

# US P&C insurance: industry 2025 outlook and trends





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The US P&C insurance industry is shifting gears on technology adoption. In this ebook, we'll discuss the trends and developments that are shaping the future of the industry and how insurers can best position themselves for success in a rapidly changing environment.

Technology-driven innovations are transforming every aspect of the insurance industry, from distribution channels and product design to underwriting and claims. As a result, incumbents are starting to feel pressure from new digital entrants.

Carriers must adapt to this new reality by modernizing their operations, streamlining processes, and embracing new technology, such as AI and automation, to take advantage of the opportunities presented by increased customer engagement and new product offerings.

On the other hand, carriers need to be mindful of the changing regulatory landscape. New laws and regulations are forcing P&C insurers to



# Highlights from the eBook

- Increased use of digital tools for claims management, including virtual claims inspections and digital self-service options.
- Expansion of usage-based insurance models to other lines of business, such as commercial property and liability coverage.
- Greater use of predictive analytics to forecast loss trends and manage risk more effectively.
- Continued expansion of alternative distribution channels, such as online marketplaces and comparison websites, may change how consumers buy insurance.
- Increased focus on climate change and its impact on insurance risk and underwriting, including the potential for more frequent and severe weather events.
- Greater use of social media and other online data sources to identify and manage fraud.
- Expansion of insurance products and services that support the gig economy, such as insurance for independent contractors and on-demand workers.
- Increased investment in customer analytics and segmentation to better understand and target customer needs and preferences.
- Greater focus on agility and flexibility in product development and underwriting to respond to changing market conditions and emerging risks.
- The agent experience is becoming increasingly important as insurers focus on providing a customer-centric experience.

**Let's deep-dive into the trends driving impact in the US P&C insurance industry**



# Market trends

## Trend 1: Increased competition and price pressures

Increased competition among insurers, especially in the personal lines market, which may lead to more aggressive pricing strategies.

The increasing competition among insurers is leading to more aggressive pricing strategies, especially in the personal lines market. Insurers are now focusing on reducing premiums and offering incentives to attract new customers.

This increased competition can benefit consumers as they can get better coverage at lower prices. However, it also creates challenges for insurers as they must find ways to differentiate themselves from the competition and stay competitive in the market. This trend will likely continue as more companies enter the market.





## Trend 2: Market consolidation

### Concentration of the insurance marketplace.

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## Trend 3: Emerging risks

### Insurers are focusing on emerging risks.

As the world continues to change, so do its risks. Insurers must adapt their risk management strategies to address new and evolving risks such as cyber threats, natural disasters, pandemics, and social inequalities.

As the world becomes more interconnected and complex, novel risks are emerging that have the potential to disrupt entire industries. To stay ahead of these risks, insurers are turning to data and analytics to identify potential exposures early and develop mitigation strategies.

By leveraging analytics-driven solutions and predictive modeling, insurers can gain insight into emerging risks and develop strategies to mitigate their potential impacts. This includes identifying trends in customer behavior, using data to anticipate future events, and developing new products for specific risks.

This includes the use of scenario analysis to explore how different scenarios could play out, such as extreme weather events or global pandemics.

As the world continues to grapple with the effects of climate change, insurers are now looking to expand their coverage for emerging risks. These products provide protection from unforeseen losses resulting from extreme weather conditions (e.g., flooding, hurricanes), natural disasters (earthquakes, tsunamis), disease outbreaks, and disruption caused by technology or cyberattacks.

## Trend 4: Collaboration with regulatory bodies

Increased collaboration between insurers and regulators to create a more stable and efficient regulatory environment.

Insurers recognize the importance of a safe and stable regulatory environment. They are engaging with regulators to ensure regulations are both effective and fair for all stakeholders.

This collaboration increases transparency between the two parties, leading to more efficient and consistent regulation enforcement. It also helps alleviate the compliance burden on insurers and creates a more stable market for all stakeholders.

Such initiatives help create an environment that encourages innovation and customer protection.



