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# Five Priorities for Optimum Insurance Product Strategy & Profitable Growth

*Ahead of the upcoming Reuters Events: The Future of Insurance USA 2023 (June 27-28, Chicago), thought leaders from MetLife, Allstate Benefits, Prudential & CSAA Insurance Group share their insights on the future of product innovation.*

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## Introduction

Insurance is in the midst of a culture change, and the leaders driving product strategy face complex challenges. Yet amid turbulent markets and recurrent disasters, enterprising carriers keep pace and maintain an entrepreneurial can-do mindset.

Encouragement should come as premiums begin to recover, though there are mixed views on the steepness of the trend - [global consultants McKinsey](#) currently has just half of global insurers as profitable. At global re-insurance giant [Swiss-Re](#), forecasts for premium growth are mid-range at 2.1% in real terms on average in 2023 and 2024, after 0.9% in 2022. It also sees inflation, the prime insurance industry concern, dropping from 8.1% in 2022 to 3.4% by 2024, and to 2.8% in the U.S. However, some lines, notably home and auto, remain constrained by labor shortages and supply chain issues.

As the world order changes, customers' budgets tighten, and climate change delivers devastating results and bills, uncertainty abounds. Though lower than the \$320 billion bill delivered in 2021, [reinsurer Munich Re](#) estimates climate-related losses of \$250 billion in 2022. Cybercrime, however, is escalating with Statista expecting global losses of [\\$8.4 trillion in 2022 rising to \\$20-trillion by 2026](#).

As regulators demand greater rigor and competition intensifies, a multiplicity of choices must be made on risk and pricing. Most carriers, however, should begin to see the benefits of the substantial technology investments of the past few years. To balance conflicting demands of customers and profitability, there must be a continued focus on simpler portfolios, products and distribution. The lessons from Covid-19 will help carriers become more streamlined, cost effective and customer-centric. The future remains uncertain, but at this juncture it seems that fortune will favor the bold.

### The Future of Insurance USA 2023

June 27-28, 2023 | Chicago, USA

*Redefine Insurance to  
Power Profitable Growth*

## 1. Identifying gaps, building trust and investing in opportunity

Current financial market trends are in the industry's favor, with interest rate hikes improving investment yields. One major opportunity is the insurance protection gap, which reached \$1.4 trillion in 2020 and is forecast to widen to \$1.86-trillion by 2025, according to [consultants PwC](#). But right now, says Rob Schaffer, *Head of Product Solutions, Individual Life Insurance* at **Prudential**, "most consumers believe that insurance is going to cost three times as much as it actually does." So as customer trust becomes increasingly linked with insurers being visible in engaging with environmental, social and governance (ESG) issues - both as investors and underwriters of other organizations - a shift is clearly needed, "The innovation that needs to occur is expanding access to middle America, or the middle markets across the world, by meaningfully engaging with financial institutions or other institutions that consumers trust," he says.

But it is not simply a personal lines opportunity. SwissRe sees Commercial business growing more rapidly globally than personal lines, with a rise of 3.7% in 2023 for the former against 1.8% in the latter, as motor insurance in advanced markets revs back from the 0.7% fall last year. Demand from small to medium enterprises (SMEs) is another opportunity, with [26%](#) expecting to spend more on business insurance in the near future.

To benefit from this opportunity, insurers must do more to communicate the value of their products.

## 2. The drive toward slick and seamless products

If there is one thing that product leaders can agree on today, it is that insurance needs much simpler engagement models. "It's different by product but one of the things that the industry always grapples with is ensuring people understand what the product does", says Loi Stoddard-Graham, *Vice President, Business Growth and Retention*, **MetLife Legal Plans**.

Streamlining products is a focus for many insurers and workplace benefits carrier Allstate Benefits, which has revamped its operating model over the past three years, is one. Paul Montanari, *Chief Operating Officer* for **Allstate Benefits**, explains: "We have had a heavy focus on adapting current products and creating new ones that eliminate all the [negative] effects of [the past]."

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