

# Insurance innovation intelligence

Annual Report: Assessing the extent and nature of innovation in the insurance sector.

December 2025



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InsurtechAustralia  
INSURANCE INNOVATION + COLLABORATION

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# Foreword

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This report explores the extent and nature of innovation in the insurance sector, spotlighting and taking a comparative view across select key markets of Australia, the UK, the US and Canada. Through primary research across key players in these markets – including insurers, technology companies, insurtechs, and industry innovation bodies – the report examines current and emerging areas of innovation and the technologies being deployed. It also highlights the outcomes being realised or sought, illustrated through real case studies.

We hope it provides an interesting snapshot and forward-looking view of the innovation dynamic in our industry. In addition, we also hope it reinforces what we've known for some time: that the industry must continue on the path of harnessing innovation and technology through a holistic approach, anchored in a clear strategy and strong execution, to address legacy technology issues and meet customer expectations.

Thank you to everyone who participated in the research; this report would not be possible without your support.



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# Executive summary

# Our findings

## From point solutions to true transformation

Technology-driven transformation is focused on artificial intelligence (AI) to drive automation and digital engagement along with a move away from legacy systems to cloud platforms.

- **AI and automation** are at the heart of innovation, enabling efficiency gains in underwriting, claims, fraud detection, and improved customer service.
- **Digital transformation is accelerating**, with the move to cloud-native platforms and AI being widely adopted.
- With that said, there is something of a 'two-speed' market and an ever-widening gulf between those that are succeeding and those that are not. Part of this is focus, with some major insurers declining to participate in the research because they were focused only on 'keeping the lights on'. Much of it is whether the foundations are in place or not and the realisation that foundations required to enable technology-driven transformation are manifold.

## Partnering is king, ecosystems have arrived

- The relationship between insurers and Insurtechs has shifted from an either/or competition to **collaboration and partnership** through alliances and marketplaces.
- Successful innovation increasingly relies on joint ventures, alliances, and ecosystem approaches, leveraging each party's strengths (e.g., regulatory expertise, technology agility, specialist capabilities) that give flexibility to respond to specific distribution, regional, and customer needs.

## It's all about the customer

### Customer-centricity, value and outcome focus

To be truly customer-centric, insurers have had to turn their operating models on their heads to go from a primarily channel/product focus to one that puts the customer at the centre. For many years this wasn't possible with organisational structures, regulatory requirements and systems fundamentally set up differently.

Insurers and Insurtechs are designing products and processes around evolving customer expectations for seamless, digital, and personalised experiences. Embedded insurance is a key example of this, delivering real value – something that is difficult to achieve on legacy operating models and technology.

There is a strong focus on delivering clear business value and ROI, with success measured by tangible outcomes (e.g., reduced cycle times, improved customer satisfaction, increased efficiency) and how customers choose to select, manage and interact with these insurance solutions.

## Easier, but still not easy

### Overcoming legacy barriers and change management

1. **Legacy systems still exist**, and cultural inertia is a major barrier to innovation. Migrating to modern, modular, API-led architectures is a universal challenge. Culture plays a significant role to prioritise challenging the status quo, and stability to drive and sustain change.
2. Change management, organisational readiness, and talent shortages are recurring hurdles.
3. **Geographic note:** Mature markets (US, UK, Canada, Australia) are focused on integrating new tech with legacy systems, while emerging markets (Latin America and parts of Asia) can leapfrog directly to digital-first models.

## Regulatory, compliance, and data security pressures

- Regulatory complexity and compliance requirements are increasing, often hindering transformation efforts, or at least diverting investment away from them and often putting the brakes on innovation, especially when adopting new technologies like AI and embedded insurance.
- Data privacy and cybersecurity are top concerns for regulators, Boards and management, with increasing due diligence and evolving global standards (e.g., GDPR, European AI Act).



# Spotlight on **Australia**

In 2018, a group of insurers met at Stone & Chalk, a technology incubator in Sydney, to discuss challenges facing the industry. The discussion focused on exploring if there were issues that the group of insurers were facing, either as a sector, or individually, that had no identified solution yet but appeared to lend themselves to innovative use of technology.

