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*Knowledge Insight -
Insurance Industry*

September 2025

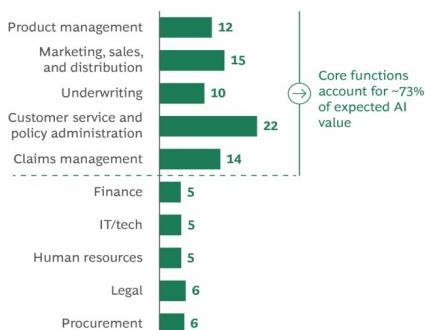
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EXHIBIT 2

A Focus on Core Functions Is Key to Generating More Value

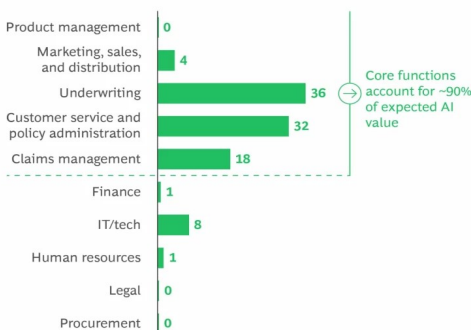
AI laggards

Share of AI value (revenue gains and cost reductions) captured across functions (%)



AI leaders

Share of AI value (revenue gains and cost reductions) captured across functions (%)



Source: BCG, Build for the Future global study of 1,000 companies, 2024.

Insurance Industry — Knowledge Insight

HOW INSURERS CAN SUPERCHARGE THEIR STRATEGY WITH AI

In insurance, as in other sectors, artificial intelligence has generated a lot more talk than value. Numerous early-stage demonstrations and proofs of concept have highlighted the immense potential to change the way insurance companies work. But many pilots also have fallen short, and scaling has proved a challenge, raising questions about early-stage practical applicability. The speed of development of AI—including generative AI and, most recently, AI agents—further fuels uncertainty and a wait-and-see approach. Some boards and management teams have pushed ahead while others are understandably hesitant to unleash bold initiatives without a clear view forward to results. The big question for many insurers is still where and how this radical new technology can add value today and in the years to come.

In our view, insurers should approach AI in all its forms with three things in mind. First and foremost, don't overstrategize the technology. Rather, use AI to narrow your bets and boost your competitive edge. Second, push hard for near-term P&L impact. Transform a few high-value functions and avoid subscale setups. Third, AI needs business leadership and investment in people and processes, so don't get stuck in a tech silo. These three approaches can set your organization up for success by helping you sort through the inevitable confusion and guarantee certainty in execution.

Source Link: <https://www.bcg.com/publications/2025/how-insurers-can-supercharge-strategy-with-artificial-intelligence>

INSIDE THIS ISSUE

Insurance Banana Skins 2025: A survey of risks faced by insurers	2
New Life for Life Insurance: Revitalizing Industry Growth	2
Are insurers truly ready to scale gen AI?	3
Global Insurance Report 2025: Growth and relevance in life and beyond	4
Relevance Through the Market Cycle: 5 Strategic Imperatives for Insurers to Drive Performance	4
Unequal Odds: Addressing and Mitigating Bias in Life Insurance	4
World Life Insurance Report 2026	5
2025 global insurance outlook	5
IBEF: Indian Insurance Industry Analysis	6

INSURANCE BANANA SKINS 2025: A SURVEY OF RISKS FACED BY INSURERS

Insurance Banana Skins 2025 identifies the risks that appear most urgent to practitioners and close observers of the insurance industry around the world.

The report, which is the 10th edition of a biennial series that goes back to 2011, was conducted from June-August 2025, and is based on 698 responses from 42 territories. In the questionnaire, respondents were asked to describe, in their own words, their main concerns about the insurance sector over the next 2-3 years. They were then asked to score a list of 23 potential “Banana Skins” or risks from 1 (least severe) to 5 (most severe), and to provide comments where they wished. This report ranks and analyses each Banana Skin individually. Replies were confidential, but respondents could choose to be identified.

