



Setting the *stage* for  
*next gen* of consumers  
and carriers

# Setting the stage for tomorrow's carriers and customers to thrive

Advanced backend solutions evolve insurers' technology and propel capabilities forward to serve the next generation of insureds and beneficiaries alike.

## In brief

- » Insurers must change the way they operate, adapt their products and implement creative marketing efforts to resonate with younger generations who have different goals, needs, expectations and consumer behaviors than their baby boomer predecessors.
- » Modern core system technology and a customer-centric mindset are the required foundation for carriers to thrive in the future and successfully meet the needs of the next generation of consumers.
- » Insurers must prepare to say goodbye to legacy systems and adopt the right models and processes to evolve with the changing needs of their customers.

Baby boomers are phasing out of the target market for life insurance, putting the United States on the verge of the [greatest wealth transfer](#) it has ever seen. As the next generations - Gen X, Millennials and even Gen Z - come of age, insurers are seeking to gain market share from them. This wealth transfer requires carriers to focus on younger beneficiaries with the same rigor as they did their predecessors, establishing long-term relationships and supporting the next generation throughout the life cycle of the policy to promote [asset retention](#) and secure more avenues for future business.

The only challenge is that looks a little different than it did 20+ years ago.

This growing young customer base consumes information differently and has higher expectations for seamless purchase experiences than their baby boomer predecessors. Many rely on digital tools and online research to make their financial decisions, and these sources commonly deter them from even considering life insurance products in favor of saving or investing their assets instead.

This younger generation of customers largely doesn't understand the importance and value of life insurance, and they aren't purchasing it with the same vigor as previous generations. According to a 2023 Swiss Re report, the global protection gap reached a new high of [USD 1.8 trillion from 2018 to 2022](#), which is a cumulative five-year increase of 20%.



# 74%

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Insurers will need to adapt their business models, innovate their product offerings and get creative with [education](#) to successfully reach and resonate with these younger generations. This starts with the carrier's commitment to adopt a [customer-centric mindset](#) that makes consumer experiences more seamless and less complicated by redesigning systems, processes and strategies around the customer's needs instead of the business' product lines.

Beyond this core shift in perspective, life insurance carriers need to adapt and provide flexible, more inclusive, multi-purposed products with a focus on life — not death — to win the business of the younger customer. The demand for personalized, value-added services is high, even for older insured customers. [Capgemini's World Life and Health Insurance Report 2022](#) found that 74% of policyholders seek additional valuable services tailored to their needs.

## Life insurers leverage value-added services to target multiple generations



Engage with ecosystems to develop comprehensive life solutions



Analyze customer behavioral data to gain deeper customer insights to offer tailored additional coverage and services



Provide customer training and education programs to help policyholders understand and utilize products effectively



Earn trust and boost engagement with value-added services such as wellness initiatives, estate planning, and assisted-living

Source: Capgemini Research Institute for Financial Services analysis, 2023.

# How to transform your systems to meet the needs of the next generation

Looking for new solutions that go beyond simply maintaining and updating current systems can be daunting, but legacy technology is preventing businesses from evolving to meet the needs of their changing customer base.

Now is the time to proactively develop a roadmap for how your business will evolve with the needs of the younger market; significant, innovative measures will be required to stay relevant far into the future. Ask these two fundamental questions to start down the path:

## 1. How can we eliminate legacy systems, structures and processes to become a more customer-centric business?

Say goodbye to the practices & models that no longer serve your objectives by:


- Evaluating all systems that require a significant investment of time and money to maintain
- Tracking which lines of business are still profitable and relevant as-is, which can be modified to become more customer-centric and which should be sold off/discontinued
- Weighing your risk tolerance with current legacy systems and what your business is willing to sustain for different product lines; risk of moving to newer systems

## 2. Will the systems we have in place today allow us to evolve with the changing needs of our customers?

Evaluate the effectiveness of current systems to determine their continued usefulness by:

- Assessing if your core system is modern enough to leverage advanced tools like artificial intelligence (AI), low-no code and workflow rules that can support a more flexible future
- Determining whether current systems generate quality data and aggregate consumer insights that guide efforts to deepen customer engagement across all generations
- Finding the best way forward to implement a new core system if it is warranted, either by de-risking legacy systems with a digital API wrapper, using mainframe as a service with an IT or implementation partner, opting for a riskier straight data migration or using generative AI to migrate off of legacy systems.

### Consider a three-step transformation journey to augment legacy systems with an API wrapper




**Perform an inventory analysis**

Assess and prioritize existing systems for digital transformation using APIs



**Start small**

Begin with less-critical functions and develop APIs using a fail-fast testing approach to help the business envision Proof of Value



**Implement at scale**

Roll out digital transformation at a broader scale, iteratively, while monitoring progress

Source: Capgemini Research Institute for Financial Services analysis, 2023.

## Here's what is possible

See technological transformation in action with three insurance giants that adopted new, customer-centric systems to optimize their services and offerings for the next generation.

### 1. Largest mutual insurer in the U.S. with over 175 years in business modernized legacy systems to promote customer-centricity.

**The problem:** New York Life was using legacy systems and outdated technology that limited efficiency, innovation potential and their ability to deliver the optimal customer experience.

**The solution:** The company completed a three-step process to augment their legacy system with an API wrapper. First, an inventory analysis was performed to prioritize existing systems for digital transformation using APIs. Then, APIs were initially developed for smaller, less-critical functions to show proof of value. Finally, the digital transformation was rolled out on a broader scale across the organization.

**The result:** De-risking their legacy system with an API wrapper reduced this insurer's reliance on legacy technology and powered up their customer experience by speeding up core processes and improving advisor effectiveness.

### 2. Global insurer's large UK-based car insurer adopts cloud solution enhancing online quote management with automated pricing.

**The problem:** AXA was supplying 30 million car insurance quotes to aggregator and broker sites daily, and needed to streamline their online quote management system so they could deploy new pricing models faster and with greater agility.

**The solution:** The company moved to Microsoft Azure's platform as a service (PaaS) cloud to automate new pricing model deployment.

**The result:** Harnessing cloud capabilities afforded this company greater flexibility, accessibility, reliability and scalability that has improved the customer experience, enhanced security and promoted cost-efficiency.

### 3. International, 150-year-old multi-line insurer utilizes low-code platform to produce new enterprise solutions that optimize underwriter workflows and improve the customer experience.

**The problem:** Zurich was struggling with legacy technology that was holding them back from iterating as quickly and efficiently as they required to meet the growing needs of both underwriters and customers.

**The solution:** The company used the Mendix low-code platform to accelerate their digital transformation capabilities to streamline underwriter workflows and build a "My Plans Portal" for customers to obtain personal pension and investment details through one account.

**The result:** Low-code technology has bridged this company's legacy and modern technology to enable faster product innovation and more personalized policyholder experiences while reducing coding and development costs.

Sources:

1. How is New York Life's Digital Transformation Enhancing Its 175-Year-Old Mission to Protect Families?
2. AXA UK sets the pace on insurance quotes with Azure Machine Learning and managed endpoints.
3. International Insurance Giant Rolls Out New Enterprise-Wide Solutions Developed on Mendix Low-Code Platform.

## In conclusion

Customers 65 years and older own [40% of life insurers' assets](#) under management and are poised to transfer this to their beneficiaries by 2040. It's time insurers start thinking seriously about the next generation of consumers so they can become tomorrow's life insurance customers.

## Connect with our experts



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Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2023 global revenues of €22.5 billion.

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