



***ISG** Provider Lens™

2022

Insurance Services 2022 –
BPO and ITO: U.S., Australia,
U.K. and Europe

imagine your future®

ISG (Information Services Group) (NASDAQ: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 clients, including 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006 and based in Stamford, Connecticut, ISG employs more than 1,300 professionals operating in more than 20 countries — a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.



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Introduction

Insurance organizations look to advanced technologies to help them achieve their goals through better value creation. They are in various stages of digital change and transformation, with some implementing modern or low/no-code straight-through processing (STP), embedding more intelligence in their process automation, exploring enterprise-wide application of AI and machine learning, and migrating from legacy to cloud solutions. Insurers are increasingly turning to outsourcing and technology partners to realize their objectives.

The outsourcing and technology landscape is changing rapidly and is not limited to backend transaction process services. Outsourcing and technology providers are becoming strategic partners to insurance organizations, helping them transform their businesses and provide better customer experiences (CX). With CX as a competitive differentiator in the insurance sector, leaders can grow their businesses in a more cost-effective manner. In addition, providers are increasingly open to forming long-term, mutually beneficial relationships with insurance organizations, enabling them to move up the value chain of the services provided. Insurance organizations understand that these strategic partners can create immense value by applying a wide range of IT, business process and insurance domain capabilities.

The ISG Provider Lens™ study offers insurance organizations decision-makers the following:

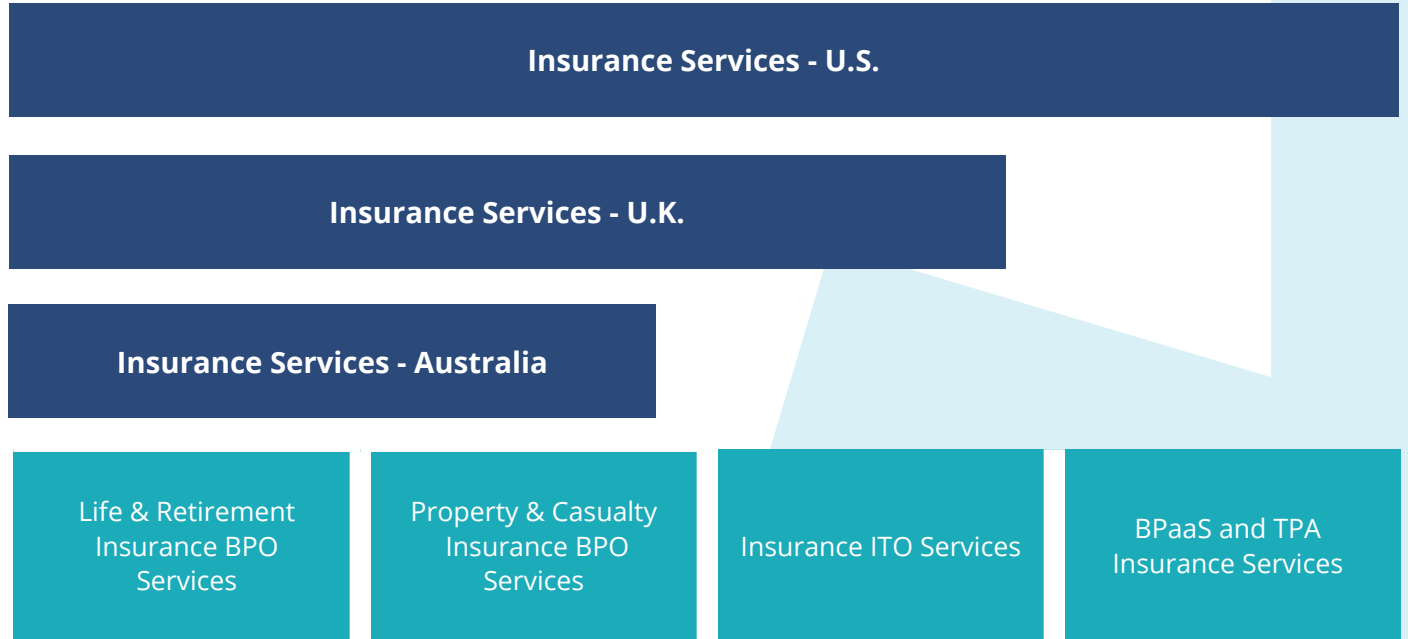
- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by product segments and functional services
- Information on each provider's transformation and digital-enabling capabilities
- A perspective on the U.S., Australia and U.K. and Europe markets

The study serves as an important decision-making basis for positioning and go-to-market considerations. ISG advisors and enterprise customers also use information from these reports to evaluate their current and potential new service provider relationships.

