



Insurance transformation: The new agenda

Executive summary



As the insurance market evolves and new challenges emerge, insurance leaders and decision-makers are looking to improve their organization’s agility, flexibility and cost base. However, many insurance organizations have historically struggled to achieve their transformation and cost objectives. This report explains why and, more importantly, how the leading insurers are successfully delivering on their goals. We highlight industry research and actionable insights to help organizations align, accelerate and enhance their transformation objectives.

Insurance transformation: At a glance

Three big transformations at the top of the insurance agenda



Embedding AI into new ways of working



Improving data and analytics capabilities

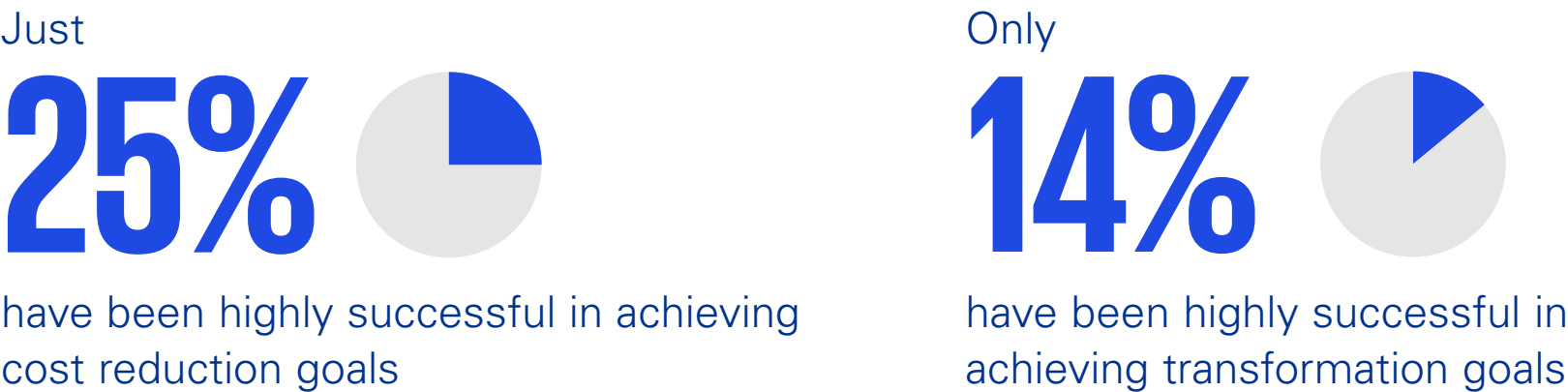


Addressing cyber security and fraud

Anticipated cost savings are significant



Yet successful transformation has been a challenge



Not all insurance leaders think they are ready




What are the most successful insurance organizations doing differently?