The answer was yes, but the challenge was whom to turn to for these innovative solutions? Australia's first 'Insurtech' programme was born in response, with the aim of discovering technology innovators in the local market that had solutions that could benefit the insurance sector.

Fast forward to today, innovation is thriving in Australia. Insurtech Australia, the peak body for innovation in insurance has approximately 100 members spanning life, general and health insurance across the full value chain and a diverse range of emerging technologies. Additionally, over 50 corporate partners including insurers, brokers, underwriting agencies, established technology providers and professional services firms support the ecosystem, working with, learning from and supporting the Insurtech sector.

Across the largest general insurers, most have major technology transformation programmes underway to modernise their core platforms. Many of them work with Insurtechs, either through a ventures function, Insurtech association membership or both. All have made recent announcements to the market regarding their adoption and benefits of AI, along with plans to expand its use.

The life insurance sector continues to focus on sustainability and growth challenges following regulatory changes, which have impacted the number of financial advisers as well as adverse retail claims and lapse experience. Many insurers are leaning towards group and corporate insurance opportunities as the retail market has seen a significant reduction in the number of financial advisers potentially leaving many under-served by this sector. Core transformation and initial AI use cases are also becoming a focus, although they are lagging behind the General Insurance sector.

Private health insurers are investing in technology and improving the efficiency of customer operations. In an attempt to offer differentiation in the market and be responsive to costs of treatment, many private health providers are allocating more budget to hiring tech experts as well as delivering digital and in-home allied health services such as physiotherapy, mental health and post-operative medical consultations.

The Insurtech Australia Ecosystem map<sup>1</sup> highlights the diversity of the sector. Operational efficiency is a key focus with more than 50% of Insurtechs focusing on claims. Regtech solutions are also emerging as a key tool to help insurers manage the increasing regulatory burden, improving risk oversight. General insurance is the leader in terms of representation given the extended claims value chain whilst the life and health industries are less integrated.

1. Insurtech Australia. (2025). Insurtech Australia Ecosystem Map. <https://insurtechaustralia.org/members/ecosystem-map/>

# Three common focal points are enabling innovation globally

## 1 | From point solutions to true transformation

Technology-driven transformation is focused on AI to drive automation and digital engagement along with moving away from legacy systems to cloud platforms.

Unsurprisingly, AI was one of these themes emerging with all participants in all geographies featuring this as a focus but with varied stories. A quick look at the Insurtech investment position supports this focus, and whilst investment volume in Insurtechs is down overall from the dizzying heights of 2021, it's still material, and over 25% of this going to AI, according to a recent report from GallagherRe.<sup>2</sup>

Capitalising on this investment and deploying AI at scale, however, is proving elusive for many insurers.

Our research and experience shows that a bottom-up, efficiency focused use case-based approach is where most organisations have started. Scaling AI and achieving material benefits following this approach has revealed numerous challenges. The risk and control component of AI governance and the need to automate that rather than rely on human effort is one requirement that is often overlooked or underestimated. A bigger challenge is the phenomenon of automating one part of the process only to create a bottleneck in another part resulting in a chase to get the benefits and the business case eroding. AI compute costs have also been underestimated in many early cases we heard about. These factors mean that benefits from point use cases have been difficult to achieve in most insurers we spoke to.

One of these challenges is highlighted by the experience of HAAST, an Australian Insurtech innovating the Marketing Compliance space with AI. Jack Tizzard, Chief of Staff, explains "A systems thinking approach is required. We map

### A multinational insurance corporation has implemented Haast to unlock the use of AI-generated content creation, significantly increasing content volumes

