The bold new vision of life insurance

A blueprint for protection across every stage of life

Capgemini

Life insurance was designed for a time when life itself was predictable. It was a safety net should a family member – father, mother, child, or spouse – pass away prematurely. Back then, people married in their twenties, worked for one employer, bought a home, raised kids, and retired in a straight line. Coverage for the unexpected fitted right into this picture.

But the script has changed. Today's under 40s often delay marriage or skip it entirely. They rent longer. They switch jobs – sometimes every two or three years. Many freelance or run side hustles instead of joining a corporation for life. The idea of one job, one house, one path simply isn't their reality.

So it's no surprise that life insurance feels out of step – in fact, 32% of under 40s say life insurance coverage doesn't fit their current stage. Another 28% see premiums as too expensive, while 25% are frustrated that policies don't deliver immediate benefits. Instead, they lean on cash savings and bank deposits, which provide liquidity and control but not long-term financial security.

Life insurance once accounted for 8.4% of individual investment wallets. By 2022, that had fallen to 6.5% – a 23% decline. Meanwhile, equities and flexible investment vehicles gained ground, and health spending surged 33% globally.[1] Consumers are voting with their wallets: they want flexibility, tangible value, and control.

And here's the paradox: these same consumers are about to inherit trillions in wealth. They expect life insurance to play a role in their future – but not in its current form.

This is the opening for insurers. The industry can reimagine itself as insurance for living, not just insurance for dying.

From death benefit to life partner

Traditional life insurance revolves around a single event: mortality. But what about the years in between? For a 25-year-old freelancer, death coverage may feel irrelevant. But coverage that offers investment growth, wellness perks, and caregiving support is compelling.

Take the idea of living benefits. These have long existed as riders tacked onto policies, often at an extra cost. But consumers don't want add-ons. They want these benefits baked into the core product:

- Support and rewards for healthy living.
- Support for fertility treatments or mental health.
- Coverage for chronic illness or long-term care.
- Flexible investment components that grow with life stages.

If living benefits are still treated as "add-ons," insurers are already behind. They need to be the backbone of the policy – proof that life insurance has evolved from a static contract into a true life-stage partner.

[1] World Health Organization "Global Health Expenditure Database," September 2025.

Four shifts life insurers need to make

01

Make living benefits the core

Living benefits can't remain optional extras. They must be integrated from day one. Consumers already expect this: 78% of under 40s value living benefits, yet most insurers treat them as side dishes, not the main course.

Examples of what this could look like:

- **Wellness-linked policies:** Premium discounts tied to healthy habits, akin to how some auto insurers reward safe driving.
- **Embedded health coverage:** Bundling critical illness, disability or long-term care into standard policies.
- **Caregiving support:** Benefits that help with childcare or eldercare – both growing needs among younger and middle-aged adults.

Living benefits also create more touchpoints with customers. Instead of a single annual statement or a call during a claims event, insurers could interact monthly or even weekly through wellness apps, caregiving networks or financial planning tools tied to the policy. That ongoing presence builds loyalty and trust. It also positions life insurers as everyday partners in well-being, not silent players in the background.

02

Build flexible, modular products

One size doesn't fit all, and it never really did. But the gap is sharper today. As many as 71% of under 40s want coverage that evolves with their lives, while only 36% of insurers currently offer flexible models.

What does flexibility look like in life insurance?

- **Dynamic balance between investment and protection:** A young adult may prioritize investment growth, with only a small death benefit. As they marry, buy a house, and raise children, they choose to grow the protection side.
- **Pay-per-use coverage:** Imagine a traveler buying short-term boosted coverage before a risky adventure, layered onto their core policy.
- **Modular add-ons:** Easy toggles for new benefits as life changes – like fertility support in one decade, eldercare in another. Younger workers change jobs frequently, and many operate outside the traditional employer benefits system altogether. A modular product should move with them rather than being tied to one workplace.

Simplicity matters, too: the ability to toggle coverage options on an app, preview costs instantly, and make adjustments without an appointment. This type of control mirrors the digital experiences younger consumers expect in banking and retail, making insurance feel less like a contract and more like a customizable service.