Quadrants Research

The ISG Provider Lens™ Insurance Services 2022 study will contain the following quadrants by geography:

Simplified Illustration



Source: ISG 2022

As a part of this ISG Provider Lens™ quadrant study, we will assess three segments of insurance services — BPO, BPaaS/TPA and ITO.

Insurance BPO Services – U.S., Australia, U.K. and Europe

Insurance BPO Services

Business process outsourcing (BPO) is a practice wherein providers manage processes on behalf of their clients. In the current BPO market, this typically entails the BPO provider bringing process enhancements through digitizing and incorporating emerging modern technologies such as intelligent automation, advanced analytics and AI and machine learning. The digitized operations incorporate second-generation processes for providing speed, cost, or accuracy benefits. The L&R and P&C quadrants in this study refer to these outsourced insurance operations services, including customer care centers, new business support, underwriting, policyholder services, claims processing, actuarial, analytics, and other front-, back- and middle-office insurance processes.

Life and Retirement (L&R) Insurance

L&R insurance covers outsourcing services such as consulting, technology enablement, policy administration systems (PAS) and managed services for insurance types such as life, annuity, and supplemental benefits products.

ISG will evaluate L&R outsourcing providers based on the extent of the support they offer across various areas, including the provision of back-end services, front- and middle-office support and technology enablement services by different product categories (life, annuities, and supplemental).

With insurance organizations looking to modernize their services and improve customer management and technology enablement in each functional area, the focus is on these offerings because they are critical to improving CX across the L&R lifecycle that spans from purchasing to post-sales services. Service providers are enabling insurance organizations by transforming their BPO into digitized operations and managing it to significantly boost CX, reinvent business designs and improve L&R services.

This study will cover an array of life insurance, annuities, and supplemental benefits products and services as illustrated below:

Simplified Illustration

| Life insurance | Annuities | Supplemental Insurance |
|------------------------------|-------------------------|----------------------------------|
| Term life | Fixed annuities | Accidental death & dismemberment |
| Whole life | Variable annuities | Critical illness |
| Universal or adjustable life | Fixed indexed annuities | Hospital indemnity |
| Variable life | Immediate annuities | Short and long-term disability |
| Variable-universal life | Deferred annuities | Dental |
| | | Vision |
| | | Cancer |
| | | Others |

Source: ISG 2022

Eligibility criteria:

- Provide managed services for L&R, covering one or more products specified in the preceding table
- Manage end-to-end L&R processes with strong domain expertise
- Demonstrate expertise in enablement with digital technologies such as intelligent automation, advanced analytics, cloud, data, and security technologies, as well as other applications
- Offer industry solutions and form industry partnerships

Property and Casualty (P&C) Insurance

P&C outsourcing services include consulting, technology enablement and managed services across coverage areas that include auto, theft, property and natural catastrophes.

ISG will evaluate P&C outsourcing providers based on the extent of support offered across various areas that include back-end services, front- and middle-office support, and other support services. With insurance organizations looking to modernize their services and improve customer management, the focus is on technology enablement because this is key to enhancing CX across the P&C lifecycle.

Service providers are enabling insurance organizations by transforming their BPO into digitized operations and managing it to significantly boost CX, reinvent business designs and improve P&C services.

