Topic: Insurance BPO – Annual Report 2013: In an Increasingly Volatile World, Insurance is Finding New Takers

Banking, Financial Services, and Insurance (BFSI) Outsourcing
Annual Report: December 2013 – Preview Deck

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1   Banking, financial services, and insurance

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Background and methodology of the research

Background of the research

The global insurance BPO market has grown steadily over the last three years to reach ~US$2.3 billion. Higher proportion of new contract signings as compared to renewals and extensions highlight longer term of insurance BPO contracts and the increasing penetration of insurance BPO into newer geographies. Although the overall value proposition of insurance BPO is driven by cost reduction, rising demand for complex work is slowly turning focus towards process efficiency and effectiveness.

In this research study, we provide comprehensive coverage of the insurance BPO market. We focus on:
- Adoption trends across geographies and insurance segments
- Key solution characteristics
- Service provider landscape
- Areas of service investments

The scope and methodology of this report includes:
- Proprietary database of 150+ insurance BPO contracts (updated annually)
- Coverage across 16 insurance BPO service providers including Capgemini, Cognizant, CSC, Dell, EXL, Genpact, HCL, Infosys, MphasiS, Serco, Sutherland Global Services, Syntel, TCS, Tech Mahindra, Wipro, and WNS

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Overview and abbreviated summary of key messages

The global insurance BPO market has grown steadily over the last three years to reach ~US$2.3 billion. Higher proportion of new contract signings as compared to renewals and extensions highlight longer term of insurance BPO contracts and the increasing penetration of insurance BPO into newer geographies. Although the overall value proposition of insurance BPO is driven by cost reduction, rising demand for complex work is slowly turning focus towards process efficiency and effectiveness.

Some of the findings in this report, among others, are:

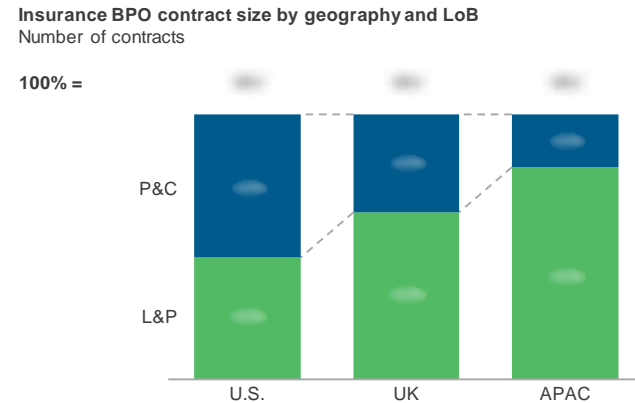|	
Market size and growth	- Last two to three years have seen a higher proportion of new contract signings compared to renewals and extensions. While this is partly explained by longer term of insurance BPO contracts, it also highlights the increasing adoption of insurance BPO amongst new buyers - The overall value proposition of insurance BPO is driven by cost reduction. However, rising demand for complex work is changing this trend - While both Life & Pensions and P&C insurance BPO have similar number of contracts, the average ACV of L&P contracts is more than twice the average ACV of P&C contracts
Insurance BPO solution characteristics	- Higher number of insurance BPO deals have included complex processes within its scope. P&C contracts have higher frequency of such inclusions when compared to L&P - Inclusion of technology solutions in insurance BPO is increasing. While L&P shows preference for platform solutions, owing to closed books inclusion, P&C segment is leaning more towards augmentation solutions - India remains the dominant offshore location while other geographies are emerging
Service provider landscape	- TCS and EXL are the biggest insurance BPO service providers and account for ~47% market share by revenue - Serco, Sutherland Global Services, and Cognizant saw highest YoY growth in their 2012 insurance BPO revenue

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This study offers four distinct chapters providing a deep dive into key aspects of the Insurance BPO market; below are four charts to illustrate the depth of the report