They have clearly defined cost objectives




Their cost and transformation objectives are aligned



They have a centralized or hub-and-spoke approach



They have earmarked robust budgets



They have made leadership accountable

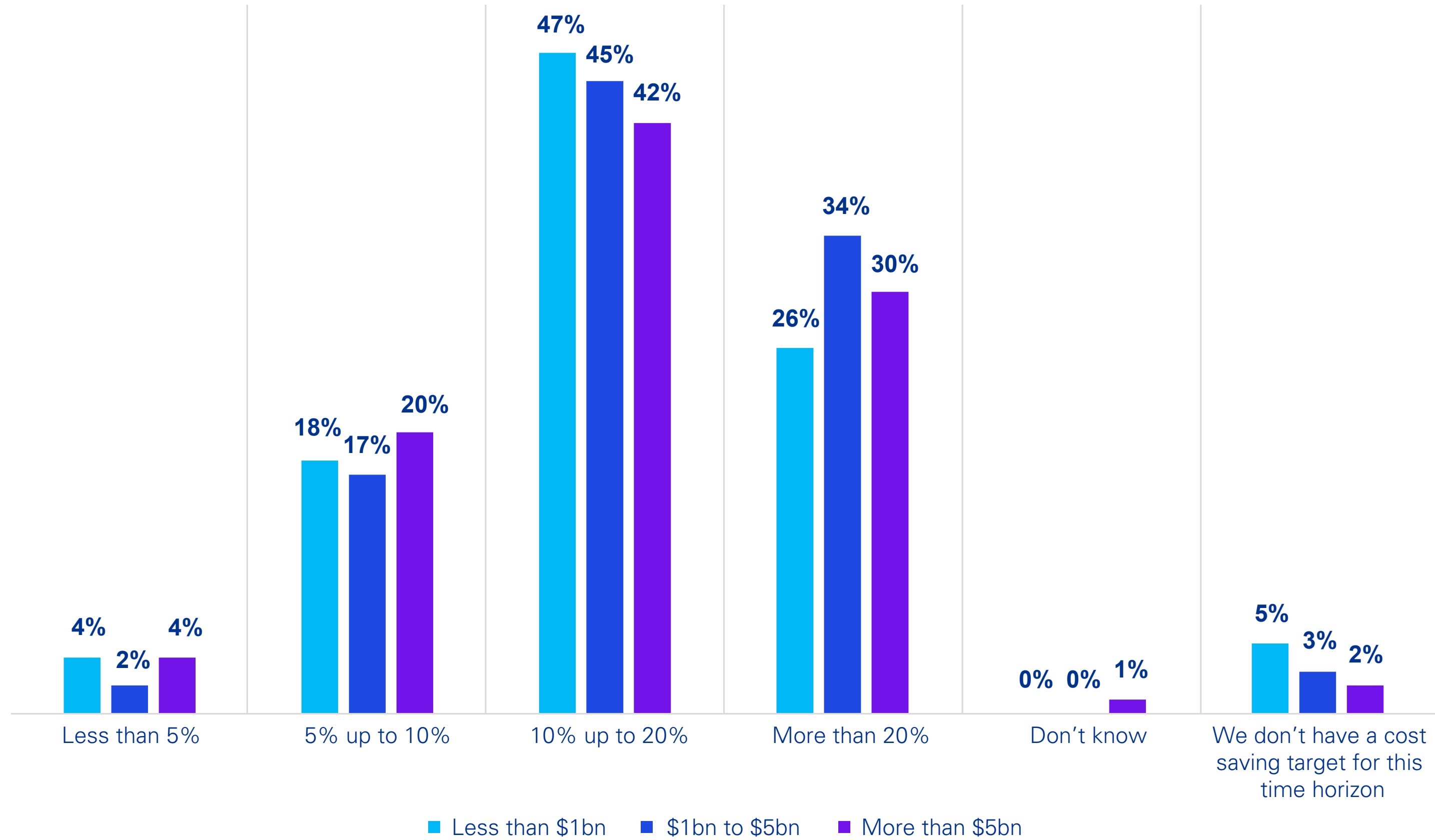
On the surface, the industry appears vibrant — organizations are adopting new technologies and launching performance-enhancing programs. And most insurance execs say they have big transformation objectives to achieve. In a recent global survey of insurance executives conducted on behalf of KPMG International, 75 percent of respondents say they expect to reduce their cost base by at least 10 percent between now and 2030; nearly a third hope to save more than 20 percent.

Respondents also identified their strategic transformation priorities for the next two years. Perhaps not surprisingly, their top priority is to embed AI into new ways of working, followed closely by improving data and analytics capabilities. Both strategies offer insurers new opportunities to transform the organization, improve efficiency and drive out costs. Insurers are also looking to address cyber security risks and better manage regulatory compliance, both prerequisites for enhancing resilience. They also want to improve the customer experience — a goal that will likely be supported by the adoption of new technologies and the management of risk.

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Target for 2030: Cost saving as a percentage of current cost base by insurer size



Source: Insurance transformation: The new agenda, KPMG International, 2025

To deliver on their goals, insurers have been implementing a range of new technology-driven approaches aimed at driving transformative outcomes. Many are also actively implementing AI use cases within specific processes and value streams. The more advanced companies are coupling their technology investments with workforce transformation initiatives.

