

THE ROAD AHEAD

AN INSIGHT INTO THE CARRIER INDUSTRY IN 2023



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INTRODUCTION



FOREWORD FROM JOSEPH BERRIOS,

Managing Director, Carrier Practice

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

At Gallagher Bassett, we prioritize 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 carrier partners. With more than 7,000 clients across four continents, we wanted to understand the critical challenges that carriers are currently facing, as well as their goals and opportunities for the year ahead.

We heard from insurance executives around the world and we are proud to present our findings on the following:

- What the trends and opportunities are in the carrier marketplace
- How the industry is still greatly impacted by the competition for talent
- Why carriers are struggling to expand into new regions and product lines
- How new claims management technology is the top priority to improve client experience
- How carriers can ensure they meet changing customer expectations

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

Joe Berrios, Managing Director, Carrier Practice

GALLAGHER BASSETT'S DEDICATED CARRIER PRACTICE TEAM

Gallagher Bassett has a reputation for providing innovative and effective claims management solutions. Through flexible and scalable solutions that are tailored to the unique needs of each client, Gallagher Bassett experts are focused on offering cost-effective claims services to:

- **National Carriers**
- **Mutual and Mid-Market Carriers**
- **MGA/Specialty Markets**
- **Legacy Solutions**

WHAT DOES THE CARRIER MARKETPLACE LOOK LIKE IN 2023?

The past few years have been unpredictable, and US carriers 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, US carriers 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 carriers across five different size categories (0-50 staff, 100-1000, 1000-5000, 5000-10,000, and 10,000+) and regions as diverse as the Midwest, Northeast, and National. As the TPA of choice for carriers, governments, corporations, and self-insured companies, Gallagher Bassett is committed to using these results to help them navigate the road ahead.

ADDRESSING THE TALENT SHORTAGE

The US insurance sector is not alone in grappling with a talent shortage but there is no doubt it is being severely impacted. Respected recruiting firm The [Jacobson Group](#) confirmed as much last year when it revealed that the insurance industry unemployment in the US was 1.5% compared to the national rate of 3.5%.

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' topped the list of the main challenges they are facing (64.3%), while 'Retaining and accessing talent' (20%) was second only to 'Enhancing service and claimant experience' (30%) in what mattered most to their businesses and people during this time of change and growth.

Along with the wider talent shortage, many carriers are likely feeling recruitment strain due to growth plans. More than 20% of respondents identified 'Expanding into new regions' as their business's biggest goal or opportunity in 2023, a move that typically requires additional staff. It is no surprise that 'Enhancing skills of existing team members' was among the top goals, with 14% of those surveyed appreciating how investing in employees aids retention.

If you are struggling with finding the right talent, let Gallagher Bassett's Carrier Practice team become an extension of your own. We offer nationwide coverage and a global network of experts so you can unlock strategic business growth opportunities to expand into new products, services, and markets. [Click here to visit our website and find out more.](#)



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

INVESTING IN TECHNOLOGY

It will come as no surprise that technology is occupying the thoughts of carriers more than ever. All industries have experienced the digital revolution, and the desire to keep pace with competitors can be overwhelming, let alone in a sector where the smallest process improvements can deliver big results. Little wonder that 80% of survey respondents pinpointed 'Advancements in technology' as the skills or qualification areas they needed more assistance with to achieve better outcomes.

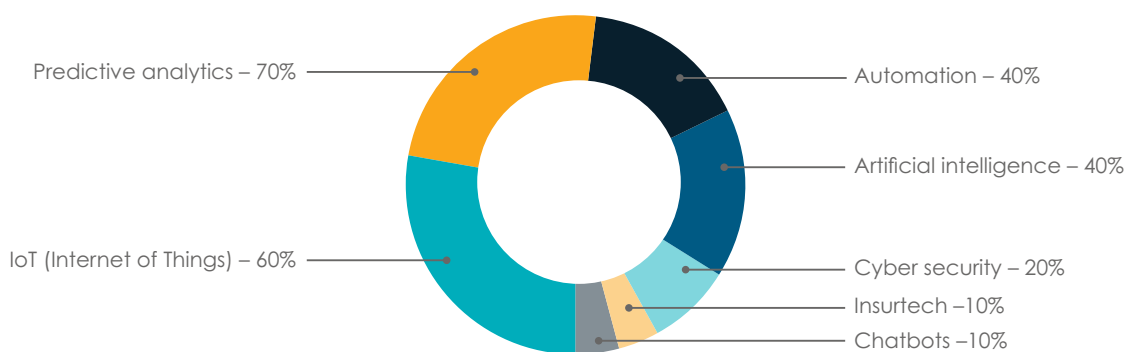
Insurance technology spending in the US is expected to grow by more than 25% in the four years to 2026, and many of our clients will be contributing to those figures. More than 64% of respondents said they were looking to invest in technology in 2023 to help improve processes and provide deeper insights to customers, while 21.4% said their biggest goal or opportunity for the year ahead was to implement new business technologies to improve processes.

