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Digital services could displace \$280B of traditional premiums by 2025

Overall, the global insurance industry is expected to reach \$7.5 trillion by the end of the forecast period.

By Steve Hallo | May 05, 2021



([//images.propertycasualty360.com/contrib/content/uploads/sites/414/2021/05/Insurance-Digital-Article-202105041731.jpg](https://images.propertycasualty360.com/contrib/content/uploads/sites/414/2021/05/Insurance-Digital-Article-202105041731.jpg)) “Insurers who move from traditional to technology-led offerings that are better integrated with customer data are better positioned to lead; others risk losing revenues to digital-first competitors and new entrants,” said Kenneth Saldanha of Accenture. (Credit: [Rawpixel.com/Shutterstock.com](https://www.rawpixel.com/shutterstock.com))

Demand for digital insurance tools and online distribution is anticipated to displace as much as \$280 billion of current insurance revenue by 2025, according to Accenture (<https://www.accenture.com/us-en/industries/insurance-index>), which noted current customer retention levels will be challenged by digital disruptors.

As consumers renew policies with data-driven offerings, up to \$140 billion of current insurance revenue will likely shift to tech-enabled products. An additional \$140 billion of current revenue is expected to transition from traditional distribution models to digital distribution experiences as shoppers move toward online channels and third-party platforms, according to Accenture.

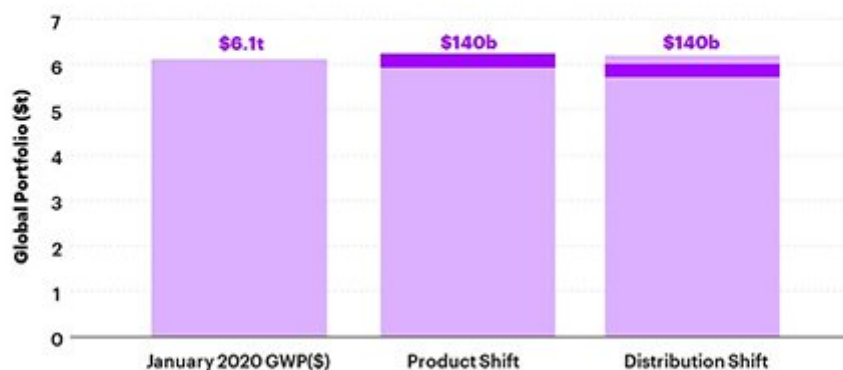
Research also shows that highly digital agencies grow 60% faster (<https://www.propertycasualty360.com/2021/04/09/study-highly-digital-agencies-grow-60-faster-than-the-competition/>) than their competitors.

Insurers will have to innovate for retention

Almost 5% of existing revenues will be heavily impacted by innovation

Shifting portfolio (\$280b)

Global premium is being renewed with innovative new products (\$140b) and a shifting distribution (\$140b)



Source: Accenture Research model based data from Global Data and Swiss Re

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([//images.propertycasualty360.com/contrib/content/uploads/sites/414/2021/05/Insurance-Revenue-Landscape-Graph.jpg](https://images.propertycasualty360.com/contrib/content/uploads/sites/414/2021/05/Insurance-Revenue-Landscape-Graph.jpg)) Source: Accenture

“The recent acceleration to digital channels threatens the renewal of some traditional premiums and alters the future revenue landscape for insurers,” Kenneth Saldanha, who leads Accenture’s insurance industry group globally, said in a release. “While the industry will remain resilient and grow, the pace of technology and societal change is coming faster than expected. Insurers who move from traditional to technology-led offerings that are better integrated with customer data are better positioned to lead; others risk losing revenues to digital-first competitors and new entrants.”

Emerging risks invite competition

Additionally, moving forward, insurers will compete for revenue streaming from emerging and newly developing risks. Accenture projects that weather events (https://www.accenture.com/us-en/insights/insurance/revenue-landscape-2025-innovate-for-resilience?c=acn_glb_insurancerevenuedirelations_12115811&n=mrl_0421), propelled to ferocious levels by climate change (<https://www.propertycasualty360.com/2021/05/04/climate-change-may-greatly-increase-the-risk-of-future-crop-loss/>), could make up as much as \$50 billion in new insurance revenue. A similar scenario is expected for cyber coverages, which could generate up to \$25 billion in new premiums.

Ravi Malhotra, who leads Accenture Strategy’s insurance industry group in North America, added: “A fast-changing world, filled with environmental risks, cyber threats and more people feeling physically and financially vulnerable, is causing insurers to reimagine their role in the economy and position themselves as risk preventers, not only compensators.”

Overall, the global insurance industry is expected to reach \$7.5 trillion by the end of the forecast period, representing a 3.5% compound annual growth rate. This sum includes \$800 million in U.S.-centric health care premiums, which have not typically been included as part of the insurance sector but have become material as a result of growing demand for convergence among health products and services such as wellness offerings, Accenture reported.

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