



**2023 LIMRA
ANNUAL
CONFERENCE**

Forging the Future

**The Modernization
Journey: Investigating
Technology Investments
for a Competitive Edge**





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About the Study



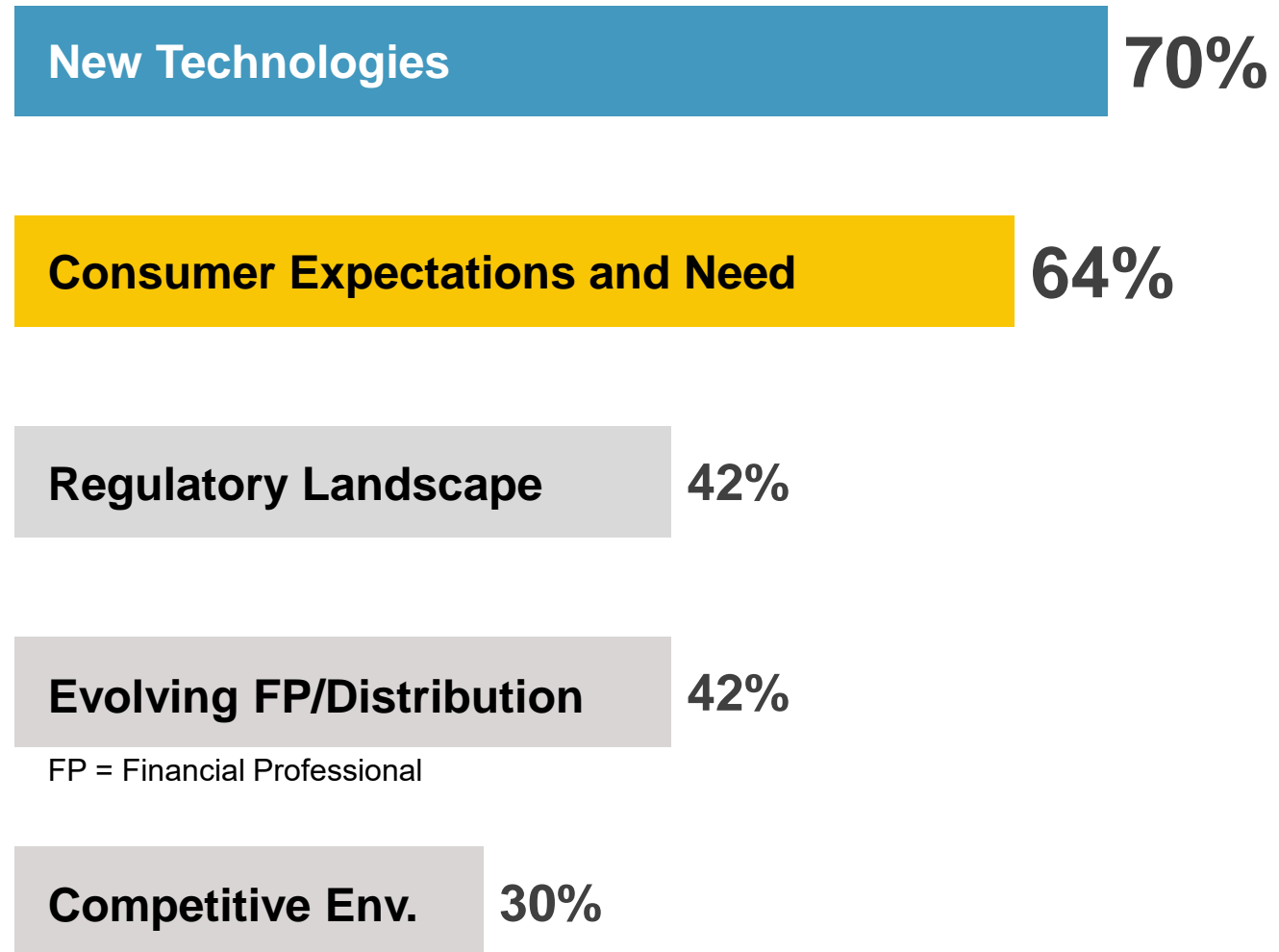
LIMRA and EY partnered to explore life insurers' technology investments and priorities.