<p>The multinational insurance corporation identified a need to increase digital content volumes...</p> <ul style="list-style-type: none"><li>■ The multinational insurance corporations marketing team identified an urgent need to significantly increase marketing content volumes to compete in digital channels</li><li>■ The multinational insurance corporation is developing an AO Content Generation tool to help drive increased volumes</li></ul>	<p>...However, manual review of the content for EU compliance was blocking their growth...</p> <ul style="list-style-type: none"><li>■ All insurance content must comply with the complex UK and EU regulations governing customer communications, necessitating heavy manual review of all content</li><li>■ Every piece of content must also pass stringent readability scoring</li><li>■ These manual requirements heavily restrict their use of AI content generation tooling</li></ul>	<p>...Until Haast was implemented to unlock the use of AI-generated content creation</p> <ul style="list-style-type: none"><li>■ Haast integrates directly into the multinational insurance corporations AI content generation tool, auto-reviewing content to go live</li><li>■ Haast also provides an AI-powered readability score on all content, completely eliminating the need for manual scoring</li><li>■ With Haast, the multinational insurance corporations marketing team can now get content to market 50% faster</li></ul>
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2. Gallagher Re. (2025, August 7). Global InsurTech Report Q2 2025. Gallagher Re News and Insights. <https://www.ajg.com/gallagherre/news-and-insights/global-insurtech-report-q2-2025/>

# Spotlight on US

## From doors to digital

The traditional distribution method in the past was that a friendly neighbourhood insurance agent would go door-to-door, warmly welcomed for coffee and conversation. The agent knew everything about the family; trust was personal, and premiums were paid in nickels and dimes. This scene, repeated countless times a century ago, reflected an industry built on human relationships. It was stable and familiar but slow to change.

While insurers flirted with technology in the 1960's and 1970's, often pioneering early computing, they were rarely seen as innovation leaders. For decades, insurance remained tethered to legacy systems and conservative practices, lagging other financial sectors. But over the last 25 years, disruption has not just knocked on the door, it has broken it down, fundamentally reshaping the industry.

## The innovation wave

Whether ready or not, innovation has transformed U.S. insurance. It began with digitisation in claims and underwriting, then accelerated as Insurtech startups introduced automation and new business models. Products evolved dramatically: usage-based, parametric, and embedded insurance became mainstream. Agile methodologies and a focus on customer-centricity shifted organisational cultures. Most importantly, the explosion of data and analytics supercharged by AI has become the defining force.

## Concepts that once seemed fantastical are now reality:

- Satellites and drones inspecting rooftops/properties for damage
- Insurance embedded into online purchases with a single click
- Cyber protections against state-sponsored illegal activities
- AI learning and acting like seasoned claims or underwriting experts

These aren't hypothetical scenarios, they're here.

## Annual report metrics

Analysis of key innovation terms in Fortune 500 insurance annual reports over the past two decades.

With annual reports from Fortune 500 insurers like Aetna, Aflac, Allstate, Cigna, and Northwestern Mutual revealing the trend: mentions of innovation, AI, cloud, and data analytics have skyrocketed since 2000. For example:

- Innovation: 70 mentions in 2000 and 534 in 2024
- AI/ML: 2 mentions in 2000 and 173 in 2024
- Data and Analytics: 207 mentions in 2000 and 867 in 2024

While one might expect 'innovation' to be the most frequently mentioned term in annual reports, 'data and analytics' far surpasses it. One hypothesis is that the trend aligns well to the role of insurers as risk managers and the increasing importance of good data, especially in a world preparing for the transformation from artificial intelligence. Even more, it aligns with the prominence of these insurers with the startups, engaging early in AI solutions.

Interestingly, Insurtech mentions plateaued after 2023 perhaps signalling that partnerships between incumbents and startups have matured into a standard practice. Blockchain surged in 2022 but has since cooled, while AI and data remain the dominant themes.

CB Insights<sup>3</sup> recent list of the 50 most promising Insurtech startups of 2025 underscores this reality: over 60% are U.S.-based, and nearly all tout AI-driven solutions. For those in the industry, the names are not surprising. A visit to many of the Top 50 startup websites shows logos of the top insurance, MGA, and broker organisations. The synergy between established carriers and disruptive startups is undeniable.

## Summary

Insurance in the US is no longer a staid industry; it is truly a crucible of technological reinvention. From door-to-door agents to AI-driven ecosystems, the transformation is profound. The winners will be those who embrace agility, harness data, and reimagine risk in a hyper-connected world. As insurers pivot from legacy to leading-edge, they are no longer just selling protection but engineering resilience for a future where uncertainty is the only constant.

3. CB Insights. (2025, October 16). Insurtech 50: The most promising insurtech startups of 2025. CB Insights Research Library. <https://www.cbinsights.com/research/report/top-insurtech-startups-2025/>



out the workflow end to end with an understanding of all the various different teams, who interfaces with whom, and where the dependencies lie. We then deploy our platform into that workflow across the system in a way that solves the bottlenecks.”

