NextWave Insurance: Life, Retirement and Group

Creating a more purposeful and profitable future

Building a better working world

About EY NextWave insurance

The EY NextWave vision represents our perspective on the most powerful trends and forces shaping the future of the insurance industry globally. The views on the following pages reflect findings from our extensive market research and our engagement with leading life insurers and pension providers around the world, as well as the diverse expertise and thinking of more than 60 insurance subject-matter experts — including digital strategists, technologists, actuaries and functional specialists.

This paper builds on our original NextWave life insurance and retirement paper from 2020, highlighting recent market shifts while still emphasizing the evolving expectations of customers, distributors, advisors and other stakeholders. These forces, as well as underlying demographic and societal change, represent a roadmap for any firm looking to transform for future growth.

Given how different types of companies are converging around changing customer needs and rising interest in wellness, this report is relevant to life, group and health insurers, as well as providers of annuities, retirement plans and workforce benefits. It also speaks to the current needs and future role of insurance brokers and agents, financial advisors and planners and other intermediaries.

Because product, service and experience innovations can deliver value to many different constituencies — including individuals, families, employers and society as a whole — insurers can meet the moment by living their purpose.

We encourage you to contact us to learn more about how EY teams can help your organization meet the change imperative and seize the opportunities in the dynamic market.

Isabelle Santenac
EY Global Insurance Leader

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Tomorrow's market leaders are focusing on the following capabilities today:

- Product, service and experience innovation
- Distribution model agility
- Talent flexibility
- Impactful marketing and enhanced customer service
- Upgraded and streamlined technology architecture
- Operational excellence across the enterprise
- M&A and capital management strategies

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Executive summary

If ever a sector has faced an inflection point, surely it's the life insurance and retirement sector, circa 2023. Consider what we are facing:

- A massive retirement savings gap and a huge shortfall in health insurance coverage
- Seriously strained public pensions and retirement plans, with government budgets fully stretched after the pandemic
- Profound changes to employment relationships
- Aging populations, longer lifespans and other demographic shifts
- Sudden and dramatic spikes in interest rates and the cost of living, against a backdrop of lingering macroeconomic uncertainty
- Constant technology disruption and dramatically expanding data volumes, which shine a harsh light on the industry's outdated systems

Those structural challenges — some of which are far beyond the industry's control — are especially urgent in light of other market forces, including:

- Dramatically higher consumer interest in financial wellbeing in the wake of a global pandemic
- A pending generational transfer of wealth, the size of which the world has never seen before
- The need to engage younger generations or risk losing their business to non-traditional competitors
- A shifting regulatory environment, with much greater emphasis on environmental, social and governance (ESG) matters

The current landscape is so dynamic that it's not even clear what to call the industry anymore. After all, everyone from traditional life insurers and annuity companies, to health and group insurers and employee benefits providers, to banks and wealth and asset managers, to huge tech platforms, InsurTechs and well-funded startups, are competing to win over customers, manage their assets and/or help them meet their financial and lifestyle goals. As more consumers see the synergistic relationship between physical health and financial wellness, traditional industry lines will continue blurring.

Given the competitive convergence and market fragmentation, it's worth asking if "life insurance" as traditionally defined will even exist within the next decade. Certainly, there will continue to be a need for the protection life insurance has historically provided, but any firm that continues to think of life insurance in the same old ways risks irrelevance in the very near term.

Timeless needs and new preferences are the nexus of change

As ever, customers dictate the future of the industry. Their needs, objectives and even aspirations should inform and inspire the growth strategies and innovation agenda for insurers and others in the space. Advisors and regulators are stakeholders so important that it's useful — even desirable — to view them as customers, too. Their expectations and priorities have also shifted significantly.

And if customer preferences and priorities have changed, almost everything else must change. Not just products, but also go-to-market approaches and distribution networks, organizational models and performance metrics. Brands may soon matter less than experiences.

So what is it that customers want? Increased financial security and, ultimately, happier and healthier lives. "Financial solutions for better living" — perhaps that's how life insurance will be known in 2030.

These customer objectives are not necessarily new, though the pandemic, longer lifespans, growing awareness of savings gaps and shifts in employment relationships have increased the urgency around them. What's new is how people are seeking to achieve financial goals in the face of these forces and who they're turning to for support. Put another way, people are adopting new ways to accumulate savings, establish retirement income and protect themselves against illness and death; and they're engaging companies beyond traditional insurers for help in finding peace of mind and confidence.

For insurers, the immediate priorities are to clarify and amplify their value proposition and make it easier for customers to derive value. Tomorrow's leaders are already redesigning their offerings and refining their distribution models to meet customers where they are — both through traditional intermediary networks and touchpoints and via ecosystems, new partnerships and digital and embedded channels.

By enhancing the value it offers, simplifying products and expanding access, the industry can support a broader range of customers (e.g., different socioeconomic backgrounds, asset levels, family units and living situations) to achieve their goals and lead healthier and more prosperous lives. These moves will help more people achieve "retirement readiness," whatever form that retirement takes. The benefits to society would be huge as well.

"Tomorrow's leaders are already redesigning offerings and refining distribution models to meet customers where they are.

Creating a more purposeful and profitable future

To make the vision of a more purposeful and profitable future a reality, firms across the industry will need to:

1 Reimagine core value propositions and product offerings

- Create more flexibility and options in the product portfolio to meet more complex and diverse customer needs, inclusive of savings and investments, protection and prevention supporting both financial and physical wellness
- Tier offerings so that everyone can find value — from high-net worth individuals and families to currently underserved market segments
- Design products to travel with individuals across their lives and promote lifelong self-care and a higher quality of life at every age
- Simplify offerings and communications to make it easier for advisors, agents and other intermediaries to consult with customers and sell
- Devise ways to be there for customers when they need trusted advice and the human touch
- Articulate and manifest a brand purpose beyond the bottom line and with clear intentions around ESG, which will help attract like-minded employees and customers

2 Rethink how value is delivered

- Deliver hyper-personalized experiences to support every touchpoint, based on precise segmentation and deep predictive insights
- Promote more informed financial decision-making and healthier behaviors with content, tools and resources that are timely, personalized and intuitive
- Develop holistic underwriting capabilities to support adjustable subscription products with customizable product features that can flex for different life stages and market segments
- Accelerate speed to market with targeted solutions that are easy for customers to understand, access and buy in the channels they prefer, whether that is through their employer, through direct and embedded channels, or via intermediaries

3 Retool the tech and data environment for the age of ecosystems

- Continue driving toward full digitization, automation, cloudification and data integration, preparing for the day — coming soon — where mobile is the dominant channel for engagement
- Rationalize and upgrade existing core systems for more extensive use of the microservices and application programming interfaces (APIs) necessary to ecosystem development and participation as well as holistic financial wellness offerings
- Evaluate a broader range of partners and engage with those committed to expanding access to financial protections, retirement planning and other vital services
- Begin exploring your options for the open insurance era and making plans to comply with more stringent regulations related to customer data sharing, portability and privacy
- Embrace new Agile methodologies and new ways of working to promote design thinking, rapid prototyping, test-and-learn development approaches and faster product launches

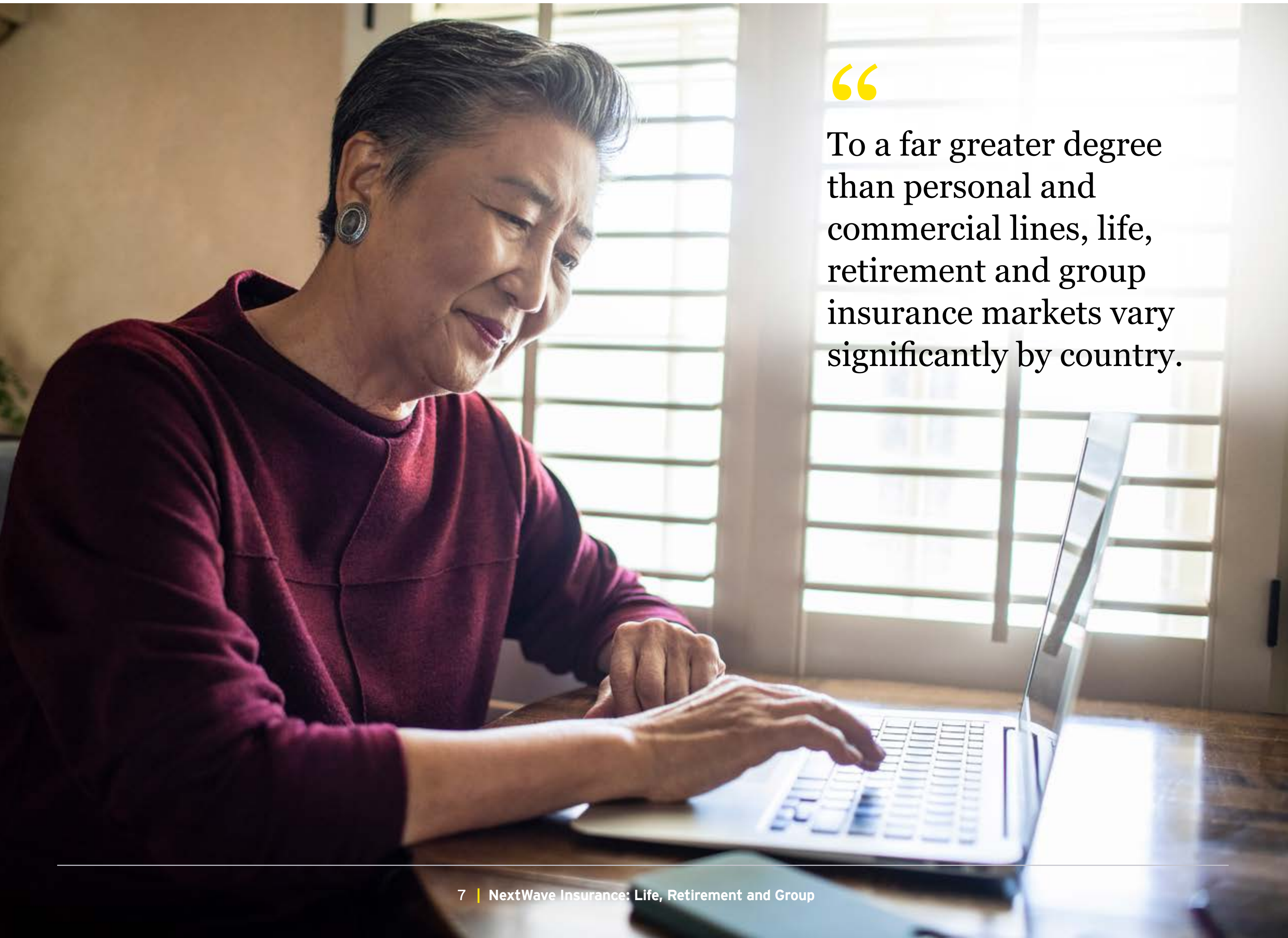
A tale of multiple markets and competitive convergence

