

FP&A in Insurance

Beyond forecasting: Building the Insurance
FP&A Function of 2030: Volume 1

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This is the first in KPMG's FP&A¹ in Insurance whitepaper series. This edition explores current FP&A challenges, emerging practices and potential value enablers for the insurance industry. The following edition will examine how continuous planning, AI-enabled forecasting and changing workforce models are expected to reshape the Insurance FP&A by 2030.

Volume 1: Key takeaways



Despite investment in EPM² solutions, FP&A in Insurance remains fragmented, forecasting reactive and capacity under pressure.



Leading global insurers, banks and asset managers are ahead of the UK Insurance market, and deploying integrated planning, predictive forecasting, managed services and stronger business partnering.

Current state: How effective is the operating model and architecture

While many insurers have an EPM solution in place, the full extent of its functionality is often not being leveraged. Investment in planning and forecasting has historically been indirect, with finance transformation programmes (e.g., IFRS17) primarily focusing on financial reporting.

As expectations for business insight and partnering continue to rise, execution remains challenging for many insurers. Extended planning cycles persist, with effort absorbed by manual tasks such as data cleansing and formatting, coordination, reconciliation, governance and ad-hoc analyses.

For most insurers, the challenge is how planning and forecasting can be better aligned across the organisation to optimise the benefits of EPM solutions and broader change initiatives. This requires an integrated approach spanning people, process, technology, data and the broader operating model (see Figure 1 for the end-to-end lifecycle).

A consistent set of challenges continues to emerge across the recent industry discussions.

1. Financial Planning and Analysis (FP&A)
2. Enterprise Performance Management (EPM)



Planning models lack agility

Current planning environments often struggle to react to changing market conditions, connect operational and financial drivers, provide timely decision support and support enterprise-wide trade-off decisions. This contributes to lengthy planning cycles, manual coordination and governance, and delayed insights.



Forecasting remains reactive

Assumptions underlying the plans, especially demographic, are often outdated and are not dynamically updated due to several constraints – including the tooling. This limits the ability to anticipate and respond to changing business conditions.



FP&A capacity is under pressure

Many insurers continue to face challenges balancing strategic insight with BAU delivery, with senior resources spending significant time on reconciliation, manual processes and ad-hoc analysis requests rather than decision support.

The pressure on Insurance FP&A function is rising. Economic volatility, capital efficiency, AI adoption and rising expectations for faster business decisions are exposing the limitations of traditional planning processes. In response, leading financial institutions are rethinking how planning, forecasting and decision support are delivered.

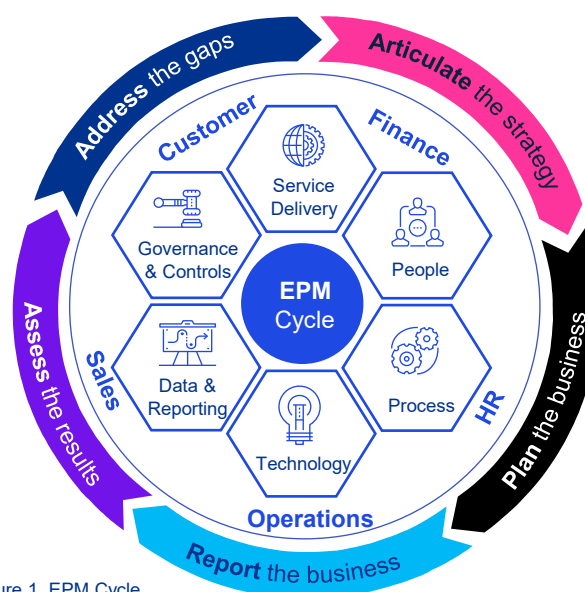


Figure 1. EPM Cycle



FP&A effectiveness is no longer just a technology problem; it is increasingly a question of overall business architecture and ownership."

What do leading financial institutions focus on?

Leading global insurers, banks and asset managers are increasingly focused on integrated planning, predictive forecasting, scalable delivery models and stronger business partnering.



Integrated planning solution

Leading financial institutions are moving away from MS Excel towards integrated planning environments that connect Finance and the business. Actuarial models remain fundamental to insurance capital forecasting, making integration between EPM and actuarial platforms critical to consistent planning and decision-making. By connecting multiple layers, the solution enable capabilities such as what-if scenario modelling, rolling forecasting and automated data integration (see Figure 2).



Use of tech and predictive forecasting

Global financial institutions are beginning to leverage advanced analytics, AI and increased computing power to enhance forecasting, scenario modelling and capital projections. They are moving beyond static forecasts towards more forward-looking decision support.



Managed services model in FP&A

Financial institutions have also realised that Managed Services model provides scalable capacity and specialist expertise, enabling FP&A teams to respond to growing ad-hoc demand while shifting effort from routine activities towards insight generation and decision support.



FP&A as a decision enabler, not a reporter

In leading financial institutions, the finance-business relationship is evolving (e.g., talent movement between FP&A and business teams is becoming more common). FP&A is increasingly developing into a strategic partner rather than a reporting function in the traditional model.