A top-down, domain-focused approach is emerging as an alternative approach that leading insurers are adopting to realise transformative benefits from AI. There are two strands to this – firstly, looking at the large pools of human resource that drive the larger expense bases, and taking an agentic AI approach to transforming that – a key example being the contact centre for personal lines focused insurers where there is still something of a reliance on human-to-human conversation as part of key transactions. The other is in the core middle-office functions of underwriting and Claims across all insurers, for not only efficiency but also effectiveness benefits – focusing on prioritising the right risks and claims to get the best outcomes.

High value applications of AI in underwriting include ingestion, augmentation and summarisation and prioritisation of submission data. AI generated assessment of risk as input to underwriting decision making and analysis of performance metrics and market trends to better enable strategic decision making.

This is a focus for Ascot insurance, where generative and predictive AI techniques are being used to help underwriters prioritise facultative submissions along with an underwriting workbench that integrates several third-party AI and data providers into a unified interface. Similar capabilities will soon be rolled out into claims and operations. This has required investment in the underlying data driven by the business need to have reliable data analysis insights which in turn require consistent structures around product, segment and broker. It's enabled by a cloud based 'lakehouse' which is governed by a data council led not by technology but by the business. The Ascot architecture is built using a blended approach of core platform provider technology, Insurtechs and some internally developed technology, using the principle of build where they differentiate and partner where they can accelerate. This is a common approach that we heard across the research participants.

Owen Williams, Ascot Group Chief Information Officer believes that broader adoption of explainable and auditable AI frameworks is required. “As models increasingly influence underwriting and claims, regulators and boards expect transparency. Vendors who combine performance with strong governance will lead the next phase of market development”.

Experience shows that when things are done right, significant benefits are attainable. Our own experience reveals what is possible, and the results are dramatic. With a US based large commercial liens insurer, time to quote reduced from an average of six to one and half days, the quote to bind ratio went from around 30% to around 50%. Underwriter productivity lifted around 200%.

Similar improvements have been achieved in claims, with cycle time reducing by 50%, leakage halved and similar levels of claims handler productivity to that in underwriting.

Whilst the life insurance sector is not a 'hot-bed' of innovation, there is a feeling that the rise of AI and the power that this puts in the hands of the consumer could increase customer driven disruption as customers seek out advice with the assistance of AI.

The other key focus area is modernisation of core platforms, and the move from decades old legacy mainframes or even more modern but customised on-premise systems to cloud-based 'platform-as-a-service' solutions offering the panacea of 'evergreen' up-to-date core systems.

Despite bold statements from some technology heavyweights to the contrary, business applications aren't dead yet and won't be for some time. Yes, there can be huge value in building AI agents and orchestrating these across business processes, particularly if you have an aged, underlying core system, but why spend the time and effort building these if you don't need to?

For those leading the way in innovation, it's not a question of deciding to focus on either AI or core systems, but on both. The challenge is how to define a target architecture across the two on a rapidly evolving technology landscape.

A good example of this is the recent announcement from Guidewire, a leading P&C insurance software company. Long a provider of core insurance capabilities across policy, claims and billing, Guidewire have just launched **GenAI Services** - AI-powered capabilities and context that “will power a new generation of intelligent insurance agents and assistants.” Brian Desmond, Guidewire Chief Marketing Officer says “The idea is that every tool, every service, every application, and every person across the insurance lifecycle should be able to leverage AI natively – not as an add-on, but as a natural part of how work gets done.

Two interesting and seemingly unique aspects of the UK market relate to cloud platforms. First, there is some resistance to moving from private cloud to vendor platform cloud hosted solutions. In part this is because many insurers have invested heavily in mature private clouds that work for them and therefore, they don't see any value in moving and that it can also erode their cloud business case as their consumption reduces with the cloud provider resulting in a less favourable commercial outcome. Second, some insurers who are doubling down on the ecosystem or best-of-breed approach to their technology landscape find that they are not using all of the capabilities in their cloud platform and so they are pushing back on the license fee saying they should be charged less if they are not using the capabilities.