This work included a survey of 35 major carriers and focus group interviews with technology and business executives in the summer and fall of 2023.

Topics covered include:

- Current and future investment priorities
- Technology challenges and strategies across the value chain (product development, marketing, sales tools and illustrations, underwriting, and claims)
- Perceptions of advanced analytics, digital customer experience, core legacy systems, blockchain, and AI

The Insurance Landscape Is Evolving Faster Than Ever Before



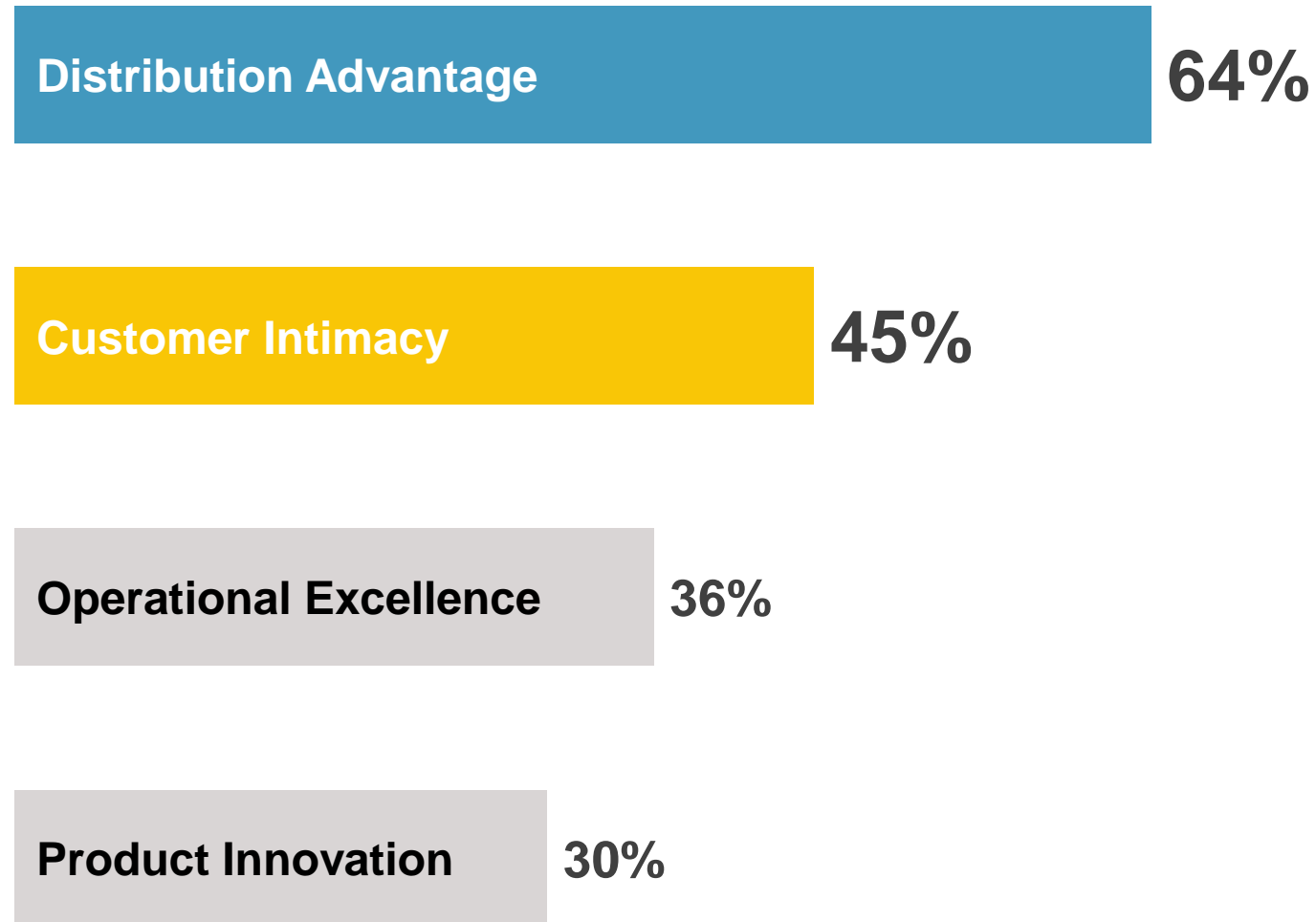
Top 5 trends shaping carrier tech investments over the next 5 years