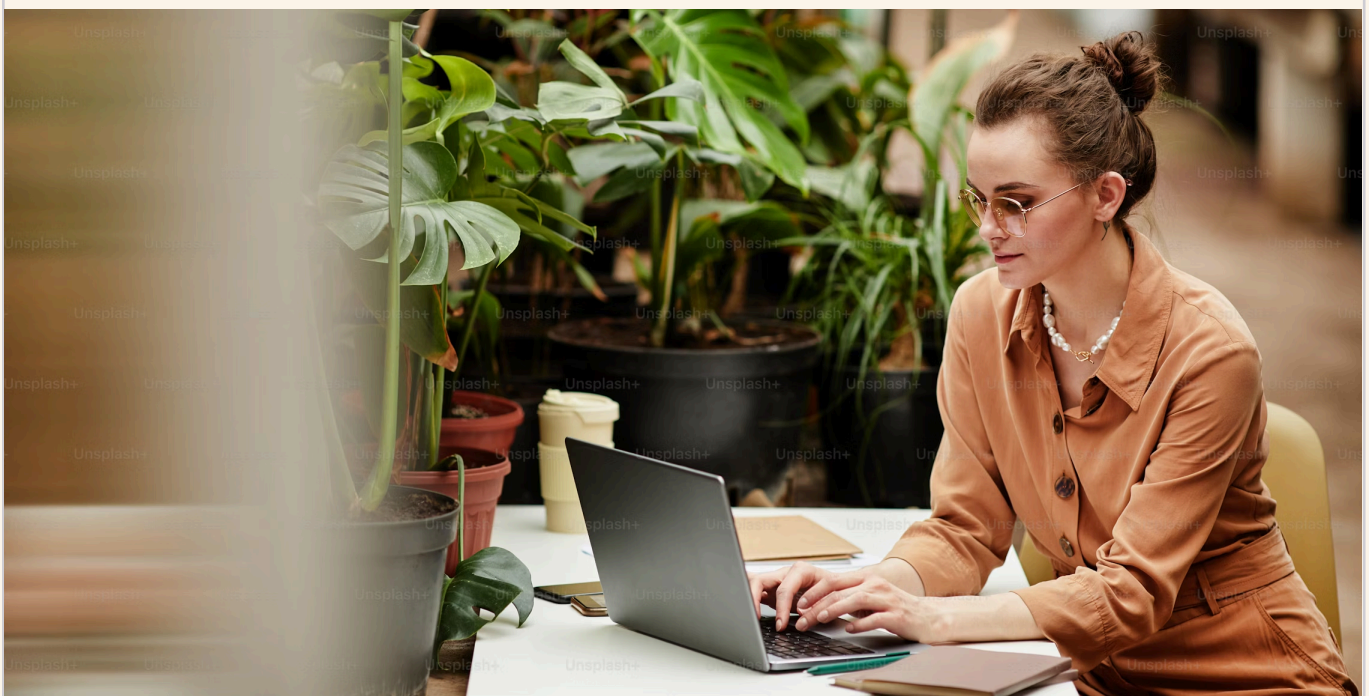
# Technology trends

## Trend 5: AI & machine learning

Increased use of artificial intelligence and machine learning in underwriting and claims management.

AI and machine learning have made significant strides in the P&C insurance industry. AI has enabled insurers to make faster, more accurate decisions while reducing the need for manual processes.

In underwriting, carriers use AI to detect fraud and anomalies in customer applications, automate risk assessment processes, and personalize pricing. In claims management, AI automates the processing of claims, identifies suspicious trends in claims history, and accelerates the payment process.



## Trend 6: Exploring the possibilities of blockchain

Exploration of the potential applications of blockchain technology within the P&C insurance industry.

The distributed ledger technology allows data to be securely stored and shared while also enabling faster processing of transactions with little to no human involvement. The distributed ledger technology that underlies blockchain could revolutionize the way insurers operate. Blockchain has the potential to facilitate faster and more secure transactions, reduce costs and improve efficiency, while providing customers with a better and more transparent experience. Potential insurance includes claims processing, fraud detection, identity verification, and automated payments.

The adoption of blockchain is still in the early stages as insurers are cautious about investing in technology that is still largely unproven. However, with the growing interest from tech giants such as IBM, Microsoft, and Amazon, we will likely start to see more insurers taking advantage of the technology in the near future.

## Trend 7: Underwriting automation and analytics

Increasing focus on underwriting automation and analytics to improve decision-making and reduce costs.

Insurers are now investing in automated underwriting systems to make more informed decisions faster. This helps reduce costs, as insurers can respond quicker to customer claims and eliminate manual processes that are time-consuming and costly.