Europe provided the most responses (301), followed closely by the Asia Pacific region (260). The rest of the responses came from North America (84), Africa (31), and Latin America (22). We received more responses from the P&C side of the

Big Movers



Artificial Intelligence

Rising five positions to No. 2, a major risk in its own right and as a driver of other risks.



Barriers to Trade

Rising six positions to No. 13, amid increasing tariffs and protectionism.



Suitability of Regulation.

Falling eight positions to No. 10, partly due to redefinition; regulatory change is higher on the agenda than existing rules.



Security Risk

Falling twelve positions to No. 22, as insurers have largely adapted to remote working.

industry (271) than the life side (213). The remainder were from a composite (87), the reinsurance and broking sectors (57), and non-practitioners (70).

Source Link: <https://www.pwc.co.uk/insurance/assets/pdf/insurance-banana-skins-2025.pdf>

Aligning marketing and distribution can bridge the life insurance coverage gap and boost industry growth.

INSIDE STORY HEADLINE

Key Findings

- According to LIMRA consumer research, 42% of US adults identify a coverage need. Closing the gap could expand the industry significantly.
- As a result, Bain & Company and LIMRA surveyed consumers and financial professionals to better understand the “protection gap” and opportunities to close it.
- Before purchasing life insurance, 90% of consumers want to understand it better.
- While 72% of consumers with a self-reported need say they want to speak with a financial professional, only 15% do so.
- Carriers should increase their marketing investments in strategies that drive consumer engagement.

NEW LIFE FOR LIFE INSURANCE: REVITALIZING INDUSTRY GROWTH

In 2024, 42% of US adults reported not having enough, or any, life insurance coverage despite recognizing a need for it. This need is significant: Half of consumers within the “protection gap” indicate they are likely to buy coverage. Yet they aren’t buying it. Affordability is a genuine challenge, with more than 66% of this group citing cost or other financial priorities as the main reason for not purchasing life insurance.

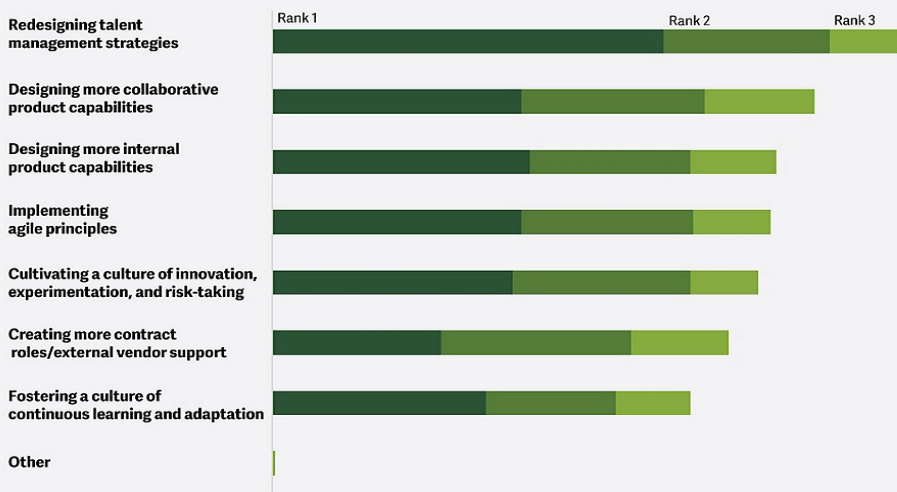
Inflationary environments exacerbate perceived affordability; however, affordability isn’t the primary issue. In reality, the protection gap spans income bands and ages. More than 80% of individuals within the protection gap have at least \$50,000 in household income and one third have at least \$150,000 in household income. These consumers have relevant buying needs, such as financial dependents or significant life events, that should make them more inclined to purchase. Helping even modest numbers of people meet this need with coverage aligns the industry’s noble mission with its bottom line: protecting more families would spur industry growth.

Source Link: <https://www.bain.com/insights/new-life-for-life-insurance-revitalizing-industry-growth/>

Figure 5

Among organizational changes for gen AI, insurers are most focused on talent strategies

Question: "What are the three most critical changes that your organization is making/planning to make to the way it operates to ease the long-term adoption of generative AI? Please select the top 3."