Generative AI has the power to transform the insurance sector by:

- Increasing operational effectiveness
- Opening up new innovation opportunities
- Deepening customer relationships

Digital experience, innovative products, and go-to-market strategies that consider all segments (e.g., silver economy, Millennial and Gen Z), across needs, expectations, and preferences are required.

Pick Your Competitive Advantage and Invest Accordingly



Main sources of competitive advantage for carriers

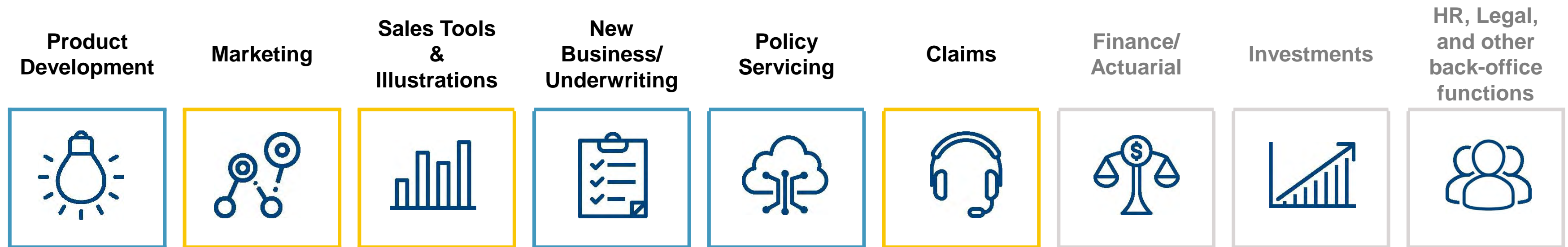
While competitive compensation is table stakes, **streamlined new business** and underwriting processes, and strong support tools will differentiate carriers.

Partnerships allow carriers to quickly enable new capabilities to offer **digital and personalized experiences** in a cost effective and efficient way.

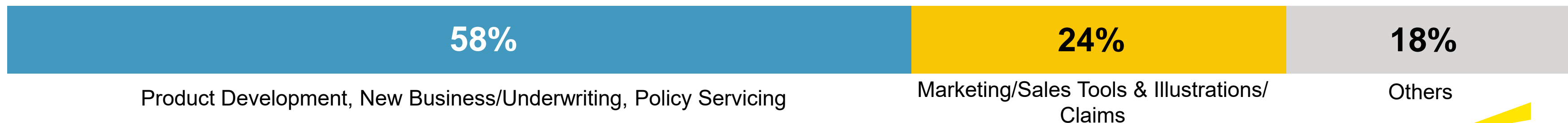
Address Legacy Infrastructure or Risk Falling Behind

Digital transformation remains the top objective of technology investment, however **67% of the carriers are still challenged by legacy systems and outdated infrastructure.**

The leading modernization approaches include replacing custom code systems, adding vendor packages and engaging in partnerships.