Our report reflects that the global life insurance and retirement industry functions as multiple markets. To a far greater degree than personal and most commercial lines, markets vary significantly by country. There's even greater diversity when health and group insurance and employee benefits are taken into account. The different product types (e.g., risk protection policies vs. savings and income-oriented offerings), distribution channels, regulations and tax implications, market norms and social welfare programs — not to mention demographics and even cultural traditions — mean that every country is a distinctly different market.

There are, however, a few common themes that apply broadly across major global markets. On the following pages, we explore those themes and highlight innovations from around the world, because we believe leaders can learn from activities and experiments taking place in markets other than their own.

Throughout this report, we explore the upside for all the different types of organizations — including traditional insurance companies and annuity providers and relatively new market entrants — that can take bold action in pursuit of sustainable long-term profitability. We also outline the challenges they will face along the way.

- **In Chapter 1**, we highlight the most powerful forces and megatrends shaping the market today — changing customer needs and new workplace and retirement realities chief among them.
- **In Chapter 2**, we describe the different phases of the lifetime customer journey, and key elements of the customer experience throughout that journey.
- **In Chapter 3**, we define the future capabilities market participants will need to optimize in pursuit of competitive advantage and sustainable growth.



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To a far greater degree than personal and commercial lines, life, retirement and group insurance markets vary significantly by country.

The profound forces of change reshaping the life insurance and retirement business

Tomorrow's top-performing firms in life, health and group insurance and retirement planning must successfully navigate a confluence of powerful market trends, including evolving consumer expectations and preferences, demographic shifts, structural changes to employment relationships and relentless technology advancement.

The changing customer context: Customers no longer view insurance policies, savings and investments as standalone products or think of financial goals exclusively, or even primarily, in terms of retirement. That is true because retirement now happens later in life and is not necessarily a single event or one-time occurrence. Rather, consumers are looking for broader and more flexible solutions to help them protect their savings and accumulate funds to be used for multiple purposes while staying healthy and managing short term goals.

Global consumers who are moderately or extremely concerned about ...

69%
the ability to fund retirement

66%
government not covering my healthcare needs

58%
personal and household debt

Source: 2022 EY Future Consumer Index

48%
the proportion of UK consumers who consider themselves "confident and savvy" when it comes to financial products and services

Source: FCA, UK Financial Lives survey

Products designed to meet these needs must balance short-term objectives, such as protection against financial shocks and setbacks, with features that support the long-term vision of financial security. Unique and flexible offerings can help insurers remain connected to customers — either directly or via employers or advisors — at different times of their lives. Beyond providing protection, the goal must be to develop services and tools which promote financial literacy, self-care and healthier living so that people can achieve a higher quality of life at every age.

Even modernized product sets are not enough, however. Insurers must educate and persuade consumers, as well as advisors and other intermediaries, about the value of their propositions. Restoring trust is also important, because consumers are willing to engage with any brand that demonstrates understanding of their needs, offers effective solutions and delivers personalized experiences.

The proportion of UK consumers who ...

Have not thought about how much to pay into pensions: **79%**

Have not reviewed where their pension is invested: **78%**

Are not aware of changes incurred on their pensions: **69%**

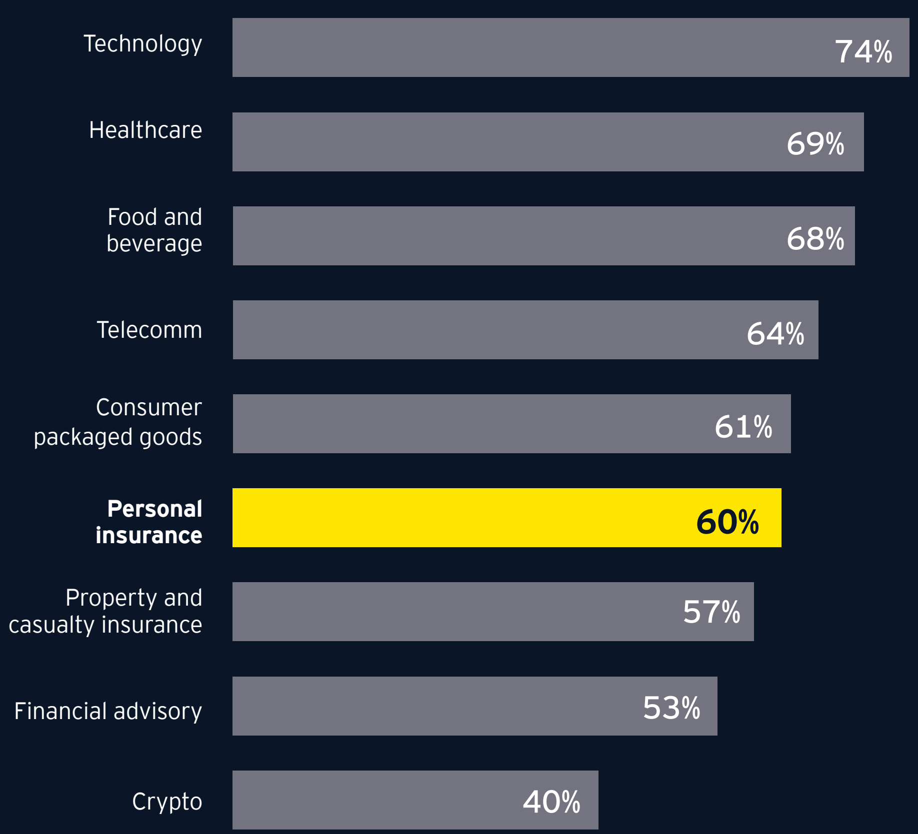
Don't know their pension balances: **32%**

Source: FCA, UK Financial Lives survey

Because consumers have more options today, even well-known insurance brands must fight harder to win their business and loyalty. Insurers now compete with banks, wealth and asset managers, workforce benefits providers, InsurTechs and private equity-funded start-ups much more frequently than in the past. These firms are increasingly in the same business: financial security. And financial security is what customers are looking for whether they are buying life insurance, an annuity or a pension fund, seeking a retirement plan, or selecting benefits within a group insurance plan.

> "Restoring trust is important, because insurers now compete with more types of firms.

Percentage of global consumers who trust companies by sector:



Source: Edelman Trust Barometer

The new realities of work and retirement: Work and retirement have been transformed in the last decade. The gig economy continues to draw in huge numbers of workers. As traditional employment relationships have eroded, the number of new business start-ups, side hustles and home-based businesses have soared. In 2022, 2 billion workers were informally employed worldwide according to the International Labour Organization.

Gig workers as proportion of global workforce
2021: **15%-25%**
2025: **35%-40%**

Source: Gartner

These "informal" workers generally have little, if any, access to the benefits traditionally provided by employers, including life insurance, pensions and retirements savings. With populations aging and life expectancy on the rise, the shortage of personal savings will become an even greater problem in the future. With public budgets strained to the limit, governments are looking to business and industry for ways to make it easier for individuals to save.

Just as few people expect to work for one employer for their entire working life, few expect to rely on a single source for retirement savings and income. Today, younger people expect to have multiple careers, leave and re-enter the workforce multiple times, and work for multiple organizations and/or themselves.

Older people are working longer or returning to work, largely because of the need to save more money and secure sufficient retirement income. Strikingly, from 2000 to 2020 there was a 50% increase in the number of 50-64 year-olds in the UK workforce, according to the Pension and Lifetime Savings Association. This rise is largely attributable to the need to acquire more assets for a longer retirement. And with the World Health Organization estimating significant growth in the over 60 and over 80 populations of the globe by 2050 (2X and 3X, respectively) it is clear that the retirement landscape is changing rapidly.

84%
US employers that will have at least some employees working remotely in five years, including 31% who will have at least 50% working remotely

50-60%
US employers who believe more employee benefits will be needed in the future to meet worker needs

Source: EY-LIMRA

Still, the reality is that most individuals will access retirement plans via their workplaces or jobs. Thus, life insurance, retirement plans, pensions and related products will need to flex to fit many different individual career journeys and working arrangements. Regulations in multiple markets aim to make work-based pensions and retirement plans more accessible and portable.

Group health insurers and employee benefits providers are playing a larger role in the life insurance and retirement market, tailoring their offerings to meet the needs of the five generations now in the workforce. Voluntary and optional benefits help individual workers to find exactly what they are looking for. Coverage for contingent, contract and part-time workers is slowly increasing, if only because large employers are looking for more ways to attract and retain the workers they need.