Source: Deloitte survey of 200 US insurance executives, June 2024.

Deloitte | [deloitte.com/us/en/insights/research-centers/center-for-financial-services.html](https://www.deloitte.com/us/en/insights/research-centers/center-for-financial-services.html)

ARE INSURERS TRULY READY TO SCALE GEN AI?

It's likely that no other technology offers as much transformative potential as generative artificial intelligence. This technology has the potential to change the way insurers operate, assess risks, launch products, and interact with customers, among other things. However, the journey toward scaling gen AI has challenges on multiple fronts. In the last year or so, many insurers have dipped their toes in gen AI proofs of concept, but despite the hype, and some initial successes, many may not yet be fully prepared to harness the full potential of gen AI. So, the question looms: How ready are insurers to scale gen AI?

In June 2024, Deloitte conducted a survey of 200 US insurance executives, of which 100 come from the life and annuity (L&A) sector and the remaining 100 from the property and casualty (P&C) sector, to assess their readiness to adopt gen AI. Survey findings reveal how insurers surveyed are preparing to move past the initial proof of concept (PoC) and experimentation stage and how they are overcoming implementation obstacles that exist to be ready to embrace and scale gen AI.

Survey findings indicate that many insurers have taken the first steps with gen AI implementations. Seventy-six percent of the respondents say they have already implemented gen AI in one or more business functions. L&A insurers appear to be slightly ahead, with 82% of L&A respondents saying they implemented gen AI in one or more business functions, compared with 70% of P&C respondents. There also seems to be a positive correlation between implementation and the size of the organization, with higher rates seen in larger-sized organizations.

Source Link: <https://www.deloitte.com/us/en/insights/industry/financial-services/scaling-gen-ai-insurance.html>

INSIDE STORY HEADLINE

Key Takeaways

1. Workforce resistance to gen AI can stem from unfamiliarity with the tools, and uncertainty around rapidly growing capabilities. Providing controlled access to an organizationwide gen AI tool can help employees become more comfortable with the technology. This approach can help foster a realistic understanding of gen AI, could help dispel myths, and may help unlock gen AI value across the organization.
2. While training for technical skills is important, cultural acceptance of these fast-emerging technologies is also vital. Insurers should consider emphasizing human sustainability, underscoring how gen AI can help elevate employees' value proposition. This approach could help secure greater employee buy-in.
3. Building employee trust in gen AI should include transparency, helping stakeholders understand the enterprise's approach to AI applications, the intended value creation, and how the workforce can utilize these tools to boost efficiency and productivity. As insurers gradually increase gen AI access, they should proactively track, document, and communicate changes to employee responsibilities and process amendments to workflows.

INSIDE STORY HEADLINE

- *Regain relevance and win in retirement.*
- Move toward integrated wealth and health solutions.
- Find new avenues to serve customers and advisers.
- Activate the flywheel across insurance, asset management, and capital.

GLOBAL INSURANCE REPORT 2025: GROWTH AND RELEVANCE IN LIFE AND BEYOND

It has been a year of unpredictable mixed signals, uncertainty, and surprising upsides for the world's life and retirement insurance industry. While unexpectedly resilient macroeconomic conditions provided tailwinds—global GDP growing in real terms,¹ inflation steadily decreasing,² and equity markets turning positive³—not all product lines and geographies benefited (exhibit). There are bright pockets of growth across the globe—perhaps more so in the past two years than in the past decade. But overall, traditional products and major markets are stagnant, and the industry is in search of growth and relevance.

The life and retirement industry has been struggling for relevance, as evidenced by growth lagging behind global GDP and shrinking in im-

portance in capital markets. But several structural shifts present opportunities alongside challenges, from growing demand for retirement solutions tailored to an aging population to the emergence of customer experience as a competitive differentiator for life insurers and the growing relevance of private capital to the sector's expansion. Q q q q

Source Link: <https://www.mckinsey.com/industries/financial-services/our-insights/global-insurance-report-2025-growth-and-relevance-in-life-and-beyond>

RELEVANCE THROUGH THE MARKET CYCLE: 5 STRATEGIC IMPERATIVES FOR INSURERS TO DRIVE PERFORMANCE

In the insurance industry, resilience isn't about surviving one phase of the cycle — it's about outperforming through them all. As global risks evolve and structural shifts accelerate, expectations from capital providers and clients continue to rise. Insurers must deliver profitable growth and strategic relevance whether the market is softening or hardening. Those who embed relevance into every decision are best positioned to lead through uncertainty and unlock opportunity at every stage.