ISG study will cover an array of P&C insurance products and services as illustrated below:

Simplified Illustration

| Personal lines | Commercial lines | Others |
|---------------------------|---------------------------------|---|
| Homeowners | Surety | Specialty Lines |
| Renters | Property | Parametric & Index |
| Recreational vehicle | Workers' compensation | Reinsurance & Large Commercial (RLC) |
| Boat | Marine | Fleet Telematics |
| Auto | General liability | On-Demand/Exclusive type Coverage or Risk |
| Motorcycle | Commercial auto | |
| Flood | Errors and omissions | |
| Mortgage protection | Business interruption insurance | |
| Identity theft protection | Crop-hail damage | |

Source: ISG 2022

Eligibility criteria:

- Provide transaction processing or managed services for P&C services that cover one or more products specified in the preceding table
- Manage end-to-end P&C insurance processes with strong domain expertise
- Demonstrate expertise in enablement with digital technologies, including intelligent automation, advanced analytics, cloud, data, and security technologies, as well as other applications
- Offer industry solutions and form industry partnerships

Business Process as a Service (BPaaS) and Third-Party Administration (TPA): U.S.

Business Process-as-a-Service (BPaaS) and TPA Insurance Services

In BPaaS, the BPO and ITO services detailed above are bundled together to provide insurance companies with an all-encompassing BPaaS, typically through a licensed provider or third-party administrator (TPA). This service typically includes a policy administration system, and these systems are covered as part of the separate Provider Lens™ study, – Insurance Policy Administration Systems.

ISG defines BPaaS as a type of BPO that encompasses the policy administration system (PAS), the ongoing technology support of PAS and the business processing support of the insurance products. BPaaS providers typically offer personnel and processes via the Internet, often automated technologies that enable them to operate on a pay-per-policy service model. As pricing is based on consumption, BPaaS allows insurers to have a variable cost structure that reduces headcount and labor costs and scale as necessary, potentially leading to significant cost savings.

Most BPaaS solutions are offered by licensed TPAs. These providers can vary significantly based on size, scope of offerings and experience. They offer services that range from basic policyholder services and claims administration for closed blocks of business to full end-to-end insurance operations and administration for open blocks of business that encompass all aspects of the people, processes and technologies, including actuarial, product development, underwriting, collections and billing, new business acquisition and enrollment.

ISG will assess BPaaS/TPA providers by criteria that include the extent of support offered across insurance types, including life, annuity and supplemental.

Eligibility criteria:

- Ability to provide TPA services for L&R (life, annuity and supplemental) products that cover a variety of services
- Manage end-to-end processes with strong domain expertise
- Demonstrate technology enablement expertise through a processing platform and digital technologies such as intelligent automation, advanced analytics, cloud, data and security technologies as well as other applications
- Offer industry solutions and form partnerships

ISG will not evaluate BPaaS/TPA services providers in the Australia and U.K. and Europe reports. Also, this study will completely exclude the P&C aspect for the U.S. region.

Information Technology Outsourcing (ITO) Services: U.S., U.K. and Europe

Insurance ITO Services

Insurance information technology outsourcing (ITO) services include both traditional IT services and more modern digital services. Insurance organizations see there is still great scope and an urgency to transform their legacy businesses using modern digital technologies. They are increasingly seeking providers (either existing or new) that have the necessary modern digital IT skills to help transform and reinvent themselves. These transformation programs can generate vast improvements in CX for insurance customers and agents and enable a real competitive advantage for insurance organizations. This study covers the technology support and business transformation programs that are ongoing or getting executed across parts of the insurance organization and its value chain.

ITO services providers help insurance organizations to manage multiple services to improve profitability, optimize costs and provide better customer experiences (CX) and engagements across the various end users' customer journeys by transforming their front-to-back offices through digital technologies. These providers have system integration and business transformation experience, sophisticated IT capabilities and digital technologies such as AI and machine learning. They thus have an advantage in terms of agility, growth and cost and are better able to match the needs of the insurance market.

ISG will evaluate ITO services providers in terms of their ability to support business as usual for insurance organizations as well as their digital change journey and adoption of business transformation services. These services involve traditional, modern and emerging technologies including insurance-specific exponential technologies for better business designs and transformational outcomes.

Eligibility criteria:

- Provide ITO services for insurance organizations (L&R and P&C insurance carriers, reinsurers, re/insurance brokers, MGA's, Lloyds of London Syndicate, Bancassurance and InsurTech etc)
- Manage end-to-end transformation with strong technical expertise
- Demonstrate expertise in enablement with digital technologies, including intelligent automation, advanced analytics, cloud, data, and security technologies, IoT, biometrics, robotics, AR/VR, distributed ledger technology (DLT)/blockchain and other applications
- Offer industry solutions and forms industry partnerships

For U.K. and Europe report, all the eligibility criteria and definitions remain the same for ITO services. However, ISG will not evaluate ITO services providers in the Australia report.