With some developing economies still facing a talent gap because of their aging populations, the importance of insurance and other employee benefits will only grow. Governments, too, are looking at incentives (e.g., free or subsidized childcare) to get people back into the workforce as a means to restore economic productivity to pre-pandemic levels.

The view of retirement as a one-time event that happens at the end of a professional career applies to fewer people every year. And longer lifespans mean people need income for longer periods of time. It's a tricky financial equation, but firms that can balance it profitably with new types of offerings will benefit from growth at scale.

1 in 6
proportion of world's population that will be 60 years old or older by 2030, up from 1 in 8 today

Source: World Health Organization

Consumers are ready for digital:

80% are likely to purchase health insurance digitally

73% are likely to purchase life insurance digitally

60% prefer contacting their agents or brokers digitally

38% are willing to share data from wearables in exchange for customised insurance premiums

Source: EY Global Insurance Consumer study

25% of the global population will spend at least one hour per day in the metaverse by 2026

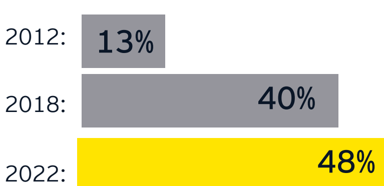
25.4 billion connected devices in the world by 2030, a near 3x increase since 2020

Source:Transforma Insights

So are brokers:

73% say technology and content to support digital selling continue to be important

Advisors using social media for prospecting:



Source: LIMRA, EY

The technology and data revolutions: New technology and data sources have been reshaping the industry for years, a trend that will only amplify and accelerate. Certainly, they are enabling faster and smarter product design and development, richer customer experiences and new distribution strategies.

With artificial intelligence (AI), machine learning, intelligent automation, digital platforms and data analytics, it's possible for insurers to deliver personalized protections and services – instantaneously and at scale – and launch other next-generation capabilities. Generative AI has the potential to transform every aspect of the insurance value chain, from underwriting and risk modeling to product innovation and loss prevention, to claims and customer services. Its impact on the industry could ultimately be as great as the Internet itself.

Broader adoption of these technologies is paving the way for full ecosystem connectivity, more robust marketplaces, subscription-based products and holistic insurance for living, all of which will become more common during the next decade. Traditional life insurance and distribution channels are not going away, but they will be augmented by many more options and services for customers.

The employee benefits market is pointing the way forward with multiple carriers and service providers connecting through broker platforms to offer a broader range of benefits and seamless personalized experiences for employees. In Brazil, government entities and industry groups are promoting open insurance systems as a means to expand access to both products and advice. Looking ahead, the metaverse may become a meaningful channel as more people spend more time in virtual worlds.

Integration with health insurance products – hybrid products with pricing and incentives based on IoT data feeds and insight generation – are likely to become the norm by 2030. Asian markets are ahead of the curve in offering integrated solutions for different life stages.

Integrated life-health solutions will be enriched by further understanding of human genomics, which could lead to further expansion of personalized medicine, individualized treatments and therapies designed to prevent serious illness and reduce mortality. The pandemic made many more people comfortable with self-testing, diagnosis and monitoring, suggesting how insurers and other companies can increase access to healthcare services for currently underserved populations.

> "Technology has made possible full ecosystem connectivity.

The regulatory conundrum — compliance versus performance: Regulation has always challenged the industry and there is a clear trend toward higher levels of scrutiny in most major markets. Yes, regulation can be a barrier to growth and innovation. But, in many cases, regulatory requirements align to customer needs and expectations. Consider how regulatory pushes for greater transparency can convince consumers that they receive "value for money" and lead to flourishing markets for investment-based insurance products (IBIPs) and other growth-oriented offerings. Regulations can help justify investments in new business models, green-field "New Cos" or stronger data-sharing capabilities. Or they can be used as a reason to embrace the status quo and forgo such investments.

Regulators in the EU and other markets are emphasizing consumer outcomes as they evaluate product design and distribution and assess costs and benefits (e.g., investment performance, insurance and guarantees, coverage and services) based on the needs, objectives and characteristics of a target market. Designing and manufacturing products around customer needs can reduce complexity, something insurers and other firms need to do anyway. A truly customer-centric approach can also reduce the risk of regulatory non-compliance.

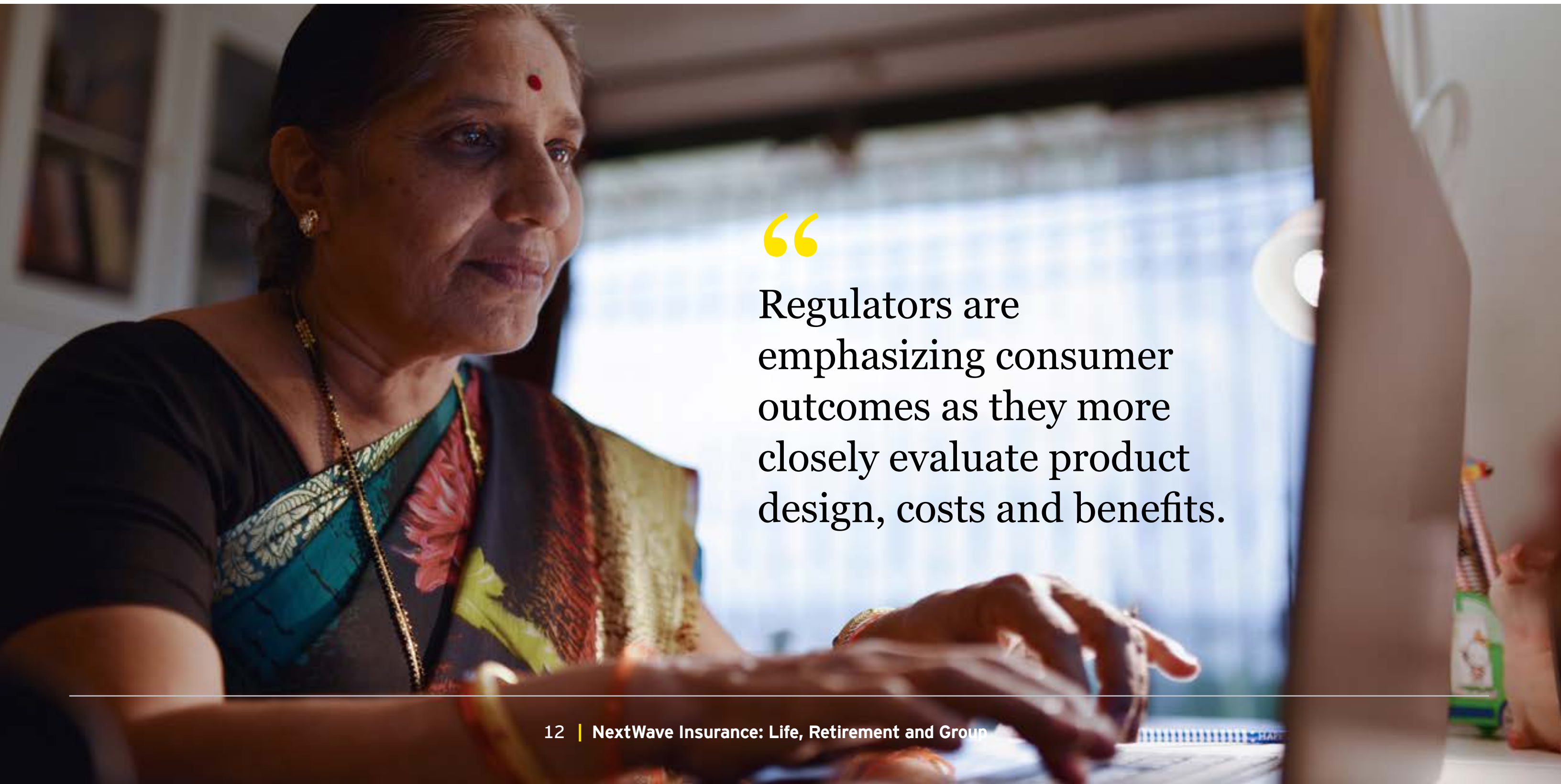
Government action to address the retirement savings and health protection gaps are another area where regulators may prompt growth.

- In the US, the SECURE Acts (1.0 in 2019 and 2.0 in 2022) represent one of the most substantial retirement-related changes in decades.
- In the UK, regulators have required auto-enrollment in pension schemes, mandated portability of pension "pots" and established dashboards that help workers find lost pensions (e.g., from previous jobs).
- In Europe, many workers can "passport" their pensions across country, although adoption has been limited to date.
- In India, consumers who purchase protection insurance receive certain tax advantages.

To be clear, regulations can add cost and complexity. For instance, defined qualifications for financial advisors can restrict insurers' ability to serve the huge number of individuals who need guidance. Similarly, in China and other markets, the need to record every interaction in the sales process is viewed as a barrier to expanding access for underserved consumer segments. The Brazilian regulators nudging the industry toward "open insurance," where consumers own their own data and have access to more information about the cost and value of products from more providers, may give insurers access to new customers.

The cost of providing advice can also be prohibitive. In the UK, regulators are exploring standardized decumulation products to serve consumers with relatively few assets and no access to advice. In all of these contexts, insurers and other firms should seek to seize the business opportunities — and potential competitive advantage — that exist beyond minimal levels of compliance.

Further, they will be well served by engaging with regulators to help find solutions to the savings and protection gaps, especially in light of severely strained government budgets in the post-COVID era. Indeed, regulatory initiatives should be viewed in the context of government nudging industry to help close the protection gap and in light of individuals' taking on more responsibility for their own financial well-being.