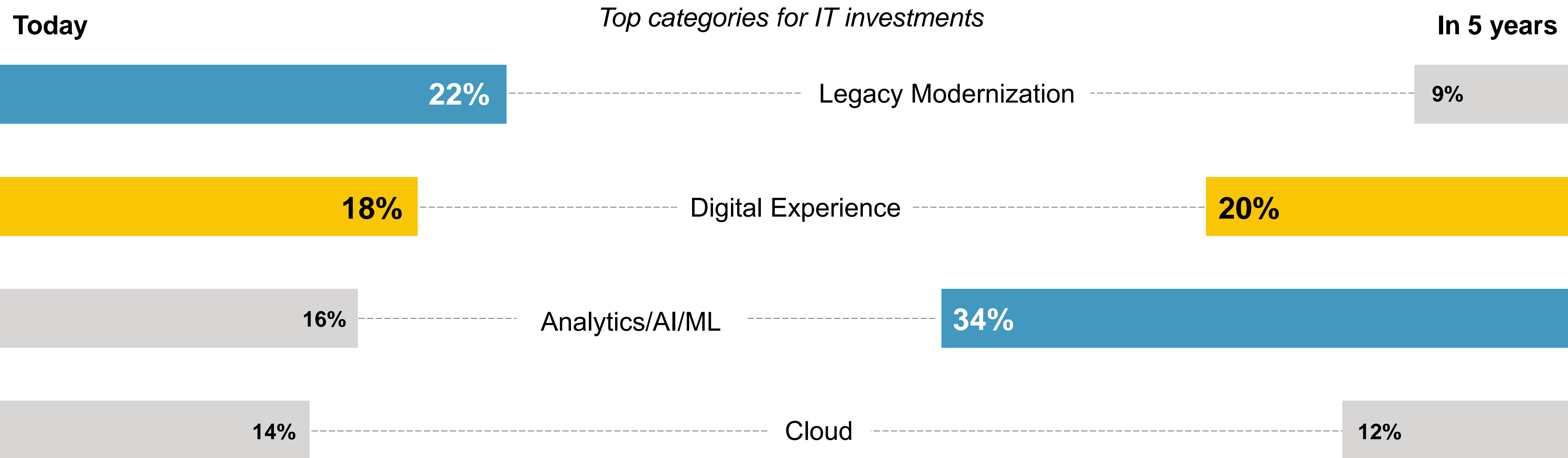


Distribution of technology investment by functions



The Future Is Digital Experience, Analytics, and AI

As capital from investments tied up in legacy modernization free up, there will be a dramatic shift towards Analytics/AI/ML with **more than 2x the investment.**



Summary of Key Findings

New technologies and **evolving consumer expectations** are going to have the largest impact on carriers in the next 5 years

90% of carriers have considered these two in their top strategic priorities

Distribution and **customer intimacy** are the most common sources of competitive advantage

88% of carriers have these two in their top priorities

Carriers are investing primarily in **product development, new business & underwriting, and policy servicing**

58% of current spend is in these three areas

Legacy modernization still consumes significant resources

67% of carriers are still challenged by legacy systems and outdated infrastructure

In 5 years, we expect to see a dramatic **shift towards analytics/AI/ML** as capital from legacy investment frees up