Archetype Report

In this report, ISG identifies and classifies the typical buyers of insurance BPO services, Insurance BPaaS/TPA services and Insurance ITO services. As a part of this exercise, this study has identified four major buyer segments:

Transactional buyers: This archetype represents buyers that purchase point solutions for non-critical transactions or a specific vertical of insurance processes. When it comes to insurance outsourcing, buyers in this segment strive to reduce the cost of transaction processing by leveraging offshore labor arbitrage. These buyers also may look for solutions and frameworks that are specific to their verticals and help them address and meet regulatory requirements.

Automation-driven services buyers: These buyers focus on cost savings, accuracy and achieving higher efficiencies. Their processes are sufficiently mature, allowing them to implement robotic process automation (RPA). These clients are a step ahead of transactional services buyers; their processes can accommodate basic rule-based and machine learning-based intelligent automation and they have the potential to automate several processes. They are inclined to leverage cognitive technologies for better insights and analytics.

Digitally evolved insurance buyers: These digitally evolved buyers are looking to accelerate their digital change journeys, especially as they target the direct-to-consumer (D2C) segment and the rapidly evolving needs and changing situation of digitally-savvy consumers in their customer journeys. Their processes have already matured; they may be digitally native, have little or no legacy burdens, or develop new digital-enabled offerings as part of the digital twins' avatar of their incumbent entities. These buyers seek providers that can deliver digital solutions to improve processes radically. They are open to leveraging emerging technological solutions such as cloud platforms and RPA and want to incorporate elements of IoT and cognitive technologies extensively.

Integrated insurance solutions buyers: With the main objective of achieving a better outcome through minimal enterprise investment, these buyers turn to outsourcers for end-to-end insurance services, including complex functions, typically through a BPaaS/TPA provider. They may want to offload closed blocks or use the provider's digital platform for future open blocks. These clients actively seek strategic partnerships. With a long-term roadmap for digital transformation, these buyers want to leverage emerging technologies such as big data and advanced analytics to enable better decision-making and manage customers more effectively.

Quadrants by Region

| Quadrants | U.S. | Australia | U.K. & Europe | Global |
|---|------|-----------|---------------|--------|
| Life & Retirement (L&R) Insurance – BPO | ✓ | ✓ | ✓ | |
| Property & Casualty (P&C) Insurance – BPO | ✓ | ✓ | ✓ | |
| BPaaS & TPA – BPO (L&R) | ✓ | | | |
| Insurance ITO Services | ✓ | | ✓ | |
| Archetype Report | | | | ✓ |

Schedule

The research phase is between **August 8, 2022**, and **August 18, 2022**, incorporating survey, evaluation, analysis and validation activities. The results will be presented to the media at the end of **November 2022**.

| Milestones | Beginning | End |
|-------------------|--------------------|-------------|
| Launch | July 11, 2022 | |
| Survey Phase | July 11, 2022 | Aug 4, 2022 |
| Sneak Preview | Oct 11, 2022 | |
| Press Release | November End, 2022 | |

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2022 research agenda.

Access to Online Portal

You can view/download the questionnaire from [here](#) using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!