#### Technology trends

Automated underwriting and analytics provide insurers with a more efficient and cost-effective way to manage their portfolios, keep their costs down and improve customer service.

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### Trend 8: Emerging technologies: drones

More widespread use of drones and other emerging technologies for claims inspection and risk assessment could improve accuracy and efficiency.

Using drones to inspect claims provides a more accurate and efficient assessment of the damage. It also reduces the cost associated with manual inspection. This is especially useful for large properties, such as farms and factories, where it would be difficult to access manually.

## Trend 9: Emerging technologies: VR

Increased usage of virtual reality technology to provide more immersive customer experiences and training.

VR technology offers insurers the opportunity to create a more engaging customer experience. It can be used for training, such as educating customers on insurance policies or providing interactive simulations of accidents or damage scenarios.

This immersive experience provides a much richer learning environment than traditional methods and helps customers better understand the complexities of insurance. It also helps insurers reach more customers, regardless of their physical location or access to traditional learning methods.



# Product trends

## Trend 10: Usage-based insurance

Expansion of usage-based insurance models, including telematics and other sensor data.

Usage-based insurance models enable customers to receive more personalized and affordable coverage. Integration of data from connected devices and wearables to offer more personalized and targeted insurance products.

- **Automotive insurance:** Telematics technology is used to track driving behaviors and provide customers with a real-time view of their driving patterns and vehicle health. This allows insurers to offer more tailored rates based on the individual customer's habits, rather than relying on a one-size-fits-all approach.
- **Home insurance:** sensor data such as home security systems and smart thermostats can be monitored to provide customers with tailored pricing based on their individual needs.

Insurers must protect customer privacy while collecting and using this data. The focus on privacy regulations has been increasing in recent years. Yet, regulators are trailing behind the latest technology developments. Therefore, P&C insurers must not only ensure they comply with applicable laws but go above and beyond to maintain customer trust.



## Trend 11: Cyber insurance

The emergence of cyber insurance as a must-have for business customers.

The growing cost of breaches drives the demand for cyber insurance policies as businesses and individuals look to protect themselves from the financial impact of a data breach. The demand for this type of coverage is growing as more businesses and individuals become aware of the potential risks posed by cyber threats. Insurers are responding to this increased demand by offering a range of policies tailored to different types of customers. From small business owners to large enterprises, there is a policy that can provide the necessary protection from cyber risk.

## Trend 12: Focus on customer experience

Insurers are looking to improve customer experience through the use of technology.

As competition in the market increases, insurers are focusing on improving customer experience and the use of digital tools to engage with customers and improve retention rates. This includes expanding digital capabilities to provide easier service access and more personalized customer interactions.

P&C insurers are focusing more on shifting their customer experience away from traditional insurance models and towards digital-first solutions. This shift has been driven by the need to meet the changing needs of customers, who are increasingly looking for convenient, personalized services that are available 24/7.

In addition, insurers use data-driven insights to understand customer behavior better and develop more targeted marketing campaigns that reach the right customers at the right time.

## Trend 13: ESG initiatives

Insurers are investing in ESG initiatives as part of their business strategy.

Following the demographic shifts and customer preferences, the last few years have seen an increased focus on ESG initiatives, with insurers and other financial institutions investing in sustainable and socially responsible investments. This shift is driven by the need to mitigate climate-related risks, protect natural resources, and reduce social inequalities.

Insurers are also using their capital to support projects that have a positive impact on society. In addition, they are taking steps to assess the environmental and social risks of their investments and ensure that their products are in line with ESG principles.

This trend is likely to continue as more investors recognize the potential of ESG initiatives and look to make a positive impact on their brand equity and bottom line.

## Trend 14: Focus on InsurTech partnerships

Insurers are increasingly looking to InsurTech partnerships.

Insurtech companies continue to drive innovation in the insurance industry. This disruption of traditional insurance models is resulting in new services, products, and customer experiences that are transforming the way insurers do business.

These companies are also creating opportunities for insurers to expand into new markets and offer more competitive rates and coverage options. We are seeing a greater focus on innovation and partnerships with insurtechs to create new products and services that meet evolving customer needs.

This shift is driven by the need to stay ahead of emerging technologies and better compete in a digital-first world. Through these partnerships, insurers are tapping into new data sources and creative ideas, allowing them to develop innovative solutions tailored to their customers' needs.

This trend is likely to continue as insurtechs continue to disrupt the insurance industry with new technologies, products, and services.