The meaning and impact of macroeconomic uncertainty: This isn't the first recessionary environment the insurance industry has had to navigate, but it is shaping up to be one of the more difficult, with the highest inflation rates in a decade. Higher claims costs and reduced demand will certainly hurt the bottom line but higher interest rates may provide an earnings tailwind, thanks to improved investment returns. Realizing those improved returns requires brave decision making, careful hedging and timely refinements to asset and liability management (ALM) policies.

Certainly, some insurers will look to optimize their asset allocations and diversify portfolios for lower risk and stronger returns. Investment teams will need to strike a fine balance, as asset mismatches and sub-optimal hedging will be exposed to interest rate movements, which could impact profit margin and, if the cost of guarantees moves in an unexpected manner, capital reserves. The bottom line is that insurers will need to monitor a range of metrics, including liquidity and asset valuations, and prepare to adjust ALM policies in line with market developments.

Rising rates will also improve returns on in-force business and provide flexibility in underwriting new business. More attractive product terms (e.g., higher crediting rates, lower rider fees) for savings and annuities products will be critical. Private equity interest in buying closed blocks of business may decrease because of the higher price tags. Some life insurers might even decide to buy back books of businesses they sold in recent years.

Life insurers will also benefit from the discounted values of liabilities and, if interest rates remain high for the long-term, the rising interest in guaranteed income products will spike higher still. Recent sales trends in some parts of the US suggest just how quickly these products became attractive to consumers again. Falling asset values are less of an issue for companies with large, unit-linked businesses, where policyholders hold more of the downside risk. However, the likely outflows of customers moving into guaranteed income products, which require more solvency capital, must also be taken into account.

Executives are modeling how their strategies will fare in a prolonged recession, identifying efficiency gains that can support profit margins and considering how they can best serve their customers, who face their own challenges. Looking out over the long-term, they must factor in a wider range of outcomes — including lower growth and higher cost of capital — based on shifting macroeconomic and geopolitical conditions. They must also ensure their organizations are operationally flexible in case sudden shifts are necessary.

2023 forecasts (global):

Annual CPI increase: **5.6%**

Economic growth: **2.0%**

Source: Oxford Econ.

Purpose and long-term value in the context of ESG: The industry's purpose remains in the spotlight in the wake of the pandemic and economic upheaval. Articulating a clear purpose can boost brand awareness and offer a "reason to believe" for the growing number of consumers who want to spend money with brands that share their values.

Purpose-led value propositions around greater financial well-being are a natural starting point, providing context for industry innovations to address the retirement savings and health protection gaps (not to mention climate and cyber protection gaps). Environmentally friendly annuities and IBIPs are can balance business goals with ESG objectives.

Beyond boosting their own bottom lines, insurers can create long-term value for customers and society in multiple ways. As purposeful investors, they can collaborate with governments on initiatives ranging from regional economic and human capital development to programs designed to address income inequality. Working to increase societal stability through greater financial security will help insurers regain trust and attract badly needed talent to the industry. From increased engagement with values-based customers to stronger brands, insurers that "walk the walk" on ESG and instill purpose throughout their products and operations have much to gain.

Consumer focus on values:

79% consider insurers' environmental commitments in purchasing decisions

43% want to buy from companies that benefit society even if it costs more

Source: EY Global Insurance Survey 2021

Spotlight on the US employee benefits market

Dynamic changes in consumer preferences and compelling growth opportunities for carriers and non-traditional players make the US employee benefits market a microcosm of the broader life insurance and retirement industry.

Consider the following trends and developments:

Diversifying needs demand new approaches. As Baby Boomers are retiring in large numbers, Generation Z is coming to represent a significant proportion of the overall workforce. Because most benefit programs were designed with the needs of older workers in mind, some employers are struggling to engage younger employees regarding the value of their offerings.

Clear demand signals. Just as the pandemic led to a demand spike in life insurance and income protection products, the war for talent is causing – or forcing – employers to expand their benefits to attract and retain workers necessary to keep the business functioning.

Among large US employers:

80% say benefits are critical to attracting and retaining talent

63% plan to expand their benefits offerings in the next five years

Source: EY-LIMRA

Old solutions won't satisfy new segments. Gig workers, the self-employed and the underinsured represent the biggest growth opportunity, but only for insurers and other benefits providers that can develop flexible products and new features that satisfy specific needs that are not being met today.

Leading with ecosystems. As employers look to offer a broader range of services – from financial planning services to meditation apps to pet insurance – insurers are having to supplement their core offerings within seamless experiences.

Among the early adopters:

- Castlight Health's ecosystem brings together insurance carriers, telehealth providers, wellness programs and other stakeholders to help employers solve for complex workplace health challenges, including condition management, lifestyle tracking and the wellbeing of individual employees.
- Mercer's Marketplace 365+ connects employers, insurers, financial institutions, tech companies and other providers and enables employees to access benefits options and tools for personalized guidance.
- Aetna partners with other firms in the CVS Health network to link health insurance, prescription drug benefits and wellness programs with decision support tools in an integrated experience. The goals are to strengthen care coordination, simplify benefits administration and reduce costs for employers, while enabling employees to access all their benefits, find providers, track claims and access wellness programs via an intuitive portal.

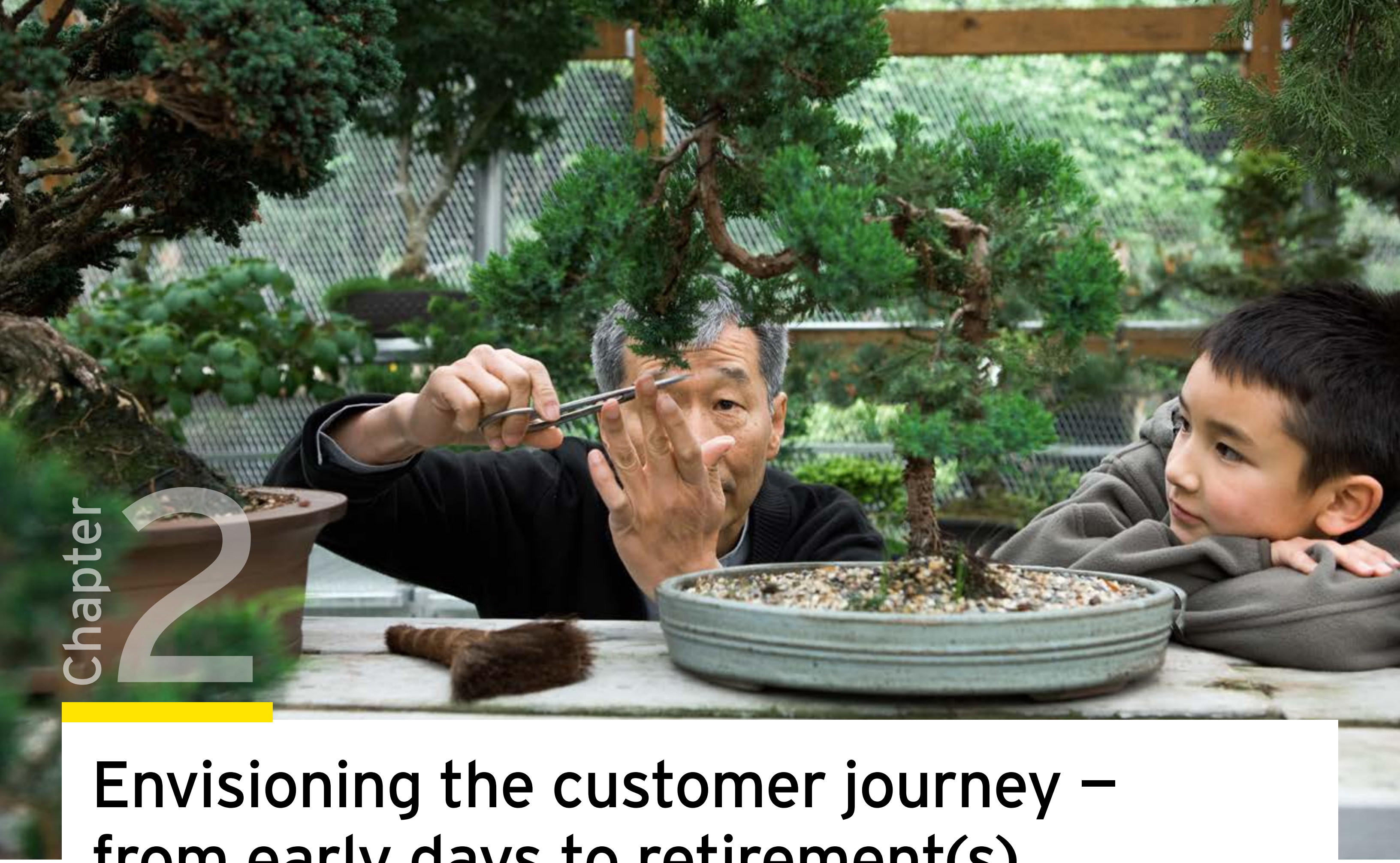
Digital capabilities are more important than ever. In fact, significant numbers of employers would consider changing carriers and benefits providers if they can't integrate with employers' existing benefits platforms. Tools for online selection and claims submission are important, but in the future, generative AI will provide important guidance so employees choose the benefits that are right for them.

Among large US employers:

81% say digital capabilities will play a much larger role in carrier selection in five years

47% would switch if their existing insurer could not connect to the existing benefit platform

Source: EY-LIMRA



Chapter 2

Envisioning the customer journey – from early days to retirement(s)

Looking ahead, the life insurance and retirement industry can no longer just sell products that customers buy once and forget about for 20 years. Rather, they should offer a broader range of solutions within a holistic value proposition, built on the core pillars of protection, saving and investment.