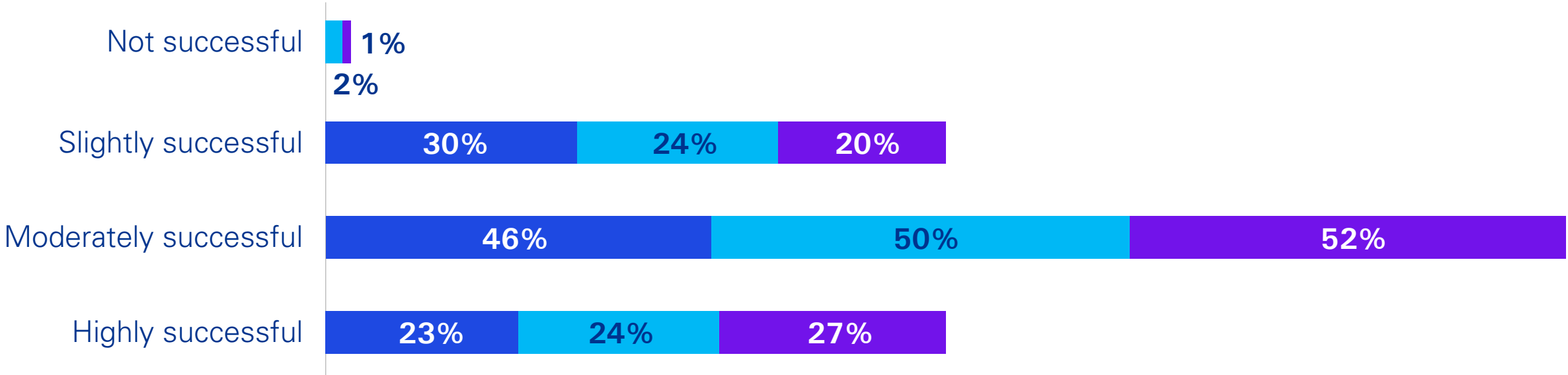
Yet our research shows that just 25 percent of transformation and cost initiatives in the insurance sector are considered highly successful by senior executives. Perhaps more worryingly, our data suggests that many insurance executives lack confidence in their organization’s ability to adapt. Just 41 percent think they are well positioned to grow their revenues over the next two years.

Why are insurers struggling to achieve their cost and transformation goals? The majority of our respondents say that they struggle with the complexity of it all — they face significant change portfolios but lack focus on prioritization and coordination. At the same time, only around a third of insurers say their cost objectives are well defined and just 35 percent say their transformation and cost objectives are ‘fully aligned’ within their organization.