## Trend 15: Risk management and prevention

Insurers are focusing on risk management and prevention.

Insurers are increasingly investing in analytics-driven solutions to better understand and manage risks. This includes the use of predictive analytics to identify potential risks, assess their severity and develop strategies for mitigating them.

As insurers continue to invest in technology and data-driven insights, they can now identify better and understand the risks their customers face. This has led to an increased focus on risk management and prevention, with insurers leveraging new technologies such as predictive analytics, drones, satellite imagery, and telematics to gain a more comprehensive view of individual and collective risk exposures.

Increased focus on risk management and prevention leads to expansion into risk mitigation services and tools for policyholders. Insurers offer more advanced tools and services to their policyholders, such as automated home security systems, fire suppression systems, monitoring devices, and weather alerts. These tools help customers better manage their risk by providing real-time data that can be used to respond quickly to potential disasters or damage.

This strategy offers insurers an excellent opportunity to diversify income streams, as customers are willing to pay premiums for products and services that mitigate risk.



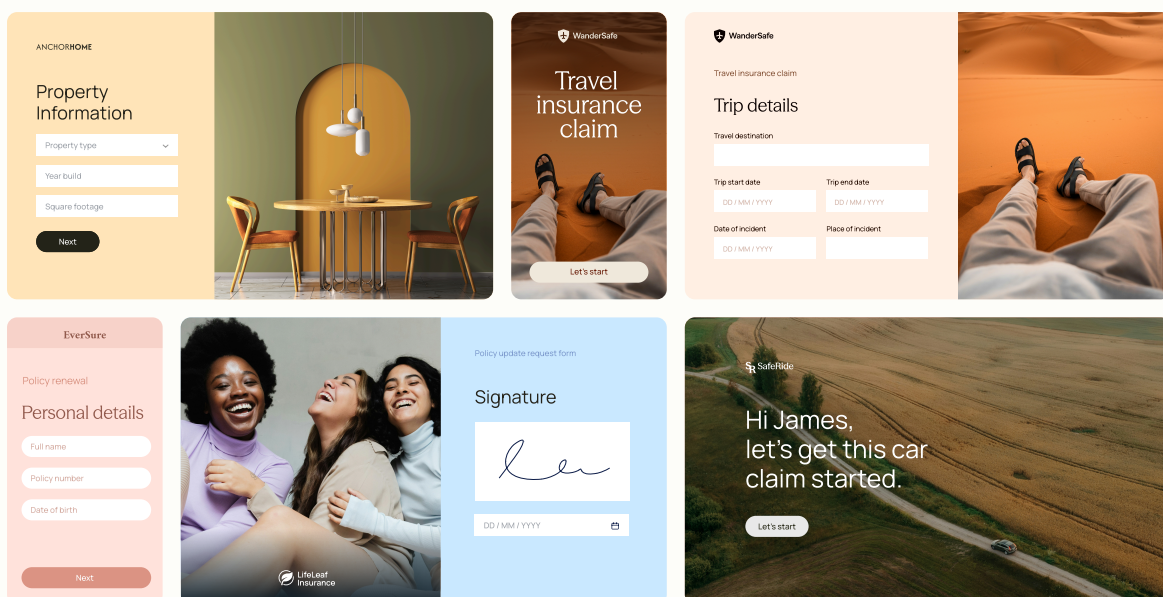
## Trend 16: Digitizing data collection

### Digital data collection to improve claims management and risk assessment.

Increasingly, insurers are turning away from collecting data via manual methods such as PDFs, emails, and call centers and creating multi-channel data collection workflows to collect customer data, signatures, and documents.

By collecting data from multiple sources with real-time validation and two-way integration with internal systems and workflows, insurers can access more accurate and timely risk assessments that help them better manage their portfolios.

This allows for faster processing of claims and submissions and a more personalized customer experience.



## Trend 17: Mobile-first insurance

Greater adoption of mobile-first and on-demand insurance models to meet the needs of younger, digitally savvy customers.

Insurers are now embracing a mobile-first approach to insurance, aiming to offer customers an experience that meets the needs of increasingly demanding and digitally savvy consumers.

This includes offering on-demand services such as pay-as-you-go auto insurance, instant purchase of travel insurance, and streamlined onboarding processes.

## Trend 18: Expanding usage-based insurance into commercial lines

Expansion of usage-based insurance models to commercial and specialty lines, including small businesses and niche industries.