Future products and services must be hybrid by design – flexible and adaptable for easy adjustments relative to key milestones and unforeseen events. Enabling technology and strong partnerships will enable insurers to execute on holistic value propositions via deeper and more meaningful engagement with more types of customers, including women who are currently underserved and will control a greater proportion of wealth in the future.

The key to future growth is satisfying the expanding and evolving needs of customers across critical life stages, including:

1. **Getting started on financial wellness**
2. **Managing through a life's work**
3. **Caring for loved ones and family**
4. **Instilling financial resilience**
5. **Making the most of benefits**

The ecosystem-driven future: We believe that connected ecosystems will provide the strongest foundation to engage and support customers via easy access to a range of tailored services (including advice) and personalized experiences. The collaboration options are many.

- Partnering with healthcare providers and wearable device makers to position themselves for the revolution in digital health services and personalized, preventative medicine.
- Engaging with other financial services providers to offer savings and investment products, as well as apps for budgeting and saving.
- Creating experiences where digital financial advisors can connect with consumers via empathetic apps, chatbot interfaces and other digital tools.

Insurers simply cannot go it alone in meeting the needs of these and other segments. Effective ecosystem partnerships will be a hallmark of tomorrow's market leaders. The group insurance and employer benefits market is showing the way to the future. Insurers around the world have orchestrated ecosystems to expand their offerings and meet diversifying needs, particularly in the realm of mental health and holistic wellbeing.

Individual customers will experience these needs at different ages, based on their professional careers, personal goals and living situations. For insurers, the right products and solutions will vary, not only across phases but also by region and customer segment. However, no matter their individual goals, every customer will be looking for accessible, understandable, flexible and portable solutions — and they'll be looking for them in the channels they prefer.

It's clear that the biggest growth upside will accrue to those insurers that are willing to move boldly and creatively into areas outside their traditional realm. Success will also require that insurers embrace encryption and other advanced techniques to meet a very high standard for consumer data security, privacy and ownership.

> "Insurers that move boldly and creatively into areas outside their traditional realms can generate the most growth.

Innovation in action

With 43 million customers in 12 markets from the Asia-Pacific region to Latin America, **British United Provident Association** (BUPA) has devised an ambitious growth strategy that combines its core health insurance offering with preventive services and savings products to address rising medical costs. Data analytics and digital engagement tactics are used to monitor and proactively nudge customers to behaviors for happier and healthier lives, which is the heart of BUPA's purpose.

Zurich LiveWell features the holistic wellbeing solutions from Australia-based HLX. Both corporate and individual retail customers can use mobile apps and digital tools to assess their health risks relative to social, financial, mental and physical wellness. Currently available in Australia, Brazil and Spain, Zurich plans to scale the ecosystem via other global markets.

In India, PhonePe shows just how mobile the future of insurance can be. Via its smartphone app, the company offers term life and health insurance, as well as policies for cars, bikes and travel, along with payments and wealth management tools. Certain coverages offer tax advantages. The emphasis on mobile means the company can tap into new markets even as it has a more holistic view of individuals' finances.

Chapter 2

Getting started on financial wellness

For years, insurers, pension providers and other firms have recognized the need to build relationships with younger consumers. But engaging this cohort can be a struggle, given that they don't see the value of life insurance and are often inclined to delay retirement savings and prioritize other financial goals.

The COVID-19 lockdown and rising economic uncertainty changed that perspective; more consumers are now interested in protections against short-term shocks, such as the loss of income or unexpected hospitalization. For life insurers, there has never been a better time to develop starter offerings and embrace new engagement models. Portable micro-policies and lifestyle insurance that evolves with shifting priorities over time are a great place to start and give a head start to young people just starting their working lives.

Insurers face a few specific challenges in serving this group of digital natives, including their propensity to look first at their mobile phones for solutions. Another concern is the apparent lack of interest of an aging advisor and broker network to engage consumers who are younger and have fewer assets to invest.

Innovation in action

Prudential Malaysia has launched a new protection plan, PRUFirst, for Generation Z and consumers aged 19-30. With coverage for various life events, including accident, disability and medical emergencies, the integrated "5-in-1" protection is marketed as giving policyholders freedom. For Prudential, it establishes a foundation for a lifelong customer relationship.

MSIG Hong Kong offers policies for full-time students learning abroad, including coverage for medical expenses and injuries, tuition expenses and coverage for school closures caused by the outbreak of infectious diseases and pandemics.

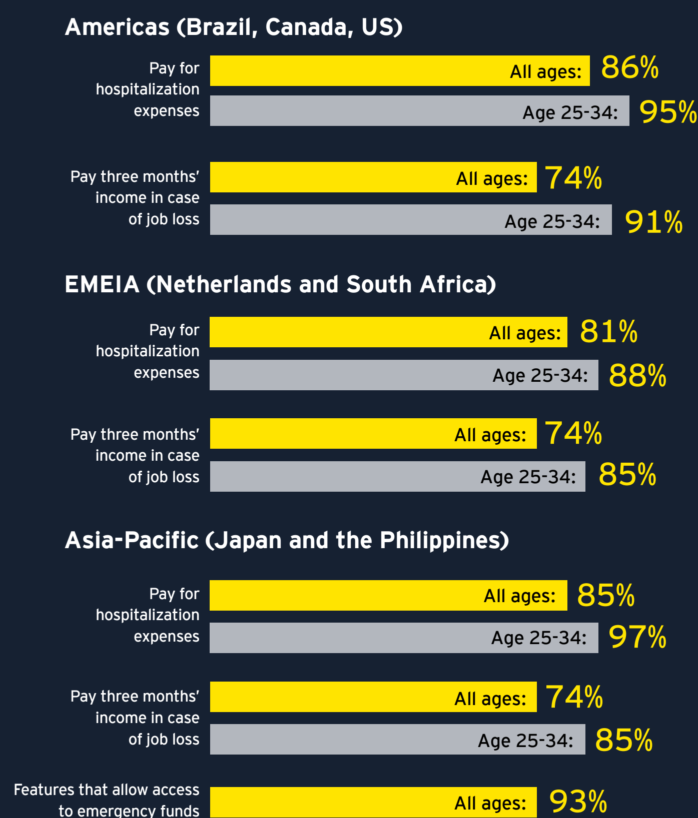
Wealthsimple is a retirement planning app for young investors in the US and Canada, with low fees, low or no account minimums, a simple interface and visualization tools to track progress towards savings goals. Users can have one free call with a financial planner and choose socially responsible investments and indexes. "Halal investing" options are available for Muslims.

What customers are looking for today

Global consumer interest in:

Source: EY Global Insurance Consumer Survey

Consumer interest in new product types by region:



Source: EY Global Insurance Consumer Survey

Managing through a life's work

Profound changes to employment relationships and career paths have fundamentally altered the financial needs and objectives for many individuals. With traditional pensions and defined benefit plans increasingly rare, traditional retirement is beyond the reach of a growing number of individuals. Indeed, the notion of retirement is changing dramatically, thanks to increasing lifespans, the decline of public pension systems and the huge savings gap.

Bridging that gap can seem like a daunting — even impossible — task. But there is much insurers can do to spark growth by developing solutions that meet unmet market needs. Consumers are looking for solutions that:

- Provide affordable protections against income loss
- Integrate coverages for workers that toggle between standard employment and side hustles
- Are portable for gig economy workers and the self-employed
- Provide basic support for those who can't afford retirement
- Extend or enhance workforce benefits with individual coverages or add-on features

Products designed with flexible features to support specific financial goals — buying a home, saving for children's education, funding mid-career retraining and "sabbaticals" — could gain traction rapidly. The market demand is potentially huge across all global regions and at virtually every socioeconomic level.

To convert the demand into actual revenue and market share gains, insurers must design offerings to be affordable and easy to access and buy, if they are to gain traction with customers. Creative product design will be necessary to cut through the complexity that is characteristic of current offerings.

18.4 million
number of home-based businesses in the US

Source: US Bureau of Labor Statistics

4.4 million
number of home-based businesses started during 2020

Source: US Census Bureau

24%
new entrepreneurs who are baby boomers, aged 55-64

Source: Kauffman Index of Entrepreneurship

Innovation in action

US-based StrideHealth offers portable health and life insurance to rideshare and delivery drivers, freelancers, real estate agents, hair stylists, athletes, caregivers, pet sitters, creators, independent contractors and part-time employees.

In the Philippines and Singapore, Gigacover offers simple and tailored solutions for health and protection insurance, plus automotive and commercial policies, for freelancers and gig workers. The company, which also offers earnings support and coverage for personal accident, third-party liability and critical illness, has attracted more than 130,000 customers.

Caring for loved ones and family

Changes to the structures of families and households have created new savings and protection needs for consumers worldwide. While multi-generational households have long been common in some regions, they are growing in others. Demographic changes (e.g., longer lifespans, marriages occurring later in life) and social shifts (e.g., same-sex marriage) help explain these changing family dynamics.

But macroeconomic conditions (e.g., unemployed young people living with their parents for longer periods of time) also play a role. And gaps in the social safety net, along with limits on health insurance coverage, mean that more people are serving as caregivers.

Across most cultures, women are the primary caregivers by default both for their children and for elderly parents. As a result, they are left feeling less financially secure in the long term, despite making most of the household decisions about discretionary spending, having a significant influence on financial planning and taking on responsibility for more assets. As wealth is being transferred to women, they are engaging more but don't feel well served by the industry.

