

THE ROAD AHEAD

AN INSIGHT INTO

THE INSURANCE

INDUSTRY IN 2023



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INTRODUCTION



FOREWORD FROM GORDON VATER

Managing Director, GB Technical

Over the past couple of years, the insurance industry has undergone significant changes which have been driven by emerging technologies, shifting customer expectations, and an 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 to learn more about the following topics:

- The latest trends and opportunities in the insurer marketplace
- The battle for talent and how it is still hitting the industry hard
- The reason why more than half of the respondents identified business sustainability and customer retention as their key focus for 2023
- Inflation and why it is becoming a growing concern for insurers, more than half of whom are keen to find innovative ways to simplify claims management and cost optimisation
- Changes in customer expectations and how insurers can combat them

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

Gordon Vater - Managing Director, GB Technical

WHAT DOES THE INSURER MARKETPLACE LOOK LIKE IN 2023?

The past few years have been unpredictable, and UK 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, UK 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 key opportunities and challenges, we surveyed clients across four different categories based on the size of their staff (0-50, 50-100, 100-1000, and 1000-5000). They came from all different regions, including the South East, North West, East Midlands, West Midlands, and London. As the TPA of choice for insurers, governments, corporations, and self-insured companies, Gallagher Bassett is committed to using these results to help our clients navigate the potentially rocky road ahead.

ADDRESSING THE TALENT SHORTAGE

The UK insurance sector is not alone in grappling with a talent shortage, and there is no doubt it has been severely impacted. For example, a review of labour market trends [revealed](#) that professional vacancies in the insurance sector in England and Wales soared to 30,500 in 2022, an increase of 8000 job postings on the previous year.

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 they are facing (68.2%), while the ability to retain staff and access top talent topped the list of what mattered most to the respondents businesses and people.

There was a similar theme when our clients were asked what they most wanted to learn more about. More than 62% of respondents chose staff retention and access to top talent, which was almost double the next most nominated topics of 'Changing the expectations of customers' and 'Cyber security'.

Along with the wider talent shortage, many insurer carriers are likely feeling recruitment strain due to expansion plans. More than 45% of respondents identified 'New business growth' as their biggest goal or opportunity in 2023, which typically results in the need for additional staff.

If you are struggling with finding the right talent, let Gallagher Bassett's Carrier Practice team become an extension of your own. Our claims professionals have deep technical expertise across all lines of coverage including property, motor and workers' compensation, as well as experience with complex claims and specialised liability. [Click here to visit our website and find out more.](#)



KEY FINDING

Attraction and retention of talent is the number one challenge facing UK insurers in 2023.

INVESTING IN TECHNOLOGY

It should 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. It is little wonder that more than 50% of survey respondents chose either 'Process improvement through technology' or 'Cyber security' as the skills or qualification areas they need more assistance with to achieve better outcomes.

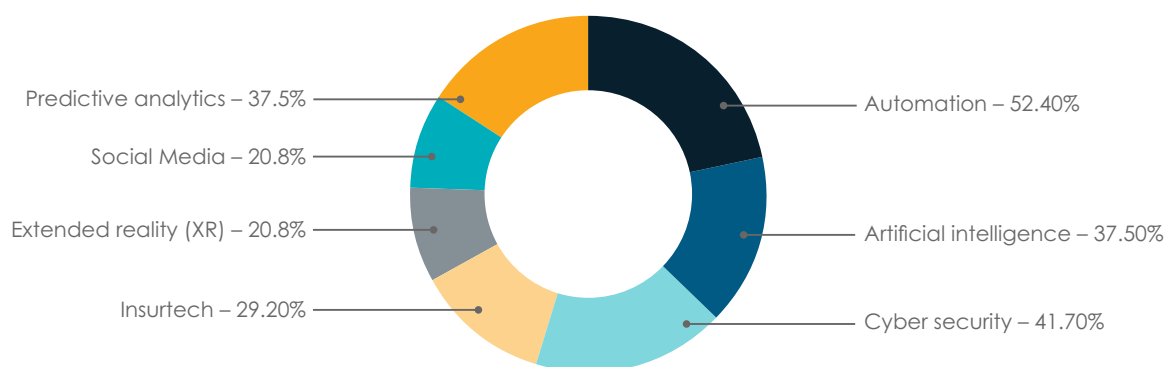
Insurance technology spending in the UK is expected to grow by more than 25% by 2026. Many of our clients will be contributing to those figures. More than 55% of respondents highlighted 'Cyber' as the skill or qualification area that they needed more assistance with and that is set to result in additional 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, almost 60% agreed or strongly agreed that their clients expect insurers to add value through risk management tools.

Knowing that, it is easy to understand why almost 20% consider 'Keeping up with technology advancements' as the main challenge they face today.

Those surveyed were also asked to select up to three technology trends they believe will have the most impact in 2023, as seen in the figure below.

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



Overwhelmed by the digital revolution?

You're not alone. More than half of our UK insurers want more assistance with technology or cyber security.

AUTOMATION

In 2023 technological investment cannot be discussed without acknowledging the heightened need for real-time data. 52.4% of insurers identified automation as one of the top technology trends they foresee taking priority this year. To meet the demand from customers, insurers need to be able to efficiently automate reporting to provide deep insight and be able to analyse trends and performance at the click of a button.

One of the biggest pain points for insurers is establishing and maintaining the IT infrastructure. This can be time-consuming and an expensive investment. 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 and a team of analysts who will equip you with the performance insights you need to make quicker and more effective decisions. [Learn more about our award-winning claims management technology here.](#)



KEY FINDING

52.4% of insurers identified automation as one of the top technology trends they foresee taking priority in 2023.