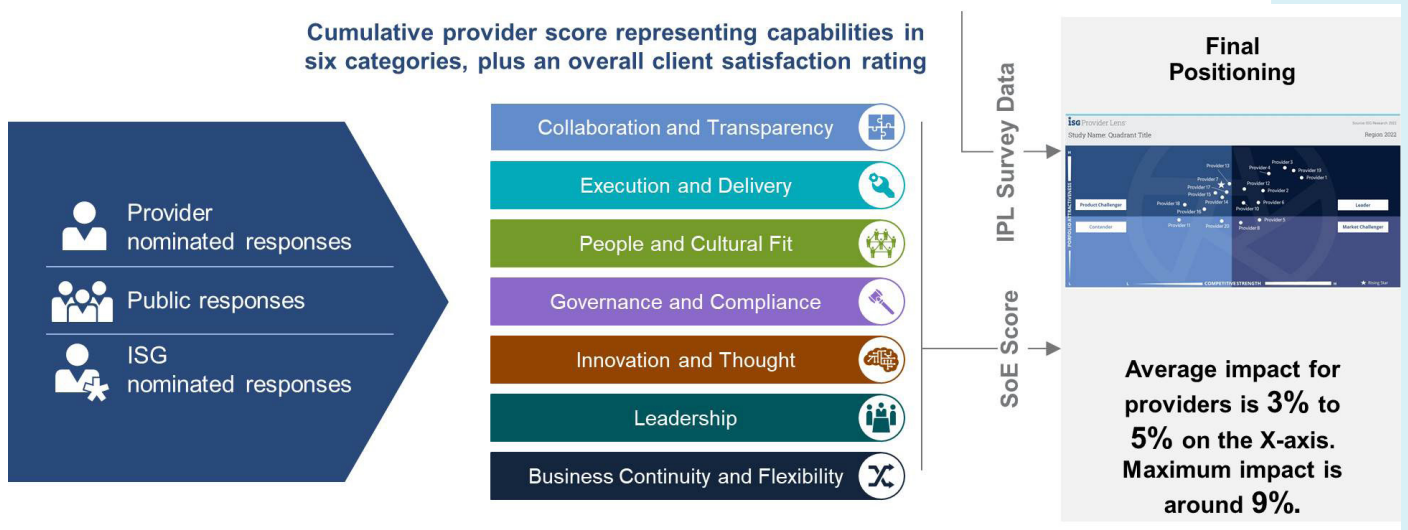
Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing work identified by the clients. This data is collected as part of the ISG FutureSource™ process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not to produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by lead analysts.

ISG Star of Excellence™ – Call for nominations

The Star of Excellence is an independent recognition of excellent service delivery based on the concept of “Voice of the Customer”. The Star of Excellence is a program, designed by ISG, to collect client feedback about service providers’ success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.



Providers are invited to [nominate](#) their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence [website](#).

Direct any questions or provide comments to star@isg-one.com. This email will be checked daily; please allow up to 24 hours for a reply.

Partial list of companies being invited for the survey

Are you in the list or do you see your company as relevant provider that is missing in the list? Then feel free to contact us to ensure your active participation in the research phase.

| | | |
|--------------------------------|----------------------|-------------------------------|
| Accenture | Exela Technologies | Resource Pro |
| Acquire BPO | EXL | SE2 |
| Actuarial Management Resources | Genpact | SLK Software |
| Atos | Globant | Solartis |
| Birlasoft | HCL Technologies | Sollers Consulting |
| Capgemini | Hexaware | Sopra Steria |
| CCI | Illumifin | Sutherland Global Services |
| CGI | Infosys | TCS |
| Coforge | Innovation Group | Tech Mahindra |
| Cogneesol | ITC Infotech | Teleperformance |
| Cognizant | Kane LPI Solutions | Trianz |
| Comarch | KPMG | UST Global |
| Concentrix | Kyndryl | ValueMomentum |
| Conduent | LTI | Virtusa |
| CSS Corp. | Mphasis | West Point Insurance Services |
| Damco Solutions | NTT Data | Wipro |
| DataArt | Patra Corporation | WNS |
| Datamatics | Persistent Systems | Xceedence |
| DRIASI | QA Consultants | Yash Technologies |
| DXC Technology | RapidValue Solutions | Zensar Technologies |
| Ensono | Rented Mule | |

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ISG Provider Lens QCRT Program Description

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context. In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's quality and consistency review team (QCRT). The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- help define and validate quadrants and questionnaires,
- advise on service providers inclusion, participate in briefing calls,
- give their perspectives on service provider ratings and review report drafts.

The ISG Provider Lens QCRT program helps round out the research process, supporting comprehensive research-focused studies.

Quality & Consistency Review Team for this study



Dennis Winkler
Director, Insurance – U.S.



Rob Brindley
Director



Yadu Singh
Director - UK



Jarrod Magill
Service Line Director - Australia



Joachim Ullerich
Director - Germany

Do you need any further information?

If you have any questions, please do not hesitate to contact us at isglens@isg-one.com.