



THE ROAD AHEAD
AN INSIGHT INTO
THE INSURANCE
INDUSTRY IN 2023

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INTRODUCTION



JOHN WHITE,
Head of Sales and Client Services
– General Insurance

Over the past couple of years, the insurance industry has undergone significant changes, driven by new emerging technologies, shifting customer expectations, and the ever-changing regulatory landscape.

At Gallagher Bassett, we prioritise delivering the outcomes that matter most to our clients. As a testament to our commitment, we conducted a comprehensive global survey in late 2022 to learn more about the perspectives of our insurer partners. With more than 7,000 clients across four continents, we wanted to understand the critical challenges that insurers are currently facing, as well as their goals and opportunities.

Take a look at the results and insights to learn:

- What the trends and opportunities are in the insurer marketplace
- How the battle for talent is still hitting the industry hard
- Why more than half identified business sustainability and customer retention as their key focus for 2023
- How inflation is becoming a growing concern for insurers, with more than half of insurers keen to find innovative ways to simplify claims management and cost optimisation
- What insurers need to combat the change in customer expectations

We asked the questions, insurers from around the globe provided the answers and we're now pleased to share their insights with you and explore the strategies insurers can adopt to thrive in this rapidly changing industry.

John White, Head of Sales and Client Services – General Insurance

WHAT DOES THE INSURER MARKETPLACE LOOK LIKE IN 2023?

The past few years have been unpredictable, and Australian insurers have shown remarkable resilience and adaptability. Now, the industry is poised to meet the various hurdles ahead with innovative solutions and a commitment to serving their customers' needs. Despite rising inflation and interest rates, geopolitical tensions, climate change, and growing competition, Australian insurers remain dedicated to delivering high-quality insurance products and services to consumers. With a focus on collaboration and innovation, the industry is well-positioned to embrace the opportunities of the coming year and beyond.

To pinpoint the key opportunities and challenges, we surveyed our general insurance clients across Australia, ranging in size from less than 50 employees to more than 1,000 employees. As the TPA of choice for insurers, governments, corporations and self-insured companies, Gallagher Bassett is committed to using these results to help them navigate the potentially rocky road ahead.

ADDRESSING THE TALENT SHORTAGE

The Australian insurance sector is not alone in grappling with a talent shortage but there is no doubt it is being severely impacted. On the back of the COVID-19 pandemic, data from online employment marketplace Seek [revealed](#) that demand for claims personnel rose by nearly 20%, brokers by more than 10% and underwriters by about 7%.

Such numbers would come as no surprise to our survey respondents who repeatedly highlighted the battle for talent as a major concern heading into 2023. Attraction and retention of talent' stood out as the main challenge insurers are facing (66%), while the ability to retain staff and access top talent was number one in the list of what mattered most to their businesses and people.

It was a similar theme when asked what they most wanted to learn more about. Almost 40% of respondents chose staff retention and access to top talent, with only 'Process improvement through technology' and 'Simplification and optimisation' ranking higher.

For more than 25 years, our dedicated Carrier Practice team has built an enviable track record of successfully managing everything from catastrophic events to long-term government contracts. Our claims professionals have deep technical expertise across all lines of coverage including general, liability, commercial, accident and health insurance. [Click here to visit our website and find out more.](#)



KEY FINDING
Attraction and retention of talent is the number one challenge facing Australian insurers in 2023.

