



Transforming L&A BPS with End-to-End Digitalization

Market Analysis
Abstract

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Who Is This Report For?

NelsonHall's "Transforming L&A BPS with End-to-End Digitalization" report is a comprehensive market assessment report designed for:

- Sourcing managers investigating sourcing developments within the L&A BPS market
- Vendor marketing, sales and business managers developing strategies to target service opportunities within the healthcare payer services market
- Financial analysts and investors specializing in the L&A BPS sector.

Scope of the Report

The report analyzes the global market for outsourced life, annuities, and pensions (LA&P) business process services (BPS) and addresses the following questions:

- What is the current and future market for outsourced services, including both life insurance carriers and annuities carriers?
- What is the size and growth of the U.S. outsourced L&A services market?
- Within outsourced L&A services, which service segments are emerging strongly?
- What are the market segments for outsourced L&A services and their characteristics? What are the issues, drivers and benefits for each segment? What are vendor capabilities by segment?
- What are vendor challenges and critical success factors by market segment?
- How are vendor offerings and delivery capabilities changing to meet emerging market needs?
- How are vendors positioned within each outsourced L&A services market segment?



Key Findings & Highlights

NelsonHall analyzes the life and annuities (L&A) business process services (BPS) market for buyers and vendors of these services. The report details the L&A sector in terms of size, scope, trends, and customer requirements; BPS vendor competitor market shares, offerings, delivery, and success factors.

NelsonHall estimates that the global L&A BPS market was \$3.5bn in 2019. NelsonHall predicts it will grow at a CAGR of 4.6% from 2019 through 2023 to \$3.8bn.

Key trends in the L&A market:

Touchless Processing: policy application and underwriting functions are being connected to distribution channels, internal carrier sales personnel, and policy management functions via automated processes. RPA is a key technology. Carriers are looking to their BPS vendor partners for guidance on the best practices and implementation of associated technology

Consumerization: L&A carrier customer and distribution/agent support is still highly dependent on voice services. However, consumer demand for enhancement of the consumer experience (also called “consumerization”) is gradually causing carriers to improve communication with consumers and distribution partners to banking and retail industry standards. This trend requires widespread adoption of RPA, analytics, and other technologies.

Current Status of L&A BPS Market:

U.S. and U.K. based carriers constitute the most important carriers for market share of BPS vendors, generating 49% of total L&A BPS revenue (including both open and closed block business)

Closed block business generates 67% of total global L&A BPS revenue

L&A BPS is currently dominated by vendors serving U.S. and U.K. carriers, particularly in closed block business

57% of L&A BPS FTEs are offshored. India and Philippines are the principal offshore delivery locations

Policy servicing, claims management, new business services, and agency management are the most commonly outsourced activities

RPA is becoming widely adopted, while analytics/AI (e.g. NLP and ML) is being piloted in some carriers. Customer support is still highly dependent on voice services

Surveyed L&A carrier executives are generally satisfied with service delivery by their current BPS partners. However, these same L&A executives express doubts that their current partners are fully capable of helping them transform for the future.

Outlook for the L&A BPS Market:

Future opportunities for BPS vendors lie in digitalization of legacy closed book business in mature markets, in accelerating introduction of new products, and in serving carriers in the Asia-Pacific region

Policy management and claims administration services in mature markets likely continue to dominate the L&A BPS market. However, recent wins by TCS demonstrate that large books may still change hands among BPS vendors and that large books may become newly eligible for outsourcing (such as the books transitioned by Transamerica to TCS)

Outsourcing of product development and new business management services are growing solidly as carriers seek external partners to accelerate the introduction of new products.

- U.S. open block business will grow at 7.0%

Carriers will be more open to outsourcing actuarial services

Continental European carriers will remain highly conservative about outsourcing

Asia Pacific will remain a highly heterogeneous market, with some markets such as Hong Kong and Singapore and Taiwan offering leadership examples to growing markets such as Mainland China.

- In the Asia-Pacific region L&A BPS will grow across open and closed books at 7.7%.

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Report Length

The report consists of 81 slides in 10 chapters

Vendors Researched

This report includes revenues information for: Accenture, Atos, Capgemini, Capita, Concentrix, DXC Technology, EXL Service, Infosys, Kane LPI Solutions, NTT DATA, SE2, TCS and WNS Global Services.

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