The forces reshaping insurance in 2025 are intensifying. Capital is abundant, with global reinsurance capacity estimated at a record \$720 billion¹ and 1H seeing an all-time high of \$17 billion² in catastrophe bond issuance. This signals growing investor demand for non-correlated returns, but it also sharpens competition, squeezes pricing power and raises the stakes for differentiation.

Source Link: <https://www.aon.com/en/insights/articles/relevance-through-the-cycle-5-strategic-imperatives-for-insurers>

UNEQUAL ODDS: ADDRESSING AND MITIGATING BIAS IN LIFE INSURANCE

Model bias in the life insurance industry can lead to unfair outcomes, such as discriminatory premium rates and eligibility decisions. These biases often arise from flawed machine learning processes, erroneous assumptions, or biased data. For example, underwriting models might unfairly disadvantage one gender due to outdated actuarial tables, or health insurance models might underpredict healthcare costs for minority populations. To address these issues, actuaries and data scientists can use advanced methodologies like sensitivity analysis and fairness metrics. Advanced methodologies for assessing and mitigating bias include fairness metrics such as demographic parity, equal opportunity, and predictive parity. Demographic parity ensures that the decision rate is the same across different groups, while equal opportunity requires that the true positive rate is consistent across groups, which can be evaluated using logistic regression.

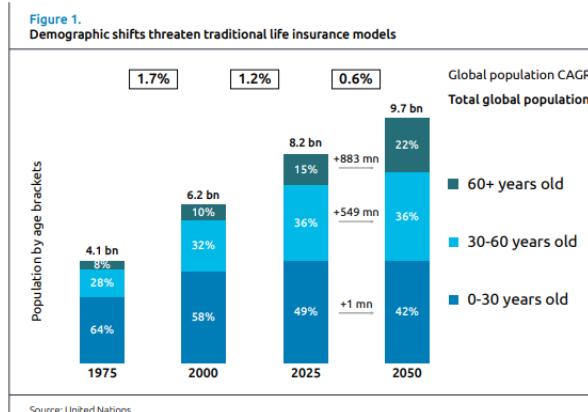
Source Link: <https://kpmg.com/us/en/articles/2025/unequal-odds-mitigating-bias-life-insurance.html>

WORLD LIFE INSURANCE REPORT 2026

Long-term demographic changes, macroeconomic challenges, and shifting consumer expectations are transforming the life insurance industry. Over the past 15 years, the share of life insurance assets within individual investment portfolios has fallen by 23%. Looking forward, our forecasts indicate that global life insurance premiums will grow at only a 0.9% compound average growth rate through 2040.

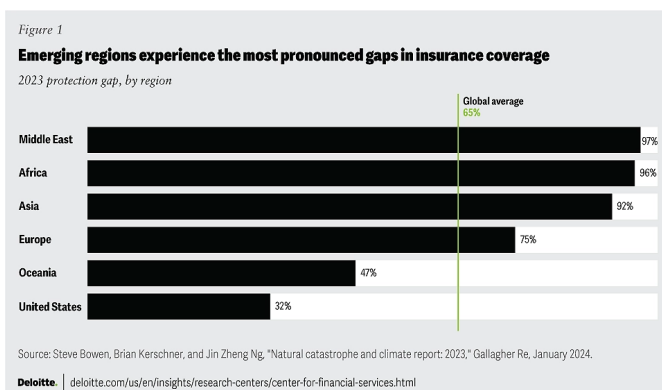
The World Life Insurance Report 2026 reflects the views of 6,176 insurance customers under the age of 40, and 200 interviews conducted with senior executives from leading life insurers. Both of these groups included individuals from across 18 countries and spanning three regions – the Americas, Europe, and Asia-Pacific. In addition, the report draws on macroeconomic forecasts developed in collaboration with a leading global macroeconomic forecaster.