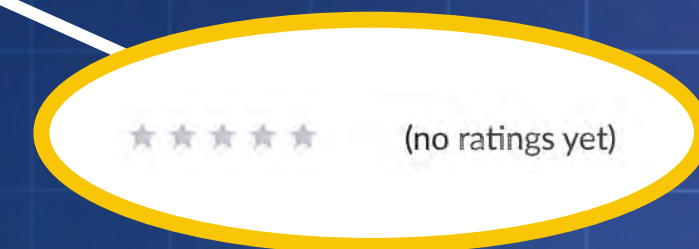
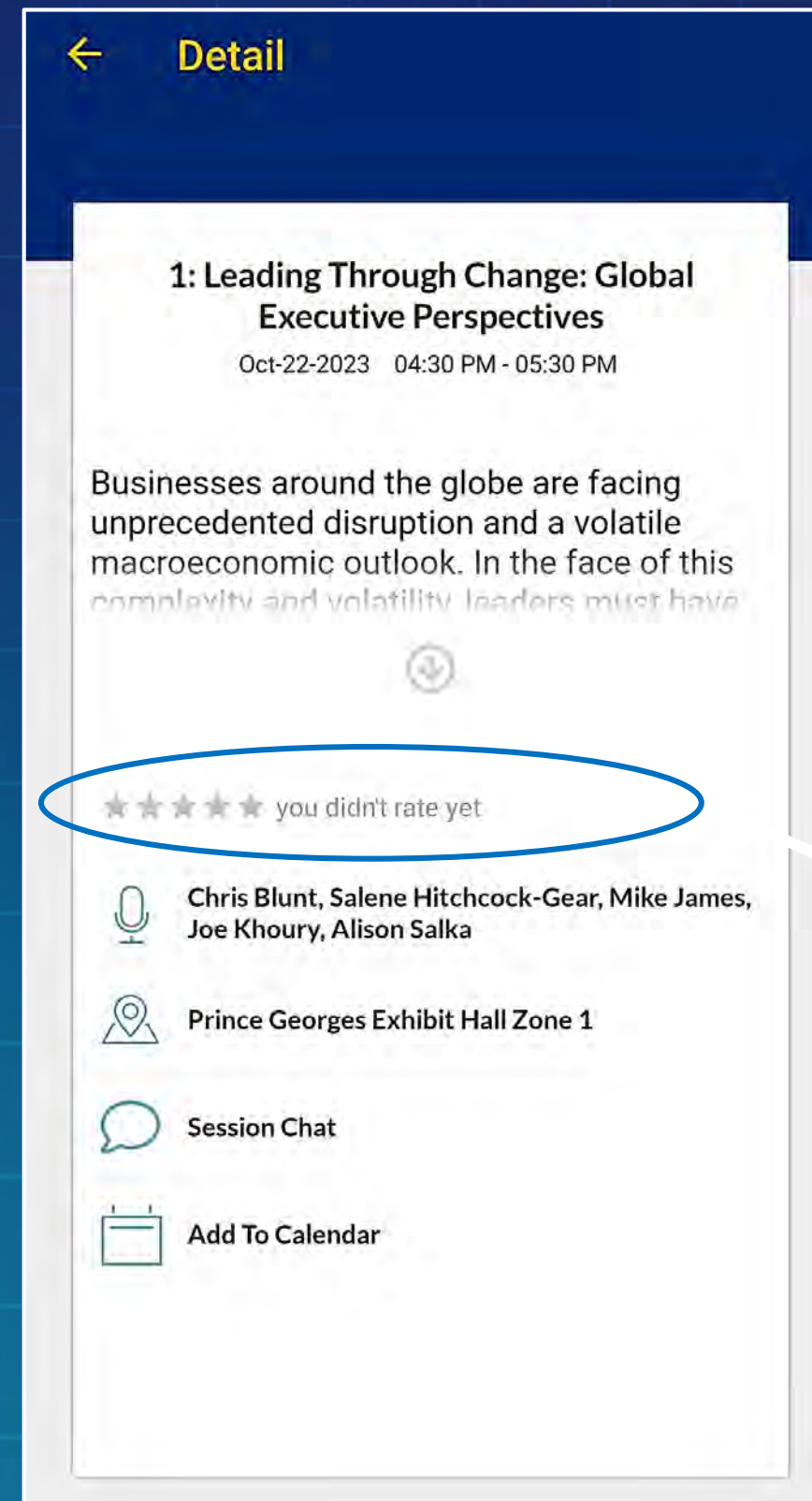
2x the investment towards analytics in next 5 years as carriers prioritize it as a top investment area

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