INVESTING IN TECHNOLOGY

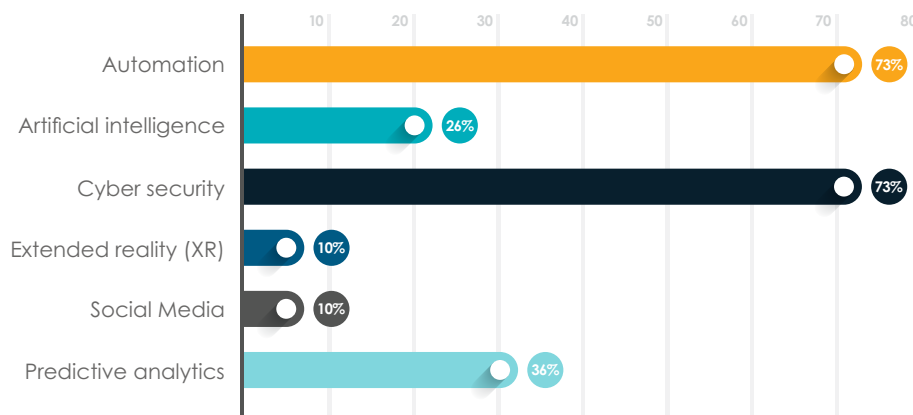
It will come as no surprise that technology is occupying the thoughts of insurers more than ever. All industries have experienced the digital revolution and the fear of failing to keep pace with competitors can be overwhelming, let alone in a sector where the smallest of process improvements can deliver big results. Little wonder that more than 70% of survey respondents chose either 'Keeping up with technology advancements' or 'Cyber security' as the main challenge facing their businesses in 2023.

Technology spending in Australia is expected to grow by almost 6% in 2023, topping \$117 billion, and many of our clients will be contributing to those figures. More than 45% of respondents highlighted 'Process improvement through technology' as the area they are most interested in learning about. With a further 30% wanting to learn about cyber security, one can expect an influx of investment in technology infrastructure and education.

This pursuit of digital transformation is also being driven by the consumer. When asked to rate areas where the expectations of their customers have changed, 75% agreed or strongly agreed that their clients want more insight and risk management-related tools from insurers. Given that, it is clear why 'Keeping up with technology advancements' and 'Enhancing technology and data capabilities' both rated highly as areas that matter most to insurers and their people in 2023.

Those surveyed were also asked to select up to three technology trends they believe will have the most impact in 2023. The results included:

The top technology trends carriers believe will have the most impact in 2023



Overwhelmed by the digital revolution?

You're not alone, 44% of Australian insurers identified that they are feeling the pressure of keeping up with technology advancements.

AUTOMATION

Technological investment cannot be discussed in 2023 without acknowledging the heightened need for real-time data, 73% of insurers identified automation as one of the top technology trends they foresee taking priority in 2023. With the demand from customers to provide more insight, insurers need to be able to efficiently automate reporting to provide deep insight and be able to analyse trends and performance at a click of a button.

One of the biggest pain points for insurers is establishing and maintaining IT infrastructure, this can be time-consuming and an expensive investment for carriers. At Gallagher Bassett, our commitment to industry-leading technology means our partners avoid investing precious capital into their own IT infrastructure. Partner with Gallagher Bassett and gain access to our digital capabilities including our performance insights reporting tools. [Learn more](#) about our award-winning claims management technology here.



KEY FINDING

73% of insurers identified automation as one of the top technology trends they foresee taking priority in 2023.

Work smarter, not harder, with the industry's most advanced claims management technology.

[Learn more](#)

 GALLAGHER BASSETT | CARRIER PRACTICE

OPERATIONAL EXPANSION

Insurers face a delicate balancing act in times of economic uncertainty. On one hand there is a natural inclination to maintain the status quo or bunker down until the storm clouds pass. On the other is the knowledge that no one ever moved forward by standing still and the fear of losing ground to more ambitious competitors.

Such a dilemma is unfolding for Australian insurers based on the results of our survey. While new business growth would typically be a key priority for businesses, only 16% of insurers indicated it is their number one priority or opportunity in 2023. Instead, over half of the insurers who responded to the survey indicated that business stability and retaining existing clients was a higher priority than business growth.

Interestingly, the Australian outlook differs significantly from other markets we surveyed. More than 45% of UK insurers identified 'New Business Growth' as their top goal for 2023, while more than 42% of our US clients are planning to expand into either new regions or product lines. Such caution among Australian insurers may be partly explained by local economic fears, with a third of respondents selecting inflation as one of their main challenges in 2023.