Source Link: <https://www.capgemini.com/insights/research-library/world-life-insurance-report/>



Focusing on agility, innovation, and customers to help navigate complexities and meet new demands

2025 GLOBAL INSURANCE OUTLOOK: EVOLVING INDUSTRY OPERATING MODELS TO BUILD THE FUTURE OF INSURANCE



Insurance is a fundamental component of economy and society: It underpins progress and helps power humanity forward more securely. However, the risk-averse nature of insurers' cultures and their focus on underwriting margins and solvency have generally reinforced a restrained pace in terms of its own innovation and modernization.

This has often resulted in unsustainable or nonoptimal strategies to respond to less predictable spikes or dips in specific business lines and profitability. For example, high inflation and increasingly erratic climate-related losses put pressure on non-life insurance lines' profitability over the past few years.¹ Many insurers responded by hiking premium pricing² and even pulling back coverage for certain high risks.³ Moreover, as interest rates rose, life insurance and annuity carriers jockeyed for position in a crowded field to take advantage of the surge in consumer interest in savings-linked products. These short-term

strategies helped drive the best year-over-year underwriting results for property and casualty (P&C) carriers since 2007 in the first quarter of 2024,⁴ and the highest first quarter sales of annuities for life and annuity (L&A) providers since the 1980s. But, as risks become more complex and unpredictable and consumers more empowered, particularly with generative AI tools at their fingertips, insurers can no longer evaluate risks through the rear-view mirror. They should continue to evolve the way insurance works and how they interact with customers and distributors. It is becoming increasingly important for carriers to elevate technological and operational excellence, innovate product solutions, and broaden the insurance value proposition—making the insurance safety net more reliable, accessible, and resilient.

Source Link: <http://deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/insurance-industry-outlook.html>

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IBEF: INDIAN INSURANCE INDUSTRY ANALYSIS

In FY24, India's insurance premium penetration accounted for 3.7% of the GDP, with life insurance making up 2.8% and non-life insurance comprising 0.9%. While the share of insurance to GDP declined, there was a modest increase in per capita premium from Rs. 8,035 (US\$ 92.0) in FY22 to Rs. 8,297 (US\$ 95.0) in FY23.

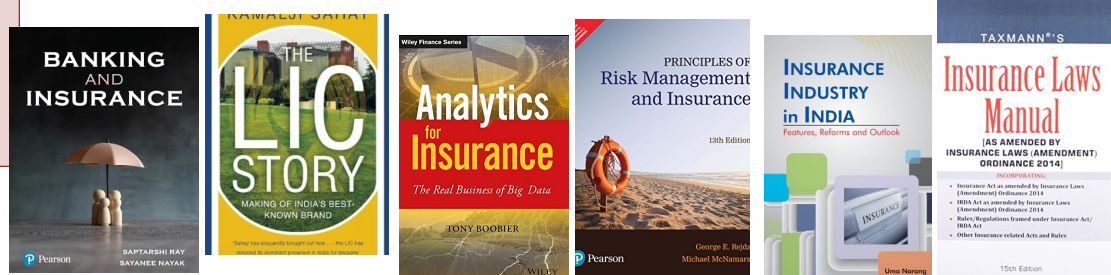
Non-life insurers are projecting double-digit growth in CY25. This optimistic outlook is attributed to a supportive regulatory environment and the introduction of innovative product offerings designed to meet customer needs.

The total premium income for the Indian in-

urance industry in FY25 was approximately Rs. 7.05 lakh crore (US\$ 82.49 billion). This represents a 5.6% year-on-year increase from FY24, reflecting the sector's resilience and strong growth trajectory.

India's life insurance sector showed strong growth in the first quarter of FY25, with first-year premiums surging by 22.91% YoY to Rs. 89,726.7 crore (US\$ 10.75 billion), up from Rs. 73,004.87 crore (US\$ 8.75 billion) in the first quarter of FY24.

Source Link: <https://ibef.org/industry/insurance-presentation>



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