Luminos: the brightest – and best – RMIS tool you'll ever use, as voted by the industry.

[Learn more](#)

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OPERATIONAL EXPANSION

In times of economic uncertainty, companies face a delicate balancing act. On one hand, there is a natural inclination to maintain the status quo until the storm clouds pass. On the other hand, no one ever moved forward by standing still, especially amid the fear of losing ground to more ambitious competitors.

Based on the results of our survey, such a dilemma is unfolding for UK insurers. There is undoubtedly a thirst for expansion, with more than 45% of respondents identifying 'New business growth' as their top goal or opportunity for 2023. People are also keen for education about mergers and acquisitions, with 12.5% of our surveyed clients choosing it as the focus area they are most interested in learning about.

Such ambitions are no doubt due, in part to insurers wanting to keep pace with their competitors. After all, 'Market competition' was nominated as the second biggest challenge being faced in 2023 (45.5%). With inflation on the rise and many economists predicting a recession in the not-too-distant future, many insurers clearly appreciate that the theoretical benefits of expansion may not align with the reality of making it happen.

The impact the ongoing talent shortage is having on expansion plans cannot be ignored. The top challenge identified by respondents was the ability to attract and retain staff, with 68.2% of insurers raising concerns about the lack of talent across the industry.

This issue is clearly already causing headaches today and there may be even more pain to come, with predictions that 50% of the current insurance workforce will retire by 2036. Organisations that struggle to find quality recruits and retain their best and brightest may need to redraw or even shelve expansion plans, or at least wait until the economic outlook improves. Partnering with a TPA can help alleviate high fixed operational expenses, allowing insurers to grow and diversify into new regions and product lines faster. [Visit our website](#) for more information on how Gallagher Bassett can provide flexible and scalable solutions.



KEY FINDING
Many UK insurers are interested in expansion, including 45% of our respondents who nominated 'New business growth' as their top goal for 2023.

SUPERIOR CUSTOMER SERVICE

Caring for customers has been the foundation of business success for centuries, but recent times have seen insurers 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 and Touche shows customer-centric companies are 60% more profitable than those not focused on the customer.

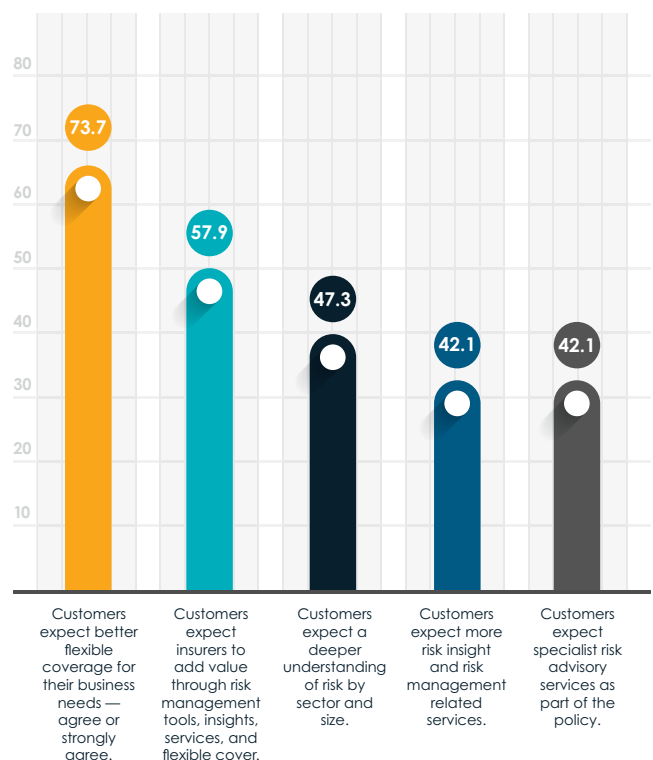
Such findings align with the views of our survey respondents. When asked what matters most to their businesses and people today, the ability to deliver superior customer service was among the most popular responses. While that may come as no surprise — after all, improving customer experience (CX) is 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 36.4% of people who nominated 'Changing customer expectations' as the main challenge they face in 2023. In a similar vein, 31.3% of respondents said they were most interested in learning more about changing the expectations of customers, with only staff retention and access to top talent ranking higher.

In a bid to dial deeper into the issue, we asked insurers to reflect on how customer expectations are changing. Their responses are a valuable guide to where attention and resources needs to be directed in 2023.

As the expectations of insureds increases, so too does the pressure to keep pace with industry demands while maintaining customer service excellence.

A strategic partnership with Gallagher Bassett alleviates these pressures with our best practice claims management aligned with your go-to-market strategy from day one. [Learn more about our solutions and services here.](#)



KEY FINDING
Changing customer expectations is a major issue for UK insurers — 36.4% of respondents consider it one of their main challenges in 2023.

PARTNERSHIP AND INSIGHT FOR 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 our experts? Offering nationwide coverage, our Carrier Practice team is ready to become an extension of your own. Our customised solutions include the following:

- ✓ Access to our dedicated Carrier Practice team and its expertise
- ✓ The optimal framework and claims management strategy to improve your 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.

OUR EXPERTISE



SIMON PEMBERTON
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Chief Client Officer



GORDON VATER
Managing Director
GB Technical



NIC SPROUL
Director



CHARLOTTE HARRISON
Senior Business Specialist

OUR EXPERTISE



2.86M

Claims Managed



491K+

New Claims



200+

Insurer
Relationships



\$4.46B

Claims Value