This pursuit of digital transformation is also being driven by the consumer. When asked how the expectations of their customers have changed, there was a clear standout among the responses – technology.

Specifically, 70% of respondents agreed that today's customers expect their partners to add value through risk management tools and innovative, technology-based solutions. Given that, it is understandable that almost 30% consider 'Keeping up with technology advancements' as the primary 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. The results included:

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



KEY FINDING

80% of US carriers need more assistance with advancements in technology.

PREDICTIVE ANALYTICS

Technological investment cannot be discussed in 2023 without acknowledging the heightened need for real-time data; 70% of carriers identified predictive analytics as one of the top technology trends they foresee taking priority in 2023. With the demand from customers to provide more insight, carriers need to be able to efficiently analyze trends and performance.

One of the biggest pain points for carriers is establishing and maintaining the IT infrastructure; this can be a time-consuming and an expensive investment for carriers. At Gallagher Bassett, we are committed to delivering exceptional outcomes for our clients and their claimants through continued investment into our platforms, technology, and analytics.

When partnering with Gallagher Bassett, you get exclusive access to the innovative platforms and analytics you need. Our award-winning RMIS, Luminos is the most recommended RMIS in the industry, which empowers our partners with access to insightful, performance-based metrics customized to their own needs. Carriers can easily monitor individual incidents and claim information, as well as analyze data trends with easy-to-use dashboards. [Book a demo with one of our experts and discover why our RMIS is the most recommended RMIS in the industry.](#)



KEY FINDING

70% of carriers identified predictive analytics 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](#)

 GALLAGHER BASSETT | CARRIER PRACTICE

OPERATIONAL EXPANSION

Companies 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 hand, is the knowledge that no one ever moved forward by standing still and the fear of losing ground to more ambitious competitors.

There is undoubtedly a need for growth, with significant numbers of respondents identifying expansion as their top goal or opportunity for 2023. This included 21.4% wanting to expand into new regions and a similar number considering the release of new product lines. Only one other ambition attracted such support – the implementation of new business technologies to improve processes.

While many carriers have identified the opportunity to expand and grow into different regions, they have also expressed their concerns on the feasibility of proactively growing their business in this current economic climate. With inflation rising and many economists predicting a recession in the not-too-distant future, many carriers are looking for cost-effective solutions that are flexible and offer scalability.

The ongoing talent shortage is having an impact on expansion plans. The top challenge identified by respondents was the ability to attract and retain staff, with 64.3% of carriers 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 [US Bureau of Statistics](#) reporting that 50% of the current insurance workforce will retire by 2036. Organizations that struggle to find quality recruits and retain their best and brightest may need to redraw or even shelve expansion plans or wait until the economic outlook improves.

Partnering with a TPA can help alleviate high, fixed operational expenses, allowing carriers 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
21% of carriers are entering 2023 with the ambition to expand their business into new regions and create new product lines.