A new era for women's wealth

75%
women's responsibility for household decision making by 2028

Source: Nielsen Wise Up to Women research

60%
proportion of UK wealth to be in women's hands by 2025

Source: Barclays Bank

68%
women who have started talking more about finances within their families

Source: UBS Investor Pulse Survey

72%
proportion of women, including 81% of millennial women, who say the investment system is "set up to be confusing"

Source: PIMCO

56%
proportion of UK women who are not confident about maintaining their standard of living after retirement

Source: ONS, Mintel, EY Parthenon analysis

Innovation in action

UK broker Reassured specializes in "life insurance for mums." It offers solutions for all kinds of mothers, including single, working, stay-at-home and mature mums. Budget-friendly coverage is available for as little as £5 per month, with terminal illness coverage available at no extra cost and a free trust-writing service to reduce tax obligation on payouts. The firm's messaging is focused on "protecting important milestones in your children's lives."

Insurers looking for growth can learn from consumer brands on how to engage with women and design tailored products, services and advice. Some are already focusing on single and divorced women, with both protection and investment solutions. To fully realize the opportunity, however, firms will need to provide support and solutions that deliver clarity and confidence.

Employee benefits providers in some markets have expanded their offerings for blended families and same-sex marriages. Again, product innovation aligned to the needs of all customers, no matter their living arrangements, family structures of specific objectives, holds the key to future relevance and growth.

Recent market trends suggest that consumers will seek out solutions that provide protections and support across generations. Extending health coverage to children and grandchildren (when grandparents are primary policyholders) is one option. Another is launching tailored solutions for the "sandwich generation" that is caring for both children and elderly parents.

Self-care is another growth market where insurers can play a viable role. Offerings should be oriented around health and well-being and enabled by real-time data sharing in exchange for personalized support (e.g., mental health services) and tools (e.g., for self-diagnosis and monitoring). The pandemic increased consumer confidence in self-monitoring and diagnosis, as well as using digital channels for sharing sensitive information; insurers can capitalize on that growing comfort level to streamline application processes and the required screening processes.

It's worth noting that a significant portion of customers want to demonstrate care to the communities where they live and even the planet. In response, insurers can offer "green" funds or other environmentally friendly or socially conscious options within their pensions, annuities and IBIPs.

> **54%**
> portion of US citizens aged 40-49 who are both caring for parents aged 65 or older and raising a child younger than 18 or financially helping adult children
>
> *Source: Pew Research*

Innovation in action

Prudential Financial is incorporating the digital and concierge caregiving services provided by **Wellthy** into its financial wellness offering. The goal is to help employers help employees manage their caregiving responsibilities.

AXA Hong Kong and HSBC partnered to develop and launch HelperShield Insurance, a product that provides protection to both employers and their domestic helpers. The partnership was launched to meet increasing market demand for domestic help and postnatal support.

Instilling financial resilience

Increased financial resilience is a common theme for different customer profiles and at different ages. A greater sense of financial security and confidence in making financial decisions will naturally follow from increased resilience. That's the value that insurers can ultimately deliver to customers. More employers are asking their employee benefits providers to develop more robust education and communication programs, as well as digital tools, to help them understand the value of their benefits and use them to meet financial goals.

The core of that value proposition involves savings, investment and income-protection products and solutions that support a range of saving goals. Those may include saving for extended travel or "a family trip of a lifetime" or achieving retirement readiness in the financial sense — that is, having accumulated enough assets to support a comfortable life without working. For others, resilience is about funding sabbaticals in support of non-linear career paths or even multiple "mini-retirements."

Other new savings products insurers could provide — either directly or via ecosystems — include:

- **Short-term:** car, holidays, "rainy-day" emergency funds, mechanisms to encourage day-to-day savings (e.g., transferring leftover money at the end of the month)
- **Mid-term:** down-payment for a home, home improvements
- **Retirement:** flexible retirement savings and pension plans that allow shifting levels of withdrawals and close monitoring of drawdown

It's not all about policies and financial products, however. For some segments, insurers can provide access to advisory services via ecosystem partnerships. The broad range of addressable needs across the market present insurers many opportunities to deepen engagement by linking guidance to products.

- Many pre-retirement consumers (e.g., 45-54 year-olds) seek guidance on refinancing their homes, managing inheritances and dealing with separation and divorce.
- The typical needs of active retirees (e.g., 65-74 year-olds) include managing withdrawals from retirement accounts, accessing home equity and reallocating assets.
- The older consumers get, the more time they'll spend thinking about long-term care, income planning and, at the top of the market, estate planning, gifting and inheritances.

Each of these situations offers insurers a chance to add value, provided they can meet each segment's preferences for digital and/or in-person experiences. They can also offer views of integrated information via single client dashboards for all savings and retirement accounts to make it easier for customers of any age to see just how financially resilient and secure they are.

The key is to ensure that all offerings offer clear value on their own and complement others in the portfolio. EY-LIMRA research found that the most difficult aspect of the life insurance sales process for clients is understanding how insurance products fit with other financial products.

35%
of all consumers will accept personalised communications for help in achieving financial goals

Source: EY Global Insurance Consumer study

Innovation in action

Recently launched in the US, **Onuu** is designed to promote financial security for underserved market segments. The company provides guaranteed offers for life and accident insurance, as well as custom policies tailored to the needs of its custom demographic. The FinTech's other offerings include checking and savings accounts, debit cards and an AI-powered virtual financial coach. Onuu's Financial Security Score gives users a holistic measure of their financial well-being.

To help its customers proactively prepare for retirement, the insurance division of **Canada-based Desjardins Bank** has created an augmented reality app centered on a fictional character who educates clients about various savings options.

US bank Wells Fargo has launched a new virtual assistant to offer customers intuitive support on their banking journeys, with meaningful conversations focused on financial wellness, budgeting and savings tips, and other topics.

Allianz and Speedoc, a provider of telemedicine and home-based care, are collaborating on Allianz Care@Home. The first of its kind in the Malaysian market, the service provides Allianz Life Hospitalization and Surgical policyholders with home visits from doctors and nurses, medical treatment, and therapy and support for qualified illnesses.

In Japan, long-term healthcare policies are mandated to provide to citizens over age 65 with benefits — including institutional, home and community-based services that can be accessed through a care manager. The public program is funded by income-based premiums paid by all citizens over age 40 and is administered by municipalities.

Making the most of payouts and benefits

Growth-minded insurers have long viewed the transfer of assets upon payout of life insurance claims or the maturation of annuities to be a missed opportunity. Many advisors also fear losing business when life insurance claims are paid or wealth is transferred between generations. Insurers can keep beneficiaries engaged by reaching out proactively, through advisors in many cases, years before claims occur.

Insurers must demonstrate that they are ready to support beneficiaries and offer additional value, starting with protections after death and a smooth, non-stressful wealth transfer experience. This is a clear opportunity for insurers to provide support and timely guidance to (and build relationships with) beneficiaries. Providing support to women is especially important, since they comprise the majority of beneficiaries due to the fact that they typically outlive their husbands and they are less likely to have a financial plan.

Insurers engaged in strong ecosystems can expand their offerings to include access to life and retirement coaching and grief counseling. While bereavement counseling is a relatively common feature for life insurance offered within group insurance products. Smart decumulation strategies and multigenerational advice for managing inheritances are also attractive to growing numbers of customers. Those services can help insurers engage with their customers' families long before claims need to be paid.

As with other life, health and retirement innovations, supporting beneficiaries in new ways is a classic win-win proposition: insurers can trigger significant growth (particularly in their assets under management) by doing the right thing and delivering what these customers need.

80%

workplace savers in the US who say they are looking for help to get through retirement, not simply to reach it

Source: Harris, Northwestern Mutual

£5.5 trillion

assets held by UK citizens over age 45, representing 80% of the total wealth in the UK and expected to be transferred to younger generations by 2050

Source: Barclays

59%

advisors concerned that they could lose business as wealth transfers between generations

Source: Barclays

Innovation in action

Beyond life and critical illness insurance, **UK-based Beagle Street** offers customers a free estate planning kit, support for writing a simple will, without the use of trusts or tax planning, and the ability to put policies in trust, so payouts don't have to go through probate courts. The company's "Loved Ones" offering simplifies the sharing of policy information so beneficiaries have everything they need before they need to file a claim.

Chapter 3

Capabilities for the next wave

On the road to 2030, winners in the life and health insurance and retirement markets will drive change across every part and at every level of the business.

Change will happen externally, too, largely because that's where many important innovations will originate. In the era of ecosystems and embedded insurance, insurers must become experts in the customer experience — understanding what each customer wants, how they prefer to engage and how the relationship might grow over time. They must also excel at evaluating, selecting and managing a broader set of partners.

Insurers will need to define and execute clear strategies and embrace entirely new ways of working to drive innovation deeply into the organizational culture. After all, insurers are looking to transform nearly everything — what they offer, why it's valuable to customers, how it's distributed and who sells it, and when and where they engage with the market.

Tomorrow's market leaders are focusing on the following capabilities today:

- **Product, service and experience innovation**
- **Distribution model agility**
- **Talent flexibility**
- **Impactful marketing and enhanced customer service**
- **Upgraded and streamlined technology architecture**
- **Operational excellence across the enterprise**
- **M&A and capital management strategies**

To be clear, insurers will need to choose which of these areas to prioritize in terms. Few, if any, insurers will be able to excel in all of them. The strategic choices business leaders make will have impact across these capabilities; consider how investments in new products in one line of business or a new technology platform may require increased operational efficiency in, or even divestiture of, another. More broadly, the pursuit of market differentiation and competitive advantage will inform capital management strategies and acquisition decisions for the next 10 years.