One can also not ignore the impact the ongoing talent shortage is having on growth plans. The top challenge identified by respondents is the ability to attract and retain staff, with 66% of insurers raising concerns about the lack of talent across the industry.

The issue is clearly causing headaches today but there is the prospect of even more pain to come, with the National Skills Commission's 2022 Skills Priority List predicting shortages of insurance agents and brokers in coming years. Organisations that struggle to find quality recruits and retain their best and brightest may need to withdraw or even shelve expansion plans or at least wait until the economic outlook improves.

As Australia's most experienced claims TPA, we have the size, scope and strategy expertise to help partners realise their growth potential via cost-effective claims management solutions, leading performance tools and our respected global operating model, [learn more here](#).



KEY FINDING
Australian insurers are more focused on sustainability and retaining existing clients in 2023 than new business growth.

SUPERIOR CUSTOMER SERVICE

Caring for customers has been the foundation of business success for centuries but recent times has seen insurer carriers adopt customer-centricity as a strategy in its own right. This means putting the customer at the heart of all decisions related to products, services, and experiences. [Research by Deloitte](#) shows customer-centric companies are 60% more profitable than those not focused on the customer.

Such findings align with the views of our survey respondents. When asked what matters most to their businesses and people today, the ability to deliver superior customer service was among the most popular responses. While that may come as no surprise – after all, improving customer experience (CX) is a business goal across most sectors – the challenge for insurers is they are confronted by a client base that has ever-evolving ways of thinking.

This is reinforced by the almost 30% of insurers who nominated 'Changing customer expectations' as the main challenge they face in 2023. In a similar vein, more than 30% of respondents said they were most interested in learning more about changing the expectations of customers.

At Gallagher Bassett, our commitment to customer experience excellence will ensure your complaint ratio is reduced and your Net Promoter Scores are enhanced. With tailored customer experience, deep expertise and leading analytics capabilities, we will enhance your brand and claims outcomes by improving productivity, providing the highest quality service and meeting all compliance expectations. [Learn more about our solution and services here.](#)

Majority of respondents rated Superior Customer Service as one of the factors that matter most to their business and their people in 2023



KEY FINDING
One of the main challenges anticipated by almost 30% of Australian insurers in 2023 is the growing concern over changing customer expectations.

PARTNERSHIP AND INSIGHT POWERS A BRIGHT FUTURE FOR THE CARRIER MARKETPLACE

We know insurers are facing challenging times, but the great news is that they have plenty of support on hand. As one of the world's largest risk and claims management business partners, Gallagher Bassett has a well-earned reputation for combining best-in-class management consultation with cutting-edge tools to help our clients reduce costs, access talent, and deliver claims outcomes that exceed expectations.

This year, we encourage insurers to consider where their business fits in the current insurer marketplace and be ready to pivot when necessary. We hope these insights were useful. For further support from our dedicated Carrier Practice team, [please visit our website](#).

Are you ready to connect with one of experts? Offering nationwide coverage, our Carrier Practice team is ready to become an extension of your own, with our customised solutions including:

- ✓ Access to our dedicated Carrier Practice team and its expertise
- ✓ The optimal framework and claims management strategy to improve your total cost of risk (TCOR)
- ✓ Superior customer service to protect and enhance your brand
- ✓ Operational optimisation so you can expand and grow
- ✓ Award-winning claims management technology
- ✓ An experienced compliance team to stay ahead of your regulatory obligations



**Book your free consultation
with a GB expert here**

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Chief Executive Officer



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Chief Client Officer



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General Insurance



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Head of Sales and
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Long-Tail Claims



DAMIEN GILHOOLEY
General Manager –
Integrated Claims
Solutions

OUR GLOBAL EXPERTISE



2.86M

Claims Managed



491K+

New Claims



200+

Insurer
Relationships



\$5.76B

Claims Value