Take Ladder Insurance Services, for example. They offer term life insurance with a unique "laddering" feature, which lets customers adjust their coverage amount up or down whenever they like. That means their policy reflects their personal milestones – things like paying off a mortgage or children flying the nest – and they don't pay for what they don't need. It's all handled online: so no new policy, no extra paperwork, just a great customer experience.

03

Personalize with data and AI

As much as consumers want flexibility, they also want anticipation. In fact, 77% of under 40s expect data-driven recommendations, yet only 16% of insurers have scaled the capability.

With AI and behavioral data, life insurers can:

- Detect life triggers (like a new house, new child, or job change) and recommend timely adjustments.
- Predict protection gaps before customers experience them.
- Provide proactive, contextual touchpoints instead of annual paperwork.

Privacy concerns are real. But if the value is clear, consumers will share their data. Discounts, tailored benefits, and relevant experiences outweigh hesitations.

The catch is that personalization requires trust. Recent data shows more than two-thirds of US consumers are willing to share their data, provided they get personalized, rewarding experiences in return.[2] That means insurers need to move past "nice-to-have" personalization and prioritize concrete, tangible rewards. If customers see value, they'll exchange their data without hesitation.

> *"Consumers aren't data shy. They're value hungry. If you deliver benefits, they'll deliver trust."*

[2] Customer Experience Dive "Few consumers trust retailers to use their data responsibly, research finds," June 27, 2025.

04

Modernize tech and distribution

Flexibility and personalization mean little if the process still feels stuck in the 1990s. Today's customer won't wait four days for underwriting or wade through 15-page forms. They want a seamless mix of digital self-service, adviser support, and ecosystem-driven interventions.

But only 11% of insurers have scaled cloud and API capabilities to enable this connectivity. That's both a roadblock and an opportunity.

Examples of innovation:

- Some carriers are beginning to embed health-related benefits, such as critical illness, accident, disability, and long-term care coverage, directly into their core life products. It's an early sign that the shift toward integrated protection is underway.
- Low-code/no-code platforms are making it possible to update products quickly and connect data across silos.
- Ecosystem partnerships with banks, wealth advisers, and health providers are enabling insurers to deliver more integrated, convenient experiences.
- Take BIMA, for example. They partner with mobile network operators in emerging markets to offer microinsurance products – like life, health, and accident cover – via mobile phones. It's an innovative way of making coverage affordable, accessible, and modular for low-income populations.

Why this moment matters

Younger generations aren't just "future customers." They're the next great wealth holders. If insurers don't adapt now, they risk losing relevance for decades.

Meanwhile, competitors are already testing bold moves. Some banks and insurers are embedding critical illness or travel coverage into broader products. Technology firms are rethinking distribution with ecosystem models. The race is on.

If insurers miss this moment, the consequences are stark. Younger consumers won't wait around for the industry to catch up. They'll turn to alternative financial products that feel more relevant, from fintech investment apps to embedded protection sold through travel or retail platforms.

Insurers who redesign around flexibility, living value and modern experiences won't just win customers – they'll win loyalty.

The way forward

The future of life insurance isn't about mortality alone. It's about living well, across every stage of life. Reinvention requires bold action across four dimensions:

1. Product design and innovation: Shift from static policies to modular, dynamic solutions.

2. Risk modeling: Move beyond mortality to morbidity and financial risk, supported by intelligent underwriting.

3. Marketing and education: Equip advisors to tell a new story – one that's human and relevant.

4. Technology and distribution: Build low-code, cloud-enabled platforms that make policies portable, simple, and seamless.

This is where Capgemini partners with insurers. We help redesign products, modernize systems, and create digital-first experiences that meet consumers where they are and where they're going.

Capgemini can help insurers seize this moment. Explore our World Life Insurance Report 2026, connect with our experts, and start building the blueprint for relevance and growth.

Provocative prediction: a glimpse into the future

- Pay-per-use coverage will become mainstream, especially for travel and adventure.
- Morbidity-based underwriting will rival mortality as the foundation of pricing.
- Rebranding away from "life insurance." Future policies may be marketed simply as "protection" or "life-stage coverage."
- Embedded insurance ecosystems will make policies portable, flexible, and deeply integrated with financial planning.

Authors

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