Product, service and experience innovation

- Collaboration and co-creation in product design, with distributors and other external partners, including offerings to satisfy specific market needs (e.g., more indexed life products in the Asia-Pacific region, solutions tailored for women, more affordable "starter" products for younger people and those with limited assets)
- More sophisticated generation of customer insights (e.g., underlying drivers of adoption and satisfaction, wellness priorities across generations) and more powerful predictive analytics for systematic segmentation and precise targeting of differentiated offers
- Focus on value for money in design and structure of long-term savings products, particularly unit-linked policies, annuities and other IBIPs
- Design of configurable features for flexibility and portability to be used in hybrid products that combine protection with integrated planning; policies that pay out dividends in addition to or instead of claims and other innovative offerings
- Partner evaluation and management for development of ecosystems with health insurers, tech companies, large employers, government authorities, investment houses and other firms
- Change management support for agents, advisors and other distribution partners to ensure they understand the value of new products and know how to sell them
- Customer experience design to develop and optimize highly intuitive and personalized, omni-channel capabilities and enable solutions based on proactive monitoring and lifestyle support
- Smarter and more timely communications (e.g., via "nudges" and other opt-in notifications) to engage consumers more frequently and meaningfully — not just at renewals
- Addition of sustainability features and ESG options (e.g., green funds) to more products, with clear and appropriate labeling that minimizes the risk of "greenwashing"
- Continuous monitoring for discriminatory pricing practices

Innovation in action

BIMA offers integrated insurance and health services to 24 million subscribers across Africa, Asia and Latin America. Life and health coverage is combined with telehealth services and programs for managing illnesses through mobile platforms.

Clark, one of Germany's first digital brokers, offers life and health insurance, retirement and pension products as well as other general insurance cover. The company's app, with more than 600,000 users, consolidates data to make it easier for customers to manage all of their insurance products, including those from other providers.

London-based InsurTech YuLife harnesses the power of gamification to incentivize users to focus on physical and mental health, offering a digital lens through which people can engage with real-life activities and gain rewards with YuCoins. The employee benefit company offers life insurance, critical illness, income protection and dental insurance.

Robo-advisor **SimpleInvest**, launched in 2019 by global insurer and asset manager Principal Financial, enables users to create personalized portfolios online based on their investing goals, which algorithms will rebalance automatically. In addition to financial wellness courses and tools, users can contact a team of consultants for financial guidance on a variety of topics, from budgeting to life insurance.

Distribution model agility

- Expanded access to insurance, retirement and long-term savings products, as well as employee benefits, via online and mobile apps, embedded ecosystems and the metaverse, and via agents, brokers and bancassurance channels
- Increased use of predictive analytics and AI to increase the effectiveness of sales teams and model optimal distribution strategies for new products
- Stronger and more secure connectivity via APIs to drive further adoption of alternative channels, including benefit marketplaces, broker portals and bancassurance channels
- Exploring hybrid models to reliably and affordably provide mass affluent customers with timely guidance, answers to common questions and access to advisors when necessary
- Increased engagement with employers, government authorities and tech providers to develop guidance and "robo-advice" tools for all types of customers, including the relatively low-income users who most need advice but can least afford it
- Development of embedded strategies to make available life insurance, annuities and income replacement products via employee benefit plans, mortgage providers or other means
- Engaging gig workers and freelancers, directly and through partnerships in dedicated platforms and marketplaces
- Development of digital tools for guidance and decision-making to enable richer dialogue between customers and agents, advisors and other intermediaries
- Simplified pricing and compensation models, plus robust sales support customized to different market segments and intermediaries (e.g., insurance agents and brokers, investment advisors, benefit plan consultants)

Innovation in action

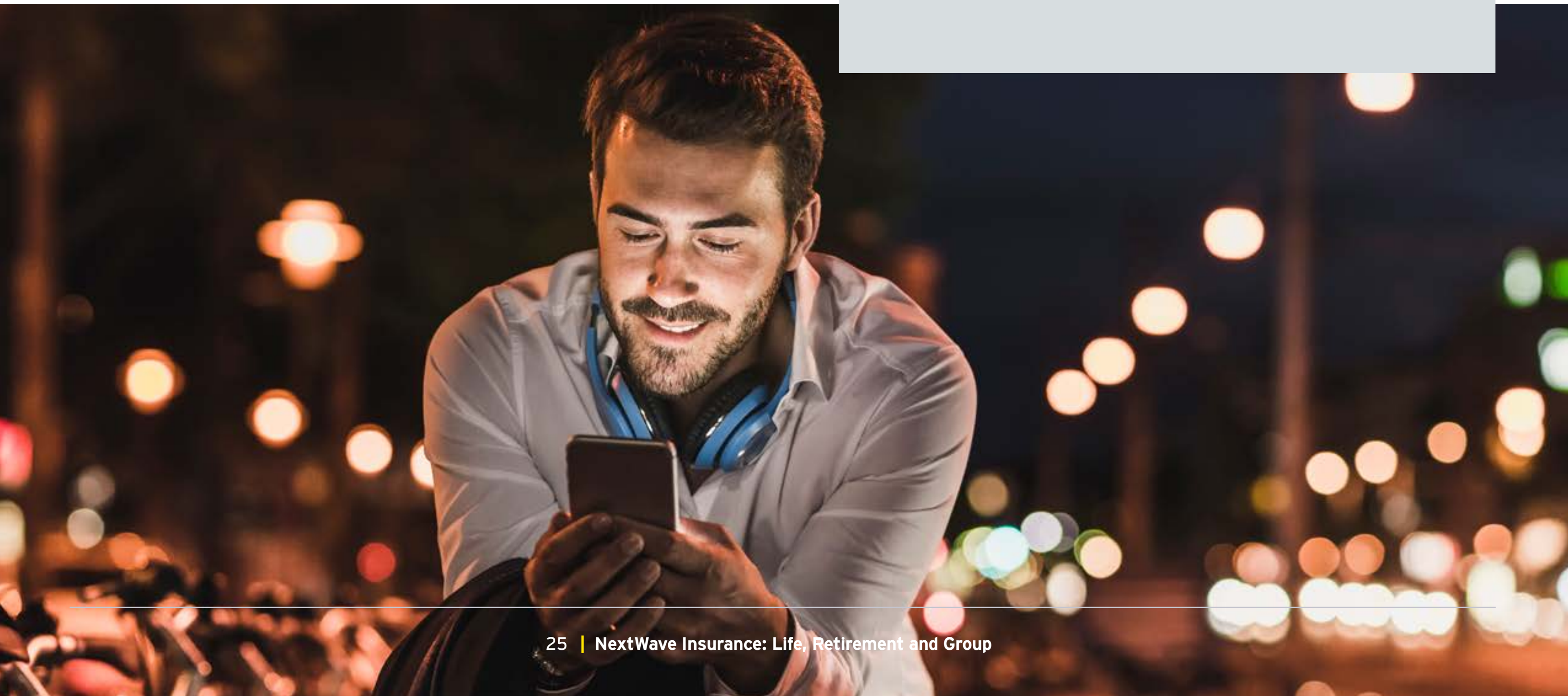
Germany-based Xempus aims to expand access to retirement savings through Xpension, a SaaS platform that connects customers, agents and insurers in a marketplace for pension and life insurance. With a guided sales process, low administrative costs and centralized source for advice, the platform simplifies administration for corporate customers. More than 40 life insurers and sales organizations, 11,000 intermediaries and 3,000 mid-sized companies are participating.

Indian consumers can buy life insurance from **Aegon** through the **Flipkart** e-commerce portal. The sales process is paperless and no medical tests are required for the instant digital policies, with an emphasis on affordable and flexible coverage terms.

US life insurer Sprout uses AI and proprietary analytics on several data sources to provide agents with predictive insights into unique customer needs and recommendations for the most suitable life insurance products. Sprout's SmartLife platform is designed to support both agents and customers.

US-based Fidelity developed a virtual reality (VR) financial advisor to interact with customers and recommend stocks based on big data analytics and the current holdings within individual portfolios. Users can interact with and ask questions of the agent in an immersive, 3D chat room.

In Poland, Aviva Investors offers **Aviva24**, a chatbot that serves as a virtual investment advisor and is integrated within the company's help center. Available 24/7 and able to access a rich base of answers, the chatbot resolves 30% to 60% of the most frequent customer inquiries.



Innovation in action

Dacadoo, an InsurTech based in Switzerland, has developed a mobile-first platform using AI, motivational techniques based on behavioral science and gamification to quantify health risks and promote healthier behavior. The company has partnered with Seguros Unimed, Brazil's largest health insurer, to provide digital health and wellness services to its 18 million customers and 120,000 physicians. It has also partnered with Manulife in Asia.

US-based Nayya runs AI and analytics on more than three billion external data points, including nearly 200 million rows of claims data, to boost employee engagement with their employer-provided benefits. The insights help employees thoughtfully evaluate and make more informed choices about their options for health insurance, health savings accounts, voluntary benefits and other topics.