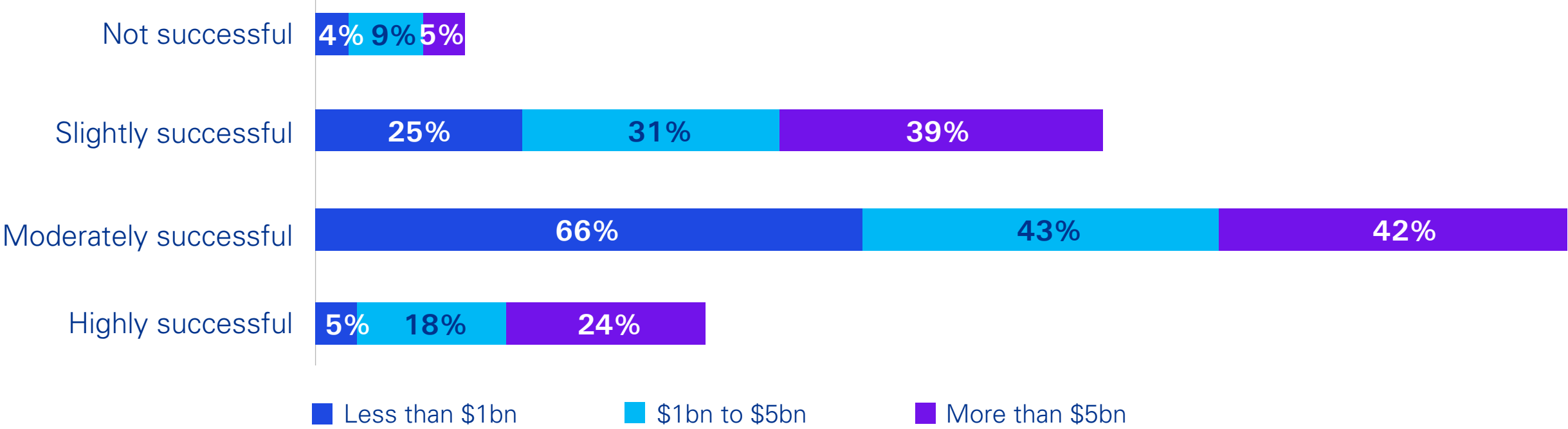
The big question, therefore, is what the most successful insurance organizations are doing to achieve their objectives. Achieving clarity and alignment between cost and transformation objectives is key. The most successful organizations are more than twice as likely as their moderately-successful peers to say they have clearly defined cost objectives. At the same time, proper resourcing and clear structures also seem to be critical to success.

Success of past transformation efforts by insurer size

Cost-reduction goals

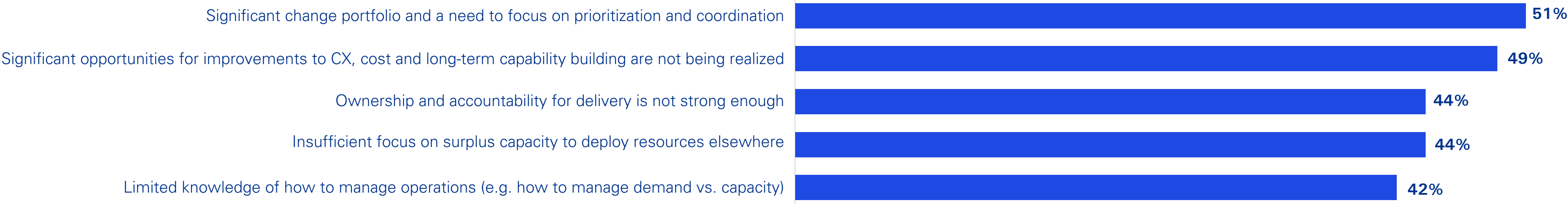


Transformation goals



Source: Insurance transformation: The new agenda, KPMG International, 2025

Barriers to transformation over the next two years



Source: Insurance transformation: The new agenda, KPMG International, 2025

5 key takeaways

Based on the report and our network’s extensive experience, here are five key takeaways to help insurance organizations achieve measurable and sustainable transformation outcomes.

01.

Set a clear vision for change

Define a clear vision that aligns your cost and transformation goals with your overall business strategy.

02.

Make leadership accountable and achieve visibility

Leadership should be onboard, aligned and accountable for transformation goals.

03.

Improve and leverage your data to achieve your goals

Unstructured or poor-quality data often prevents insurance organizations from identifying inefficiencies and making informed decisions.

04.

Consider your key processes before jumping into technology solutions

Don’t rush to implement technology without first evaluating your core processes — in some cases, outsourcing or managed services may offer greater efficiency.

05.

Align your culture to your transformation objectives

Without the right cultural foundation, even the most well-designed strategies and technologies can fail to deliver their intended impact.

How KPMG can help

At KPMG we believe transformation starts with people. Our global network of experienced insurance professionals provides clients with deep industry knowledge, actionable insights and implementation expertise, helping to realize the full potential of their people and technology, and working together to achieve successful transformation. Because when people and technology are in harmony great things happen.

Contact your local KPMG member firm to learn more about how KPMG can help you successfully transform your insurance organization.

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