SUPERIOR CUSTOMER SERVICE

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

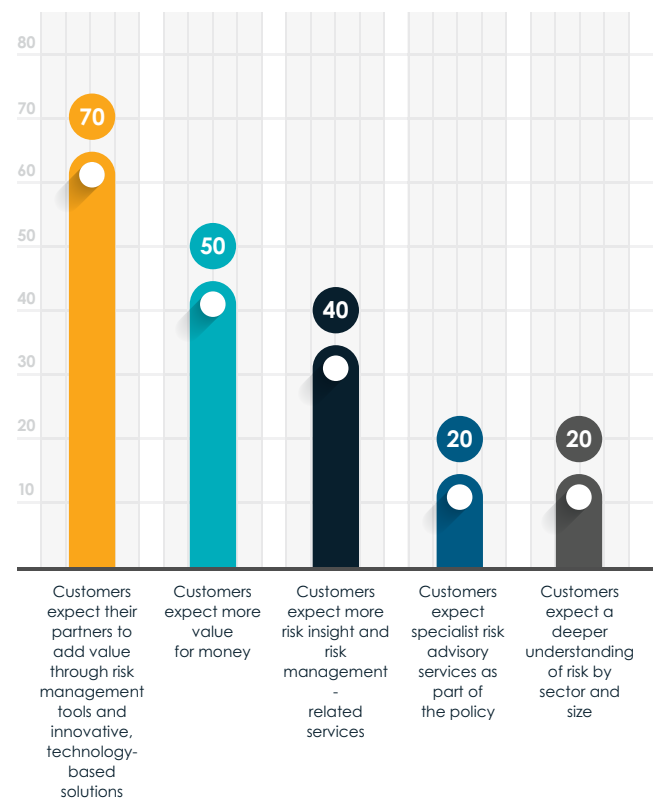
Such findings align with the views of our survey respondents. When asked what currently matters most to their businesses and people, the leading response was 'Enhancing service and claimant experience' (30%). While that may come as no surprise – after all, improving customer experience (CX) is a business goal across most sectors – the challenge for carriers is that they are confronted by a client base that has ever-evolving ways of thinking.

This is reinforced by the 35.7% of respondents who nominated 'Changing customer expectations' as the main challenge they face in 2023, with only recruitment and retention (64.3%) and product and service expansion (42.9%) greater concerns. Similarly, 35.7% said they were most interested in learning more about changing the expectations of customers.

In a bid to dig deeper into the issue, we asked our clients to reflect on how customer expectations are changing, and their responses are a valuable guide to where attention needs to be paid and resources directed in 2023.

Face the changing customer demands head-on with a strategic co-sourcing partnership with Gallagher Bassett. We can alleviate these pressures through our customizable service model aligned with your go-to-market strategy. [Click here to learn more here.](#)

These included:



KEY FINDING
The number one thing that matters most to US carriers and their clients in 2023 is enhancing service and claimant experience.

PARTNERSHIP AND INSIGHT POWERS A BRIGHT FUTURE FOR THE CARRIER MARKETPLACE

We know carriers 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 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 carriers to consider where their business fits in the current carrier marketplace and be ready to pivot and test at every turn. We hope these insights were useful.

Our dedicated Carrier Practice team provides claims management services to a wide range of carriers, including National Carriers, Mutual/Mid-Market Carriers, MGA/Specialty Markets, and Legacy Solutions. With a deep understanding of the unique challenges faced by each type of carrier faces, our GB experts can provide tailored solutions that meet the specific needs and deliver superior outcomes for carriers and their customers. For further information, reach out directly to Jon Stambaugh, Senior Vice President, Carrier Practice team for a free consultation: Jon_stambaugh@gbtpa.com.

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

- ✓ Operational optimization so you can expand and grow
- ✓ Access to our dedicated Carrier Practice team and its expertise
- ✓ Best-in-class RMS and digital experience capabilities
- ✓ Superior customer service to protect and enhance your brand
- ✓ The optimal framework and claims management strategy to improve your total cost of risk (TCOR)
- ✓ An experienced compliance team to stay ahead of your regulatory obligations



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

OUR EXPERTISE



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SUZANNE MCCARTHY

SVP – Carrier Practice
Client Services



CARYN SIEBERT

VP & Director –
Carrier Engagement



AMY COOPER

VP – Carrier Practice



AMY O'BRIEN

VP – Carrier Practice

OUR EXPERTISE



675+

Dedicated
Carrier Practice
Team Members



167k

Total Claims
Handled



200+

Years of Industry
Experience Between
Our Eight Experts



100+

Carrier
Relationships



100+

Years of GB
Experience Between
Our Eight Experts



\$2B

Total
Claims Paid