**Geographic note:** While the US and UK lead in AI adoption, Europe and Asia are rapidly catching up, often leapfrogging legacy constraints in emerging markets. The UK and Europe emphasise regulatory sandboxes and partnership models, while the US and Australia focus more on strategic alliances for market reach and product innovation.

# Spotlight on UK

A defining shift in the UK market is that Insurtechs increasingly serve as enablers of carriers, brokers, and MGAs rather than challengers. AI is accelerating claims processing, underwriting, risk selection, and pricing while helping carriers modernise legacy systems. Unlike early attempts to disrupt insurance from outside, today's Insurtechs focus on solving operational pain points within established organisations.

Despite these advances, the UK still grapples with long sales cycles. A 12-month cycle is considered fast, and many deals take 18-24 months. Founders may operate for two years before generating revenue. However, AI is beginning to shorten this cycle through automated workflows and clearer ROI for buyers. Another shift is that Insurtechs increasingly sell to underwriting teams rather than technical stakeholders. Underwriters, now more influential in procurement, drive demand for tools that directly enhance productivity.

AI is also transforming work patterns. While early innovation focused on chatbots and customer service, agentic AI systems are relieving junior underwriters, brokers, and claims handlers of routine administrative tasks, freeing talent for higher-value work.

In general insurance, there is continued focus on innovation in key areas such as customer experience, pricing, and claims. Key trends include the growing emphasis on payments, where insurers are seeking to improve options and experience, especially around fulfilment at the point of claim. Another is the rise of emerging agentic AI solutions, which move beyond point solutions at the front of the claims process to provide an agentic layer across the full claims value chain. Solutions such as Otera are shaping the future hybrid bot/human operating model for claims.

In the life and pensions space, the challenge remains the ageing core legacy platforms, which constrain innovation and create significant integration hurdles for new solutions. UK providers face additional pressure from FCA Consumer Duty requirements, making modernisation critical. There is intensified focus on accelerated underwriting in life and protection, enabling quick quote and straight-through processing capabilities to improve customer experience and meet regulatory expectations. In pensions, investment is increasingly directed towards

digital retirement planning tools, annuity modelling, and personalised advice journeys, reflecting the UK market's shift towards transparency and suitability.

Meanwhile, in health, efforts centre on streamlining paper trails linked to medical record administration and improving the delivery of preventative care techniques, though UK insurers are also exploring integrated wellness propositions aligned with NHS frameworks.

Parametric insurance is gaining traction, offering rapid payouts for floods and fires. InsurTechs also develop climate analytics, catastrophe modelling, and solutions covering transition risks such as under-delivery of carbon removal credits.

**Examples:** Kita and Artio (carbon credit insurance), Renew Risk (renewable asset risk), FloodFlash (parametric flood), Previsico (flood forecasting).

The rather unique London Market, home to Lloyd's, has become a focal point for Insurtech innovation. The Lloyd's Lab accelerator has supported over 150 startups in seven years, becoming a key source for market innovation. Unconventional offerings, such as Gaia's IVF insurance, have found backing from Lloyd's syndicates, showing appetite for novel risks.

Specialty carriers are receptive to Insurtechs focused on catastrophe risk, digital twins for property, smart-follow capacity, and premium/payment innovation, perhaps in part because some of the traditional technology providers have been slow to deliver what this unique market requires.

## Summary

The UK remains a global innovation hub with strong per-capita activity and significant funding. The sector has rebounded after recent challenges, driven by a shift toward enabling insurers rather than disrupting them. AI is central, helping carriers modernise legacy systems, accelerate operations, and reduce administrative burdens. Founders with deep industry experience continue to succeed, supported by a thriving ecosystem. Across AI, climate risk, operational efficiency, and embedded insurance, the UK landscape is rapidly evolving with strong momentum in both specialty and retail markets.



## 2 Partnering is king, ecosystems have arrived

### Collaboration and ecosystem partnerships

As far back as 2018, the first Ernst & Young, Australia (“EY Australia”) and Insurtech Australia Ecosystem Report findings made it clear that the majority of Insurtechs existed to help enable incumbent insurers to drive new customer experiences and provide more value.

