

Press release

Study: Life insurance business model from a European perspective

Life insurance has a future if it renews itself

- Political, economic, environmental and technological factors are driving the change
- In the future, the market will be increasingly dominated by biometric products and unit-linked policies without guarantees
- Differences and opportunities in Europe: six business models

Dortmund, June 23, 2022 – The “Business Model Life Insurance 2025 - 2030 – A European Perspective” study published by adesso insurance solutions and Versicherungsforen Leipzig forecasts the further development of the business model and offers guidance for the strategic orientation of life insurers.

The persistent low interest rate environment, European regulations, the increasing relevance of neo-brokers and the topic of sustainability: the life insurance business is undergoing major changes which are being driven by political, economic, environmental and technological factors. This, on the one hand, presents insurers with major challenges, and on the other hand, it opens up completely new opportunities for continuing to operate profitably in the future.

It can be assumed that the market will be increasingly dominated by biometric products and unit-linked policies without guarantees in the future. Occupational pensions will also continue to grow in importance and also offer international potential, since the structure of pension systems varies from one European country to another. The proportion of people who make provision for their retirement ranges from 90 percent in Sweden to 40 percent in Finland (see Graphic).

The study also shows that the level of digitization is still low compared to other lines of business and industries. In the future, insurance companies will have to

develop their competitive advantage in the market through digitization, efficient processes and focus, because the key differentiator will be in the area of costs. The trend toward niche products for specific target groups, e.g., term life insurance for certain sports or retirement provision for special occupational groups, will continue.

Six promising business models

Based on this analysis, six promising business models emerge, with different characteristics in each European country:

1. Insurers who want to adopt the cost leader business model are focusing on simple products with low acquisition costs and on digital services. The Scandinavian countries are playing a pioneering role here.
2. Those who want to become ecosystem providers must build up a comprehensive range of services to reach customers and suppliers. In this area, the trend in Switzerland is for providers of occupational pension scheme services to join forces.
3. In markets where adequate ecosystems are forming, insurance companies can act as ecosystem suppliers. In Eastern Europe, insurers are positioning themselves as partners in the “finance” ecosystem, and in the Netherlands, Premium Pension Institutions (PPI) or insurers are supplying specific pension products to various employers.
4. The asset manager business model focuses on investment, which is not only interesting for Swiss insurers. To be successful in the market, there is a need for insurance products which are purely unit-linked or that combine guarantees with smart investment.
5. The health expert business model focuses on biometric products or on health-conscious target groups. This model is found in Spain and the United Kingdom, where biometric risks such as death, disability and critical illness are predominantly covered. New customers are often acquired in the context of real estate financing.
6. Target group insurers concentrate on specific niches, which often results in overlaps between different business models. For example, the cost leader business model is also useful in serving the target group of

cost-conscious consumers. This business model dominates the French market.

When commenting on the results of the study, Harald Narloch, Managing Director at adesso insurance solutions, said, “Insurance companies can develop a promising strategy by focusing on their own competencies, niches and digital innovations. The increasing alignment in European regulation also means that business models can be adapted and deployed across national borders.”

“Over the past decades, the life insurance industry has proven to be resilient and has managed to reinvent itself again and again,” said Justus Lücke, Managing Director of Versicherungsforen Leipzig. “Our study gives every insurance company the opportunity to identify a sustainable business model that best fits its current situation.”

- (1) The “Business Model Life Insurance 2025 - 2030” study was initiated by adesso insurance solutions and prepared together with Versicherungsforen Leipzig. The study consisted of four phases: The first phase included research and evaluation of the content of existing studies and publications as well as the identification of possible drivers and their effects. This was followed by a second phase of in-depth expert interviews with 14 industry representatives from European insurance companies. Interviews were then conducted with 62 actuaries to gather their opinions. Finally, the results were combined to identify future scenarios and opportunities. The study (in German) can be downloaded here: www.perspektiven-lv.de

Images:

- [Harald Narloch, Managing Director adesso insurance solutions](#)
(Source: adesso insurance solutions GmbH)

- [Justus Lücke, Managing Director of Versicherungsforen Leipzig](#)
(Source: Versicherungsforen Leipzig GmbH)
- [Cover Research](#) (Source: Study)

Press information and images can be found at:

<https://www.adesso-insure.de/en/news>

Leipzig insurance forums (Versicherungsforen Leipzig GmbH)

The Leipzig insurance forums have been a driver of trends and innovations in the health insurance sector for over 20 years. At the intersection between research and practice, the forums develop scientific studies and future-oriented solutions for the sector. The focus of this work is connectivity: the Leipzig insurance forums inspire and motivate the insurance industry to share knowledge and work together, offering access to the largest, independent German-language industry network. As part of the LF group, the Leipzig insurance forums belong to an innovation ecosystem, together with the energy forums, brokerage forums, bank forums, digital impact labs, and the New Players Network. Here, skills are pooled to promote synergy. www.versicherungsforen.net

adesso insurance solutions GmbH

The software company adesso insurance solutions, a wholly-owned subsidiary of the listed company adesso SE, develops and implements standard software for the international insurance market. On its in|sure platform, the Dortmund-based company bundles release-ready standard software products and also offers software and services designed to manage the technical business processes of its customers. All in|sure products cover an insurance company's core processes. They may be used as part of the entire in|sure application Ecosphere or as individual, customizable components that can be combined with one another. The in|sure Ecosphere includes systems for all lines of insurance. These include solutions for portfolio management as well as claims and benefits processing, partner management and for the commission and collection/disbursement process. In addition, adesso insurance solutions offers a system which allows for software-assisted data migration and self-learning AI that automates processes without causing interruptions in systems. For more information, visit: <https://www.adesso-insure.de/en/>

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