

LONDON--([BUSINESS WIRE](#))--The total annual volume of property and casualty (P&C) and life insurance policies sold through digital channels in Europe could reach €25 billion in 2016, more than double the 2012 value of €12 billion, according to a new Accenture (NYSE:ACN) study based on a survey of 78 insurers across Europe.

According to the study, policies sold through digital channels are expected to account for 18 percent of European insurers' total annual new business premium volume in 2016, compared to 11 percent in 2013.

The study also finds that three-quarters (78 percent) of European insurers are planning to increase investments in the digital transformation of their sales and distribution functions, and expect to spend €27 million, on average, in this space over the next three years.

"The shift to digital is inevitable for insurers and our study reveals that the industry is investing heavily to transform itself," said Piercarlo Gera, global managing director of Accenture Distribution and Marketing Services. "This transformation is critical to attract consumers who are becoming increasingly unwilling to buy a product or service that does not provide the same levels of convenience, simplicity and speed to which they have become accustomed from many other services they use every day. Especially, the "digital generation", or Generation D, which is permanently connected and used to purchasing books, electronic devices, music and travel online. Insurers must invest in capabilities with a clear strategy to improve the overall customer experience with every interaction."

The complexities of managing changes across physical channels is perceived by insurers in Europe as the most important challenge in the digital transformation of their distribution, cited by 85 percent of respondents. Other significant barriers include the constraints of their IT legacy systems (81 percent) and the inability of their organization to act quickly (81 percent).

The study also indicates that nine European insurers out of ten (89 percent) are expecting competition to intensify in the insurance distribution market over the next three years. Almost two-thirds (64 percent) believe that this competition will come from non-insurance players, such as Google, or e-commerce giants like Amazon.

“Insurers realize that the digital journey is full of pitfalls, with challenges in overcoming internal resistance to change, and emerging external threats,” said Jean-Francois Gasc, managing director of Accenture Distribution and Marketing Services for insurance across Europe, Africa and Latin America. “To maximize value from digital, insurers will need to move from a product-centric culture to a customer-oriented mentality. The threat posed by emerging competitors such as Internet giants is real because user-experience improvement is part of these companies’ DNA, and this is a strategic weapon in gaining market share in the insurance distribution business.”

Among other survey findings:

- Sixty percent of European insurers confess that they currently do not have a digital strategy in place or that their strategy is limited to only a few areas – such as sales or customer interactions processes - and fails to cover the entire insurance value chain, from product creation and underwriting to claims settlement, including policy administration.
- The top priority for European insurers in their digital transformation strategy is to obtain a 360-degree customer view across all channels, mentioned by 59 percent of respondents. Other top priorities include streamlining processes (57 percent), and increased customer self-service functionalities (56 percent).
- When asked which new customer interaction channels - whether for sales, customer service or marketing purposes - they are considering developing in the next three years, two-thirds (67 percent) of the European insurers surveyed mentioned mobile devices, followed by social media (59 percent).
- Over the next three years, insurers plan to invest in “big data management capabilities” (53 percent), in “unstructured data management” such as voice and video (40 percent), and mobile technology (36 percent).
- Regarding their back-office functions, insurers’ top investment priorities are “collaboration and social networking tools” (40 percent) and “Web-enabled reporting and data-mining” (36 percent).

“Digital is more than simply a new distribution channel,” said Jean-Francois Gasc. “The digital era offers an entirely new way of doing business, affecting all strategic and functional areas across the entire insurance value chain. It presents opportunities for improved brand management and social media engagement; seamless multi-channel sales and service across phone, online and new channels such as mobile and social media; a collaborative ‘digital workforce’ culture, harnessing techniques such as crowd-sourcing; and products and services that can be developed, marketed, distributed and underwritten in entirely new ways, underpinned by powerful analytics and personalization techniques.”

Methodology

Accenture commissioned a survey of 78 European P&C and life insurers. The 78 respondents were C-level executives involved in digital distribution strategy, including heads of sales and chief marketing officers. Interviews were conducted by telephone by Kadence Ltd. and in person by Accenture executives, between April 2013 and July 2013. Of the companies represented, 25 percent had net premiums written (NPW) of more than €10 billion; 57 percent had NPW of €1 billion to €10 billion, and 18 percent had NPW of below €1 billion. Of the 78 insurers, fifteen were located in France, twelve in Italy, eleven in Spain, eight in Germany, seven in the United Kingdom, six in Belgium, five in Austria, three each in the Netherlands, Sweden and Switzerland, two each in Finland and Norway, and one in Denmark.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 275,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is www.accenture.com.

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