The relationship between insurers and Insurtechs and indeed other service providers, consider the health insurance ecosystem which continues to evolve towards more and more collaboration and partnership with medical providers, technology businesses and healthtechs. Successful innovation increasingly relies on joint ventures, alliances, and ecosystem approaches, leveraging each party’s different but complementary strengths (e.g., regulatory expertise, digital agility, specific advanced capabilities).

Insurtechs like YuLife from the UK exemplify this collaborative approach. A global wellbeing company focused on combining life insurance with health, wellness, and engagement. It offers group life insurance, group income protection, and group critical illness products, but enhanced with behavioural science, gamification, and rewards to encourage healthier lifestyles. The platform aims to go ‘beyond traditional coverage’ by incentivising users – for example, rewarding steps, healthy behaviours, or other wellness activities – thereby reducing claim risk and increasing engagement. Yulife partners with multiple global carriers, helping them develop new products and propositions tailored to customer needs, and has done this successfully with MetLife in the UK.<sup>4</sup>

For an organisation underwriting the breadth and diversity of risks that QBE does, partnerships are essential. “Making sure that you have exposure to ecosystems that are beyond your own thinking is absolutely vital” says Alex Taylor, Global Head of Emerging Technology at QBE Ventures. “We have a small team, working globally, trying to serve and meet the needs of a range of stakeholder groups within the organisation. We couldn’t do that by ourselves unless we had organisations like AI Fund and Spark Prevention and Protection Lab in the room, from the perspective of ‘here is a problem that we have. What have you seen? What have you heard? What are you doing that might help to address this?’”

Embedded insurance, long associated with the P&C sector, is emerging in life insurance. TAL Life insurance in Australia, seeking new customers in new segments whilst addressing underinsurance have partnered with Cover Genius. This innovation through a strategic partnership aimed to make financial protection simple and accessible, providing ‘bite-sized Life and Income Protection.’<sup>5</sup>

The value of partnerships has continued to evolve to the point of ecosystems, where the strongest ‘are rigorously – even obsessively – committed to creating tangible value for customers.’ Ecosystems for automotive lines have matured the most quickly, thanks largely to the prevalence of connected vehicles. We expect significant growth in ecosystems for home insurance in the relatively near term. As large brokers continue to add risk advisory services, reinsurance ecosystems are likely to see an uptick, too. Even with some insurers still developing their strategies, we are seeing signs of consolidation as [early winners look to expand their platforms via acquisition](#).

**Geographic nuance:** UK and Europe emphasise regulatory sandboxes and partnership models; US and Australia focus on strategic alliances for market reach and product innovation.



4. MetLife UK & YuLife. (2024, October 28). *MetLife UK partners with YuLife to launch pre-early intervention Group Income Protection*. MetLife UK News & Insights. <https://yulife.com/news-and-events/metlife-yulife-launch-group-income-protection/>

5. Cover Genius & TAL. (2025, June 16). *Cover Genius and TAL innovate to address underinsurance: Strategic partnership aims to make financial protection simple and accessible for more working Australians*. <https://www.tal.com.au/about-us/media-centre/cover-genius-tal-partnership/>

# Spotlight on **embedded insurance**

## **Spotlight on embedded insurance transforming risk protection through seamless integration<sup>6</sup>**

Perhaps one of the most successful innovations in the sector in recent times is embedded insurance. Embedded insurance is reshaping how consumers and businesses access protection. By integrating insurance products directly into non-insurance transactions and services, this model allows customers to secure coverage while carrying out daily activities, whether purchasing a vehicle, booking travel, or managing business operations, without the friction of traditional insurance procurement.

**Market penetration of embedded insurance providers varies significantly by region:** Asia leads with 10-15% market share, Europe follows at 4-5%, while the USA and Canada remain at 2-3%, indicating substantial growth opportunities across mature markets.

**The results speak volumes.** Nubank in Brazil demonstrates embedded insurance's power to expand markets entirely: 50% of their life insurance purchasers bought their very first policy through the platform, creating new markets rather than capturing existing share.

NEXT insurance now serves over 420,000 SMEs, with 40% being first-time commercial insurance buyers, achieving 30-50% attach rates in successful partnerships.