Talent flexibility

- Creating talent liquidity — faster, easier and more flexible access to talent and the ability to apply it fluidly as dictated by business needs and opportunities — based on Uber-like talent platforms and skills marketplaces
- Articulating a clear organizational purpose to differentiate the brand and catch the attention of younger workers
- Enriching the employee value proposition and overall work experience to become an employer of choice and attract and retain in-demand talent
- Embracing more creative sourcing arrangements in critical areas and target skills, via partnerships with InsurTechs, tech companies and other partners
- Fully embracing new ways of working — including agile mindsets, design thinking and test-and-learn approaches — in product development and other functions
- Adopting leadership styles, compensation models and incentive structures that promote change and encourage risk-taking

Impactful marketing and enhanced customer service

- Simplified sales processes for life insurance and saving products
- Branding and marketing that is hyper-personalized and fully relevant, with offers and messaging built on deep and granular knowledge of individual customers
- Alignment to a higher purpose (e.g., helping people achieve financial security and meet their lifestyle goals) and specific customer needs
- Educational content and motivational tips embedded in outreach campaigns and demand generation efforts and delivered creatively via virtual and augmented reality
- Intentional communication and content strategies for alternative channels, including ecosystems, with a focus on useful, relevant and meaningful content
- Extensive self-service capabilities, with a target of handling 95% of all interactions via self-services
- Identifying the right moments to offer high-touch support within the context of highly automated processes (e.g., offering ancillary services for beneficiaries during the claims process)
- Meeting customers where they are, by engaging in social media channels and reaching out proactively around potential life events

Upgraded and streamlined technology architecture

- Deploying the tech to digitize and modernize core processes, enabling more extensive use of IoT and real-time data in underwriting and the development of subscription products and extensive ecosystems
- Embrace generative AI wholeheartedly, experimenting with it across the business (e.g., data analysis and scenario modeling in underwriting, personalized services interactions) and participating in regulatory efforts to define its appropriate usage
- Maintaining best-in-class mobile apps for stronger customer engagement as mobile becomes the dominant channel for shopping, sales and service, as well as self-diagnosis and data sharing
- Unlocking innovation through extensive use of data and analytics in key functions, starting with underwriting and product development
- Integrating data sources to create 360-degree customer views, including for bancassurance and other distribution channels where collaboration is necessary to overcome data consolidation challenges
- Prioritizing core system upgrades or seeking out new partnerships to get around legacy system constraints to address technology debt
- Developing stronger cybersecurity capabilities, including network monitoring, threat detection and response
- Participating in industry efforts for to define standards for data sharing and security

Innovation in action

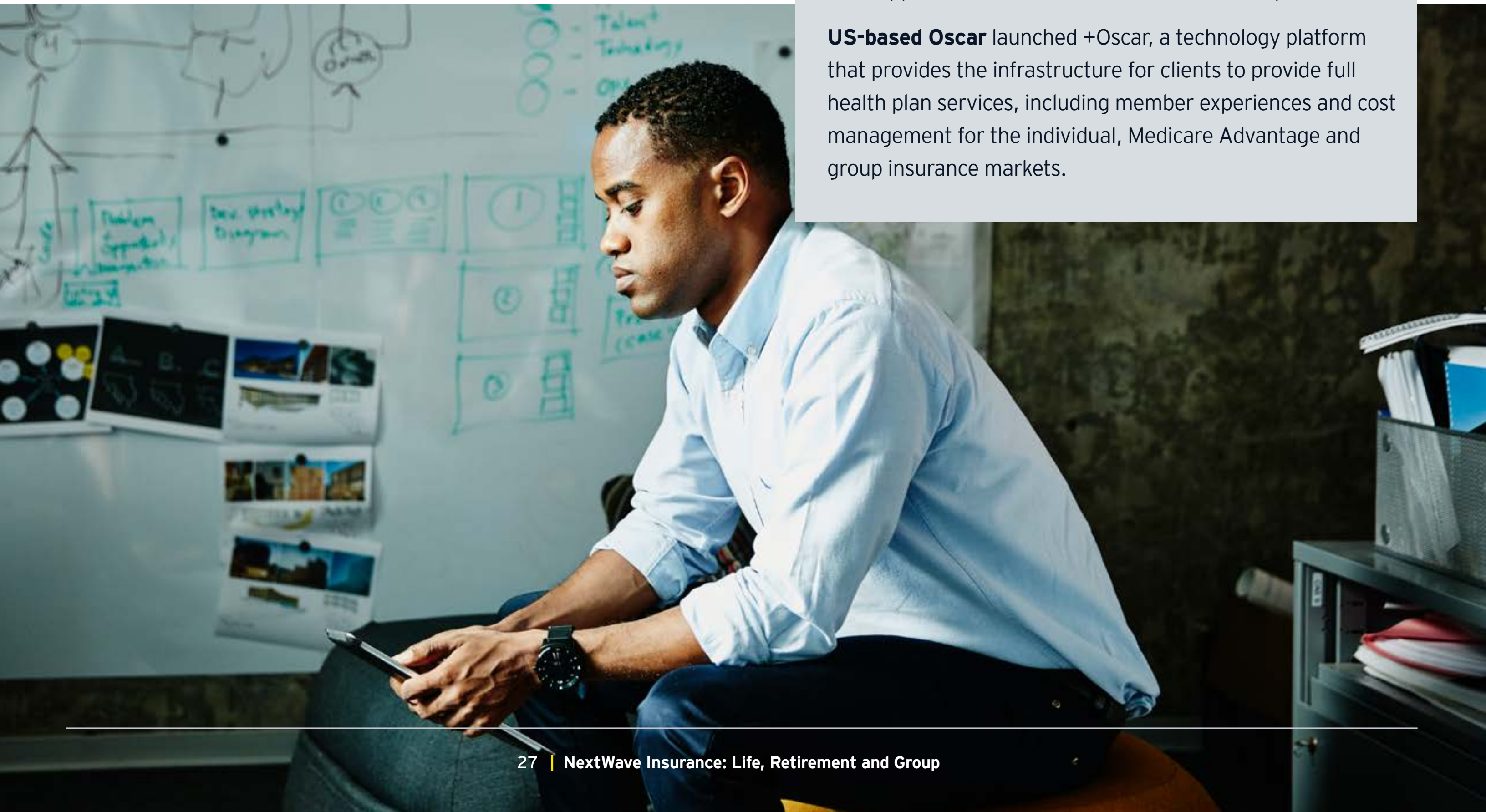
The data team at **US-based Clover Health** works proactively with healthcare providers to prevent acute care episodes and intervene directly with senior patients to help them avoid acute health episodes. It uses a risk-scoring system to monitor patients' conditions in real time and help providers formulate personalized care plans. Offering telehealth, dental, vision and hearing coverage as well as Medicare Advantage plans, the company currently serves more than 66,300 members.

US-based Bestow uses an AI-powered underwriting platform to provide term life insurance quotes without medical examinations and offer placement in as little as five minutes. The company focuses on employees at small businesses, as well as gig workers. Through Bestow's APIs, businesses of all sizes can offer simple or tailored life insurance to their workers.

Israeli firm Atidot uses AI, machine learning and predictive analytics to help life insurers gain more insights from their untapped data assets to make faster and more informed business decisions. The company has partnered with Guardian Life and Pacific Life.

ZurichPro is a point-of-sale platform that helps advisors digitize the financial planning process for customers and complete sales in just one meeting. Features include a pricing engine, application submission and payment receipt and support for both new business and in-force policies.

US-based Oscar launched +Oscar, a technology platform that provides the infrastructure for clients to provide full health plan services, including member experiences and cost management for the individual, Medicare Advantage and group insurance markets.



- Adopting blockchain to facilitate more effective data sharing among stakeholders, particularly to execute certain ecosystem and embedded strategies

Operational excellence across the enterprise

- Full and intelligent automation in underwriting and pricing processes, with advanced analytical capabilities to enable new product types
- Extensive automation and straight-through processing in all functions and across the value chain
- Integrated data sources to unify finance, risk and actuarial decision support, streamline reporting and automate tax and compliance processes
- Establishment of effective ESG reporting — mandatory or voluntary, depending on jurisdiction — including the Task Force on Climate-Related Financial Disclosures and other bodies, as well as pre-contractual and periodic documents.
- Instilling of low- and no-touch fully insight-driven experiences in claims and benefits management (e.g., instant approvals and automated generation of payouts based on notifications from death registries)

Capital management and M&A strategies

- A clear strategic vision for the future business based on a rationalized portfolio, today's operational strengths and competencies, and tomorrow's most compelling growth prospects
- Deep visibility and insight into current performance, based on portfolio businesses, product lines and geographical markets
- Rigorous criteria for capital allocation, acquisition and divestment decisions, and for directing cash flow to higher-return businesses
- Robust financial modeling to determine impacts of proactive investments and/or strategic divestments, especially relative to freeing funds for reallocation for digital transformation
- Detailed revenue and growth projections for new business models and product lines, including ecosystem partnerships and embedded channels
- Ongoing market-scanning and valuation capabilities to assess and compare acquisition opportunities (e.g., targeting FinTechs with suddenly reduced valuations vs. established business with more stable and predictable cash flow)

The bottom line: what to expect in a dynamic market

While much is uncertain in the life, health and group insurance, retirement and employee benefits sectors, all stakeholders can be confident that a few major trends will continue reshaping the market. More tech-driven disruption is undoubtedly on the way.

Advanced analytical capabilities will grow more important. Competition will only get more intense, with a wider range of firms — including a steady stream of new market entrants — offering overlapping products and services to meet unmet needs. Those needs will only expand as government funded health, retirement and social programs face budgetary pressures. Innovation will be driven primarily by what customers want and society needs; the fastest growing firms will be those that design and deliver the best solutions to satisfy those market demands.

The combination of all of these forces and factors ensures that the industry will look vastly different in 2030. That's why it's critical for senior leaders to proactively shape the strategic change agenda. The sector's singular purpose — promoting physical health and financial security for individuals and families and protecting them against a range of threats to their well-being — provides a focal point for orienting innovation and transformation investments. That's true for organizations in every major global market, despite the huge variety that exist among them today.

For all the many challenges, we are bullish on the future of the sector, largely because the industry's services have never been more valuable or necessary to as many people. There are considerable barriers — including technological, economic and regulatory — to effectively serving the growing number of potential customers. But here's one more thing industry observers can be sure of: those firms that commit today to creative thinking, bold action and continuous innovation will be best positioned to thrive in tomorrow's highly dynamic market.

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