News release

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**Insurance CEOs embrace disruption, reveals PwC survey**

Insurance CEOs are more concerned than those in any other sector about the combined threats to their growth prospects from over-regulation, the speed of technological change, changing customer behaviour, and competition from new entrants. But while this indicates that insurance is an industry most affected by disruptive change, insurance CEOs are fairly confident their companies can grow revenue over the next twelve months and they are among the readiest to embrace disruption.

These are the main insurance industry findings from PwC’s 20th CEO Survey of 1,379 CEOs, including responses from 95 insurance CEOs in 39 countries. The industry summary ‘Embracing possibility, boosting innovation’ looks at how insurers can emerge stronger from another pivotal year in the strategic and operational transformation of the industry.

Despite soft premium rates, low interest rates, and subdued economic growth in many developed markets, insurance CEOs are optimistic about their own companies’ growth prospects. Over a third (35%) are very confident they can achieve revenue growth over the next year and more than 80% are at least somewhat confident.

**Robo-advice and pay-as-you-go**

However, insurance CEOs are also acutely aware of the disruption and change facing their industry, the transformational impact of which is now evident in areas ranging from robo-advice to pay-as-you-go and sensor-based coverage. Concerns over regulation, competition from new market entrants, the pace of technological change and especially shifting customer behaviour have continued to rise from their already high levels in previous years.

Insurance CEOs’ concerns over potential barriers to market entry and development are also growing. 60% believe that it’s becoming harder to compete in an open global marketplace because of moves toward more protectionist national policies. A further 74% of insurance CEOs – more than those in any other industry PwC surveyed – see lack of trust in business as a threat to growth.

The good news is that many insurers are taking action and seem to be ready to face up to their challenges. This is evident in the fact that 67% of industry leaders see creativity and innovation as very important to their organisations, more than any other financial services (FS) sector. Insurance CEOs are also ahead of their FS counterparts in exploring the benefits of humans and machines working together (61%) and considering the impact of artificial intelligence (AI) on future skills needs (49%).

**Customer intelligence most valuable asset**

The cost and disruption of regulation continue to be industry leaders’ paramount concern, but the sharp rise of concerns about shifting customer behaviour is particularly striking. In last year’s CEO Survey, already 24% of insurance CEOs stated they were extremely concerned about changing customer behaviours, but this year saw a 21% increase to 45%. To keep pace, insurance CEOs recognise that customer intelligence, along with the quality of the client insights and interactions that underpin it, is their most valuable asset and surest foundation for profitability and growth.

Unsurprisingly, it’s customer intelligence and cutting edge customer interaction that have enabled InsurTech businesses to set the pace in the marketplace. Stephen O’Hearn, PwC’s Global Insurance Leader, believes InsurTech companies could open up valuable opportunities for insurers:

“Rather than being just a threat, the growing presence of InsurTech companies could enable insurers to make the leap from incremental to breakthrough innovation. InsurTech partnerships can help insurers improve their processes, strengthen efficiency and reduce costs. They also can help insurers improve their analysis of the huge amounts of data at their disposal, which can lead to better customer understanding, higher win-rates, and more informed underwriting.

Playing an active part in the development of Insurtech is one of the key elements of the ‘fit for growth’ platform we believe will enable insurers to compete on cost, innovation and customer-intimacy.”

**Ends**

**Note~~s~~ to editor:**

PwC’s report ‘Embracing possibility, boosting innovation’ is based on a summary of findings in the insurance sector, based on the response from 95 CEOs in 39 countries. To see the full results of PwC’s 20th Global CEO Survey, please visit [ceosurvey.pwc​](http://ceosurvey.pwc)

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