**Four types of partners prove most effective at embedding insurance**, each succeeding for distinct reasons. First, partners selling valuable, insurable products naturally align with customer protection mindsets—automotive companies like Stellantis and BMW Financial Services manage over 4 million policies with 25% growth since 2015. Second, partners where NOT offering insurance could hurt their core business, like gig economy platforms where coverage inclusion protects operational capability. Third, partners catching customers when they're psychologically most open to protection, such as UK mortgage brokers reaching 1 million home buyers annually. Finally, ecosystem builders like Qonto are pursuing complete solutions for SMEs.

**Financial services firms are particularly well-positioned** to capitalise on this shift, with 74% of executives believing embedded insurance builds stronger customer trust.

6. Open & Embedded Insurance Observatory, internal commentary shared with the author, 2025.



## 3 | It's all about the customer

### Customer-centricity, value and outcome focus

Innovation is increasingly **customer-driven**: both insurers and Insurtechs are designing products and processes around evolving customer expectations for seamless, digital, and personalised experiences.

Insurers and Insurtechs are looking to move beyond point solutions to holistic, integrated approaches, aiming for measurable ROI and operational agility.

In Australia, improving customer experience through digitising workflows has been a key focus for insurers as highlighted by the ICA General Insurance action plan<sup>7</sup> – given the failure to meet customer expectations during catastrophe events in recent years, and in light of regulatory scrutiny in this area.

Recent research by Entsia, an insurance platform provider based in Sydney shows the value of focusing on the customer. Its customers “have seen an up to 90% increase in automation, after implementing our platform, significantly improving operational efficiency” said Alistair McElligott, CEO and Founder. The research also reported higher quote volumes, reduced unmatched cash, and faster time to market for new offerings after customers started using our platform. This is critical as insurers face rising cost pressures and customer expectations for seamless digital experiences. Entsia focus on delivering value across three distinct areas:

- Reducing time-to-market through out-of-the-box products and configurable workflows.
- Enhancing distribution efficiency via out of the box broker and direct channel integrations.
- Lowering operational risk through automation and improved data visibility.

Group insurance may not be top-of-mind for where to look for innovation but it is happening. TAL connect is innovating in the Australian market through the introduction of a digital experience embedded within the superannuation ecosystem, where winning for insurers hinges significantly on digital capability. They have linked the superannuation and insurance journeys by deploying ‘micro-journeys’ to allow customers to, for example, dial-up or dial-down their cover.

There is a strong focus on delivering clear business value and ROI, with success measured by tangible outcomes such as reduced cycle times, improved customer satisfaction and increased efficiency.

Echelon Insurance in Canada assesses the effectiveness of their partnerships with Insurtechs through clearly defined KPIs and measurable outcomes. “We establish upfront what success looks like – whether that’s reducing cycle times, lowering operating costs, improving customer experience, or enhancing process efficiency. Even when objectives are qualitative, we work to translate them in quantifiable metrics. Ultimately, if the agreed-upon measures are achieved, we consider that a measure of success for our Insurtech partnership,” said Apra Sekhon, Chief Technology and Innovation Officer.

**Geographic note:** Customer-centric design is a global trend, but the pace and style of adoption varies –Asia leads in embedded and mobile-first models, while Europe and North America focus on omnichannel and data-driven personalisation.



7. Insurance Council of Australia. (2025, March). *General Insurance Industry Action Plan: Our response to recommendations for change*. <https://insurancecouncil.com.au/wp-content/uploads/2025/03/2025-General-Insurance-Industry-Action-Plan-1.pdf>

# Two areas where significant barriers to innovation persist

## 1 | Overcoming legacy barriers and change management

**Legacy systems** and cultural inertia have always been major barriers to innovation. Migrating to modern, cloud-based, modular, API-led architectures is a universal challenge, particularly in mature markets for older insurers. Migrating from old systems is risky and time-consuming, but necessary for adopting new technologies and achieving measurable ROI. A tipping point seems to have been reached with most insurers on the journey, either from decades old mainframe-based systems or on-premise to cloud upgrades. The traditional disciplines of good Programme Management are the key to success here as much as anything.