Market size estimation

Insurance BPO market growth
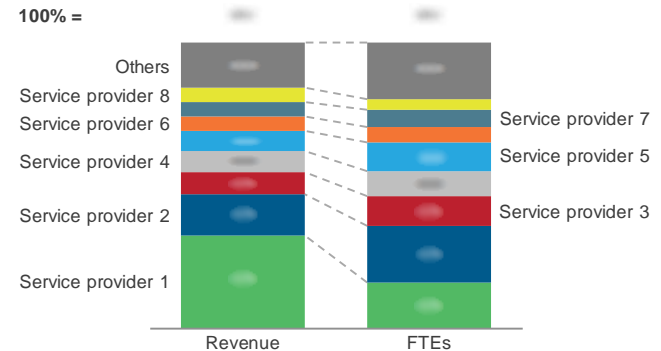US$ billion

2009 2010 2011 2012 2015E
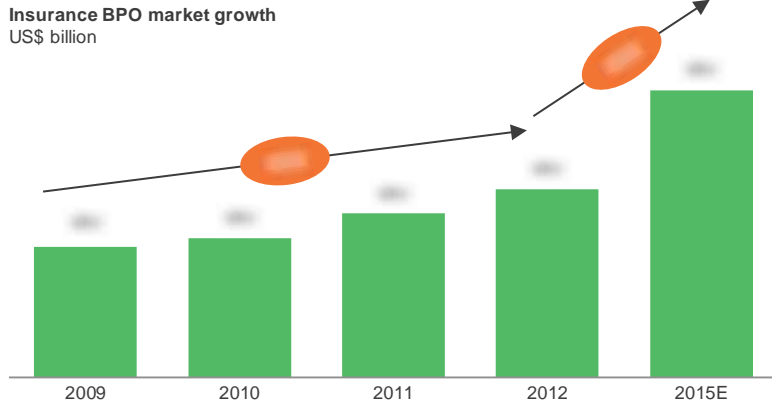
Adoption by geography and LoBs

Insurance BPO contract size by geography and LoB
Number of contracts

100% =

P&C

L&P

U.S. UK APAC

Scope of Insurance BPO contracts

Inclusion of complex processes across time
Percentage of contracts signed

Underwriting support

Analytics support

Acturial analysis
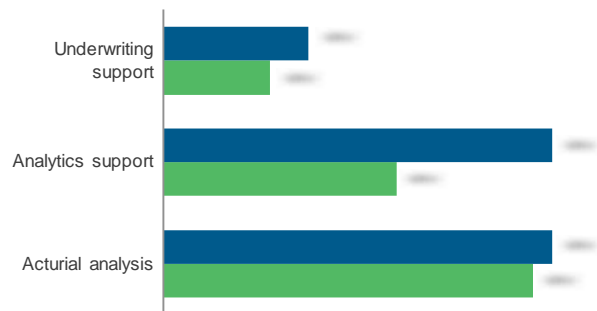
Service provider landscape

2012 insurance BPO market share
Revenue in US$ million, number of FTEs

100% =

Others
Service provider 8
Service provider 6
Service provider 4
Service provider 2
Service provider 1

Service provider 7
Service provider 5
Service provider 3

Revenue FTEs

Source: Everest Group (2013)

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BFSI BPO research calendar

Topic	Release date
Insurance BPO Service Provider Profile Compendium	January-2013
Analytics in Banking: War is Ninety Percent Information	June-2013
Banking and Financial Services (BFS) BPO Annual Report 2013 – Small is the New Big!	August-2013
Banking BPO – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2013	September-2013
Global Location Insights: Sun Is Rising In the "Middle" East	October-2013
Capital Markets BPO – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2013	December-2013
Banking BPO Service Provider Profile Compendium 2013	December-2013
Insurance BPO – Annual Report 2013: In an Increasingly Volatile World, Insurance is Finding New Takers	December-2013
Insurance BPO – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2013	Q4-2013
Capital Markets BPO – Service Provider Profile Compendium 2013	Q1-2014
BFSI BPO Service Provider Profile Compendium – Insurance BPO	Q1-2014

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Additional BFSI BPO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest:

1. **Insurance Business Process Outsourcing (BPO) Market 2011-2012 – Annual Report** (EGR-2012-11-R-0781); 2012. This report discusses the global non-voice, third-party, industry-specific insurance BPO industry, providing coverage across market size and growth, solution characteristics, and the service provider landscape for the market. It also analyses the current trends and the future outlook for third-party BPO services for the global insurance industry

2. **A PEAK into the Leaders, Major Contenders, and Emerging Players of Insurance BPO** (EGR-2012-11-R-0801); 2012. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the insurance BPO market and the key implications for buyers and service providers

3. **Insurance BPO Service Provider Profile Compendium** (EGR-2013-11-R-0812); 2012. This report provides accurate, comprehensive, and fact-based snapshots of 10 service providers in the market. Each five page service provider profile provides a comprehensive picture of that provider's service suite, scale of operations, technology solutions, and delivery locations; along with Everest Group's assessment of the provider

4. **Closed Books Insurance BPO: The Curious Divide across the Atlantic** (EGR-2012-11-V-0665); 2012. This viewpoint analyzes the key underlying drivers behind closed books insurance BPO, the divide between the United States and the United Kingdom in closed books insurance BPO adoption across key dimensions, the future outlook and trajectory of these two markets, and implications for stakeholders

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