturer (OEMs). The numbers clearly suggest that exponential InsurTech growth is here to stay, so delivering superior customer CARE is essential. Future success in the industry will depend on players' existing capabilities across the value chain, willingness to invest, and desire to own the customer relationship," said John Berry, CEO of Efma.

Report methodology

The World InsurTech Report (WITR) 2021 draws on research insights from numerous surveys, roundtable discussions and interviews: World InsurTech Report 2021 Roundtable Discussions, World InsurTech Report 2020–2021 Executive Interviews, 2020 Global Insurance Executive Interviews, 2020–2021 Global Insurance Voice of the Customer Survey, Capgemini COVID-19 Consumer Survey 2021, Capgemini InsurTech Landscape Study 2020–2021, 2021 InsurTech partnership and analytics analysis. The report includes an analysis of more than 900 InsurTechs focused within the United States and Europe, split into three broad categories as full carriers, distributors, and enablers. The analysis draws insights on the InsurTech growth rate between 2020–2021 and the funding obtained for the period 2020–2021.

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A global non-profit organization established in 1971 by banks and insurance companies, Efma facilitates networking between decision-makers. It provides quality insights to help banks and insurance companies make the right decisions to foster innovation and drive their transformation. 120 financial groups in 133 countries are Efma members. Headquartered in Paris. Offices in London, Brussels, Andorra, Milan, Stockholm, Bratislava, Warsaw, Moscow, Istanbul, Beirut, Dubai, Tokyo, Singapore, Sydney and Montreal.

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