Innovation is fundamentally about change, and change is fundamentally about people and culture. BRISC.AI, a leading Canadian Insurtech pioneering Agentic AI in insurance is experiencing this challenge firsthand. "The insurance industry is grappling with a talent shortage and reliance on outdated legacy systems," says Sanjay Malhotra, Bricsc.ai CEO.

The flip side of this, Sanjay observes, is that as new generations enter the insurance industry, there is greater openness to technology, assisting the move away from legacy processes towards new ways of working driven by an AI-first way of thinking.

A 'build it and they will come' approach isn't working however when it comes to equipping the workforce with the ability to use AI in their day-to-day work. We see a stark difference between organisations that recognise the need to up-skill their workforce and those that don't. The latter finding that AI tools hit the ground with a thud during roll-out without a corresponding education programme focused on their adoption and continuous learning.

EY research with Oxford University shows the importance of the people dimension in the success of transformation. Transformation is now a constant for all organisations, but success is far from guaranteed.

This research indicates that giving specific focus to a series of complex human factors can increase the probability of success to more than 70%. Instilling leading practices around [six key drivers can give your organisation a strong chance of success.](#)

**Geographic note:** Mature markets (US, UK, Canada, Australia) are focused on integrating new tech with legacy systems, while emerging markets (Latin America, parts of Asia) are more able to leapfrog directly to digital-first models.

## 2 | Regulatory, compliance, and data security pressures

Regulatory complexity and compliance requirements often slow down innovation, especially when adopting new technologies like AI and embedded insurance.

According to Sam Fromson, COO of YuLife "Different regions (US, UK, Saudi Arabia) have distinct regulatory frameworks, often posing greater hurdles than cultural or technical integration. Openness to change varies across markets; internal carrier culture and willingness to innovate are key."

Ideas can become diluted when the regulatory and compliance overlay is applied, with insurers citing that in many cases the consequence of this is that the end result of an innovation initiative often bears no resemblance to what was intended at the outset.

Different regulatory compliance regimes around the world provide additional challenges for those operating internationally. Despite the obvious people challenge, YuLife believe it's regulation that hinders the most, "Different regions (US, UK, Saudi Arabia) have distinct regulatory frameworks, often posing greater hurdles than cultural or technical integration."

Regardless of the regulatory environment, which is stricter in Europe and less strict elsewhere, data and security pose a challenge nonetheless. In Canada, whilst agentic AI is being gradually adopted in the insurance sector, security concerns are slowing its widespread implementation.



“There is disparity in AI adoption between private and public insurers. Private insurers are more receptive to AI technologies, while public sector entities face stricter regulations, complicating alignment with client expectations,” says Sanjay Malhotra.

Ultimately, insurance is about trust. Concirrus, a UK Insurtech calls this out clearly “AI introduces new risks, such as

regulatory scrutiny over pricing models and increased fraud potential through deepfakes, making trust and verification more challenging for insurers.”

**Geographic note:** Europe is particularly strict on AI and data, while the US and Asia are more flexible but still face growing scrutiny with the challenge of multiple requirements across state and country respectively.

# Conclusion

The opportunity to innovate and the value to be realised is real, and leaders are seizing the moment with a focus on in-house and external capabilities, across cloud platforms, AI and partnerships to deliver efficiency and better customer experience. There is, however, a two-speed market, with some starting to be left behind as a direct effect of under investing in ‘core innovation’, a lack of execution expertise, and ignoring the human element.

Focusing on an innovation plan linked to business strategy, carefully choosing whom to partner with and what outcomes to deliver, and the people skills needed to make this successful were key ingredients highlighted in previous EY Australia and Insurtech Australia publications and these remain the same today. This requires focus and sponsorship from the executive team and Board, and funding.

Addressing these issues, and doing so in an increasingly tight regulatory market and with the right balance of innovation and risk, is critical to achieving the benefits available at pace. Of course, that driver of change recently has been AI, which we are still in the early days of.

As one insurer said, “We need to think carefully not just about how we take advantage of the capabilities, but also why we can’t take advantage of them because we don’t have our own house in order which can be one of the biggest impediments in innovation.”

## About the research

This report was based on research conducted through interviews with insurers, technology companies, Insurtechs and industry bodies across Australia, the UK, the US and Canada. EY Australia worked closely with Insurtech Australia to identify and interview key players across these markets.

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