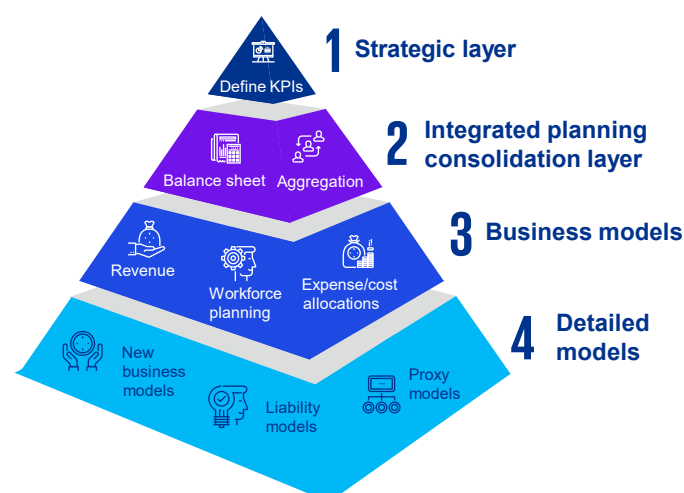


Figure 2. EPM Architecture: Integrated Planning & Forecasting Solution Layers

Key enablers to unlock value

Realising these outcomes requires a combination of technology, operating model and delivery enablers that translate capability into measurable business value.



EPM architecture

Realising the return on technology investment depends on choosing the right solution and implementing it effectively. An integrated EPM architecture connects detailed models, business models, integrated planning and strategic decision-making layers, enabling workflows, systems and data to flow seamlessly across the organisation (see Figure 2).



AI-enabled planning and forecasting

AI is rapidly changing how planning and forecasting activities are delivered. Leading institutions are deploying AI to automate forecast preparation, identify anomalies, generate narratives and insights, create scenarios dynamically and recommend decision options. However, AI changes the work, not the accountability. Human element remains critical for oversight, expert judgement and deep business knowledge.



Scalable operating model

Firms need to consider an optimum balance of internal vs. external capabilities and selecting the right delivery model (centralised, decentralised or hybrid) to balance scalable capacity, specialist expertise and service quality, supported by effective governance and service level management. Clear roles, responsibilities and decision rights help strengthen accountability, reduce ambiguity and support effective business partnering.



Actuarial and FP&A convergence

Insurers are increasingly connecting FP&A and actuarial planning layers to support forecast for capital, solvency and financial reporting KPIs, and asset-liability management within a more cohesive planning process. Combined with GPU-enabled actuarial modelling and advanced actuarial engines, this enables faster scenario analysis, more dynamic forecasting and enhanced support for capital and strategic decisions.



The future of FP&A lies not in producing better forecasts, but in enabling better decisions. Through integrated planning solution, AI-enabled forecasting and scalable operating models, insurers can shift from reconciling the past towards continuously shaping future outcomes.

The future of the FP&A function

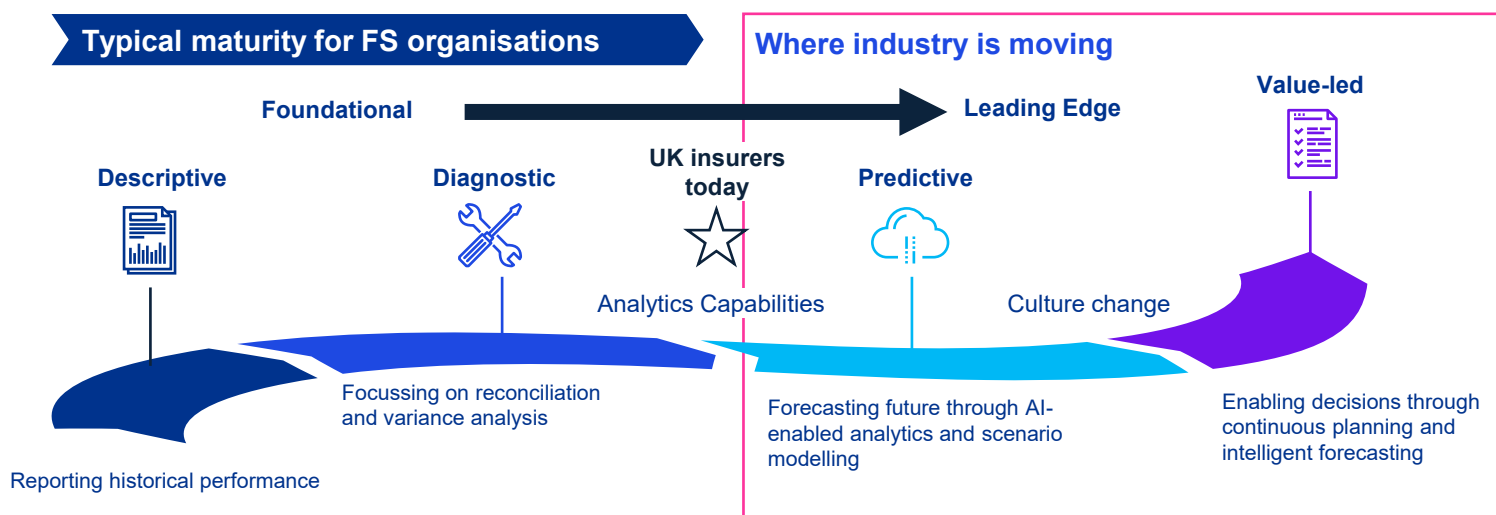


Figure 3: Direction of travel for the FP&A function: from descriptive and diagnostic activities to predictive and value-led prescriptive insights.

Putting this into practice

While insurers will continue to invest in technology, progress in FP&A depends heavily on how effectively existing capabilities are leveraged.

The next phase of FP&A transformation will therefore be defined by how effectively organisations integrate planning, operating model and technology into a coherent, end-to-end capability – enabling more consistent, scalable and decision-relevant insight in practice.

If you are interested to discuss anything further, please do get in touch with the team.

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