

Deloitte's view on the six key drivers in the Canadian life and health insurance industry

Our survey of senior executives from 15 of the top Canadian life insurers reveals key themes underpinning customer, innovation, analytics and technology strategies

1. Customer-centric experience



Consumer expectations are evolving; demand is increasing for a seamless, tailored and self-serve experience.



Customer data to accurately identify cross-selling opportunities will be critical to effectively attracting and engaging customers throughout the customer lifecycle.



57%
Over half of Canadian life insurers consider their cross/up-sell capabilities poor or negligible.



79%
Almost 8 out of 10 life insurers agree that their biggest barrier is the lack of data availability and integration across the organization.

2. Increasing competition



The Canadian insurance industry faces rising competition with the entrance of global players, insurtechs and non-traditional startups.



71%
Senior executives are concerned that the entrance of global players, insurtechs and startups will disrupt the Canadian market.

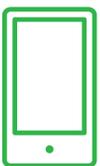


79%
In order to increase their degree of innovation, nearly 8 out of 10 insurers plan to engage in external partnerships.



Forward-looking life and health insurers can learn from the business models and emerging applications that new entrants have adopted to interact with the insurance ecosystem.

3. Emphasis on innovation



Life insurers around the world are innovating through the design of new products and services that cater to growing customer needs and that encourage ongoing consumer engagement like never before.



50%
Half of Canadian insurers have a dedicated internal innovation team, and of those, **86%** are separated from day-to-day.

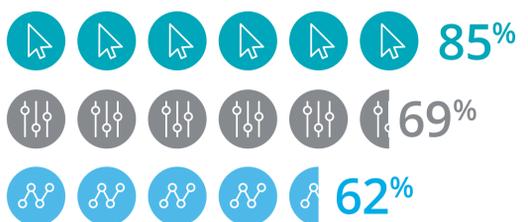


Insurers can use new technologies and analytics to tailor their products to individual consumers through health benefit incentives and dynamic pricing.

4. Improved digital capabilities



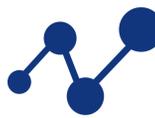
86%
Insurers say they intend to invest in a digitally enabled customer experience in the next 1 to 3 years.



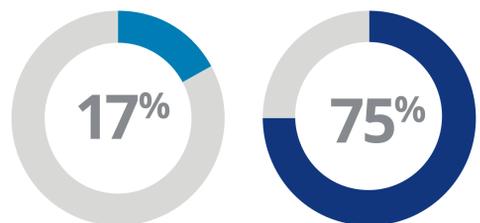
As customers seek greater autonomy in decision-making, insurers must deploy infrastructure that supports digital technologies, simplifies the purchasing process and provides personalized advice.

To further their digital agenda, **85%** of carriers say they will focus on simplified products, **69%** on digital marketing and **62%** on needs-analysis tools.

5. Emerging technologies, big data and analytics



While data is abundant, many insurers are not currently positioned to derive real-time analysis, actionable insights and impactful strategies.



A priority for life insurers is to invest in the data management infrastructure and capabilities required to turn their data into both a strategic asset and a competitive advantage.

Today only **17%** of life insurers apply predictive analytics throughout their product design process. However, **75%** plan to use it in 1 to 3 years.

6. Business transformation



Insurers want to accelerate technology and legacy-system modernization so they can drive speed market and efficiencies through process automation.



85%
Most employees will need to develop the skills, knowledge and behaviors required to successfully execute Agile methodologies.



57%
In response to an evolving landscape, more than half of insurers plan to transform their individual life business over the next 1 to 3 years, but only **18%** plan changes for their group business.



Evolving operating models, processes and risk/governance approaches will be key to addressing the impact of transformative technologies.