Insurers are now looking to expand usage-based insurance models to commercial and specialty lines, allowing customers to customize their coverage based on their needs.

Usage-based insurance can be particularly beneficial for small businesses, allowing them to pay only for the coverage they need. This helps reduce costs and increase efficiency as insurers can better manage their risk portfolios.

## Trend 19: Focus on retention

Increased focus on customer retention through improved customer service and digital engagement.

With the rise of new technologies, customers now have higher expectations for their insurance experience. They want to access their policies and claims online, receive prompt and courteous customer service and have a seamless experience.

Insurers are investing in digital engagement tools to improve customer retention. This includes allowing policyholders to access their policies online, receive real-time alerts about claims and other services, and use chatbots for quick answers to their questions.

## Trend 20: Pay-per-mile auto insurance models

Greater adoption of pay-per-mile auto insurance models as more people work from home and reduce their driving.

The pandemic has led to a dramatic shift in how people use their cars. With more people working from home, many have significantly reduced their driving or stopped using their vehicles.

Insurers are now responding to this change by introducing pay-per-mile auto insurance models. This allows customers to pay for the exact coverage they need based on their usage. This is especially attractive to customers who have reduced or stopped using their vehicles altogether, as they can now save money without compromising their insurance protection. Overall, pay-per-mile models provide a more flexible and efficient way to meet the needs of customers who are reducing their car usage due to the pandemic.

# Distribution trends

## Trend 21: Improved carrier/agent communications

### Increased focus on real-time data exchange

Data exchange and collaboration between carriers and agents have traditionally been hindered by various manual processes that are time-consuming and costly. To improve this process, insurers are now turning to technologies such as digital data collection, chatbots and AI to automate communications and streamline data exchange. This helps make the process faster, more accurate, and more efficient for both parties. It also provides an opportunity for carriers to better understand their agents' needs and respond quickly to customer inquiries.

## Trend 22: Alternative distribution channels

### Continued expansion of alternative distribution channels, such as online marketplaces and comparison websites, may change the way consumers buy insurance.

The emergence of online marketplaces and comparison websites is reshaping the way consumers purchase insurance. These channels allow customers to compare policies from multiple providers, making it easier for them to find the best product for their needs.

Insurers are also taking advantage of these channels to reach more potential customers and increase their market share. Innovative digital solutions, such as voice-based shopping and video conferencing, are also helping insurers reach new customers in more convenient ways.



## Trend 23: Gig economy

### Expansion of insurance products and services that support the gig economy

The gig economy, defined as an environment where individuals are hired and paid for short-term projects or tasks instead of traditional employment, is gaining traction in many countries. This presents an opportunity for insurers to develop specialized products to meet the needs of this growing population.

Insurers need to develop innovative products that address the unique exposures of gig workers and independent contractors, such as cyber liability, business interruption, and professional liabilities.

## Trend 24: Greater focus on agility and flexibility in product development

### Insurers are placing greater emphasis on product development agility and flexibility.

By developing products more efficiently, insurers can respond more quickly to changing customer needs. This means developing products that can be quickly adapted and deployed in different markets.

No-code development platforms are helping insurers build and deploy products faster than ever before. This enables them to quickly launch new products or respond to changing customer needs with minimal disruption. It also allows for more experimentation and innovation, as insurers can quickly test new ideas without having to invest heavily in technology infrastructure.

## Trend 25: Increased importance of agent experience

### Modernizing agent/broker channel

Insurers recognize the need to improve the agent experience in order to remain competitive.

This includes providing agents with technology tools that make it easier for them to do their jobs, such as customer relationship management software and automated processes.



# The bottom line

The insurance industry is rapidly evolving and insurers need to stay ahead of the curve in order to remain competitive. From leveraging digital solutions such as chatbots, AI, no-code development platforms, and more for improved customer experience and carrier/agent communications to creating specialized products for the gig economy, there are numerous opportunities that insurers can take advantage of.

By focusing on agility and flexibility in product development as well as improving agent experiences through technology tools, insurers can ensure they remain at the forefront of this ever-changing landscape.



EasySend is a no-code platform that empowers enterprises to digitize complex customer-facing processes. Fast. From insurance onboarding to banking workflows and investor journeys, we help teams build secure, compliant, and dynamic digital experiences in days, not months.

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