WHITE PAPER

State of InsurTech 2024

Building on the New Normal:
Profitability, Maturity, and the Promise of Generative AI

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As we reflect on the state of InsurTech in 2024, it’s clear the industry has fully settled into a new normal. The exuberant peaks of 2021 now feel like a distant memory; in their place is a more grounded optimism shaped by the hard lessons of the past two years. After a period of rebasing in 2022 and 2023—marked by investor caution and a pivot toward efficiency and sustainable growth—2024 emerged as a year of consolidation. InsurTech today is more disciplined, resilient, and strategically focused than ever.

Introduction

Last year, we described 2023 as a moment of reckoning for the InsurTech sector—a confirmation that 2022 was not just a temporary correction, but a structural reset. Funding levels had returned close to pre-pandemic norms, and the exuberance of 2021 gave way to a more measured, sustainability-focused approach. We called this the "new normal"—a period defined by slower capital deployment, heightened expectations around performance, and a sector-wide pivot toward operational maturity.

In 2024, that new normal has not reversed—it has evolved. This year's whitepaper, Building on the New Normal, explores how the InsurTech sector is progressing with sharper focus on profitability, business maturity, and the transformative potential of Generative AI. It draws on insights from BCG FCT's seventh annual InsurTech report, offering a data-driven view of the global InsurTech landscape in 2024. The report examines emerging trends across product lines, geographies, funding stages, and value chain segments, along with a deep dive into the financial and operational performance of listed InsurTechs.

The post-pandemic slowing of funding in InsurTech has continued into 2024. Despite the number of "investable InsurTechs" remaining stable, investor appetite—especially from "tourist" investors—has declined sharply, due in part to market saturation, global venture capital downturn, macroeconomic uncertainty, and rising interest rates.

Perhaps the most important takeaway from 2024 is the rising potential (and risk) of Generative AI. AI-powered InsurTechs maintained a stable share of deal activity in 2024, following a four-point surge in 2023, driven by sustained investor confidence in GenAI. The technology's growing potential impact is evident to incumbents too, with mentions on insurer earnings calls nearly quadrupling over the past five years.

The next wave of InsurTechs, powered by Generative AI, could redefine the industry and reignite investor confidence. Will GenAI's impact be limited to workflow improvements and customer experience within InsurTech enterprises, or will it reshape the industry's value-chain in the short-run and long-run? Only time will tell, but early signs indicate that the InsurTech sector might be on the cusp of another large wave of transformation.

Despite the global decline in overall funding—and apart from the industry-wide hype around GenAI—2024 had many bright spots:

Equity funding at Series B surged by 35% year over year as investor confidence in scale-ups rebounded.

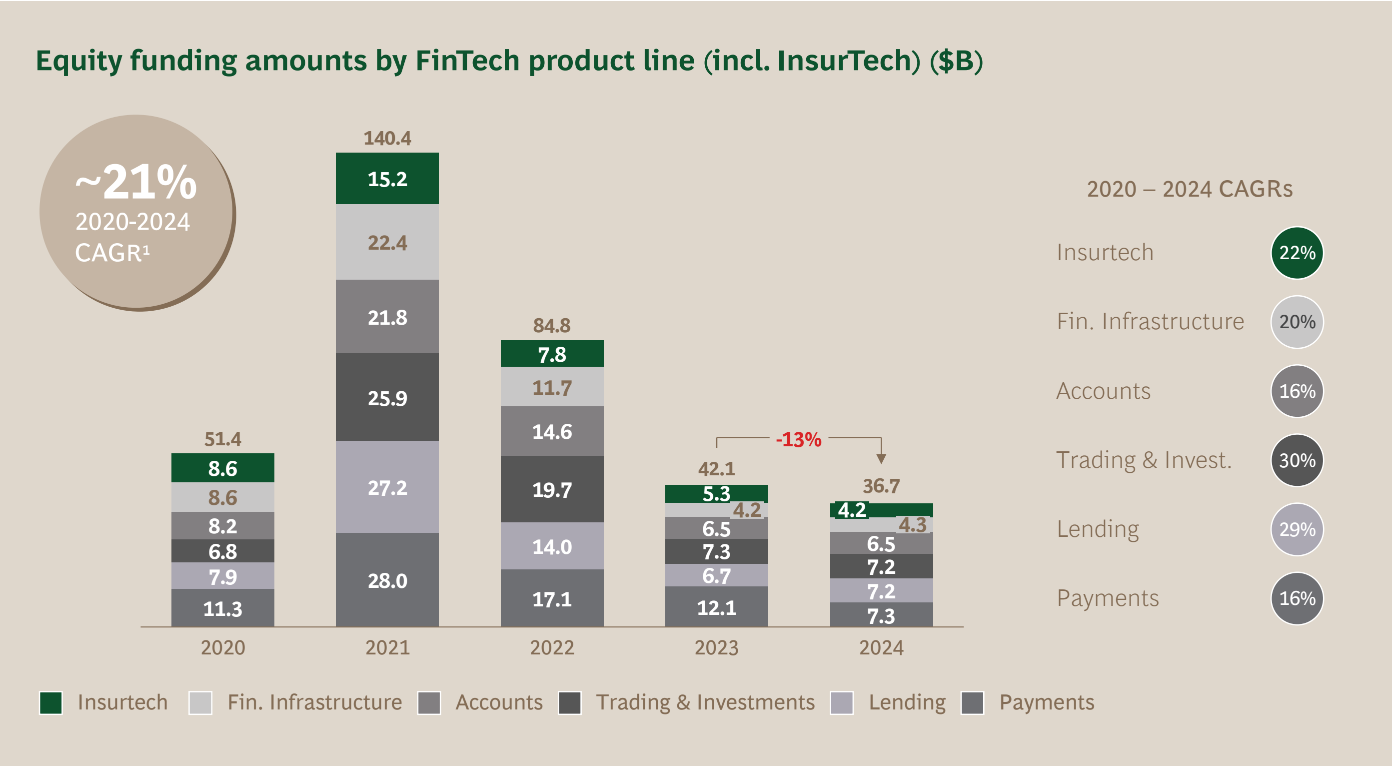
- Health insurance was the only cluster that saw a year-over-year increase in funding, rising 35% and making it the second-highest funded segment overall. This was driven by a shift in investor focus from full-stack health insurers to benefits providers and patient engagement platforms.

- Series C funding was up 96% year-over-year—a continuation of investor funding of several fast-maturing startups who had raised Series B rounds in 2023. Incumbents will need to keep a close eye on these fast-maturing startups.

- Publicly listed InsurTechs outperformed the market with a 42% gain, reflecting a turn towards profitability. Investor confidence has swung back especially towards InsurTech Disruptors[1] (up +139% in 2024), propelling sector-wide outperformance.

[1] *Digital risk carriers who target same revenue sources as incumbent insurers.*

Exhibit 1 - FinTech funding declined 13% year-over-year, with InsurTech receiving the least funding at $4.2B (11% of the total); its five-year CAGR, however, is the third-fastest growing among all FinTech clusters.



1. The bars in the graph and the circles showing the Compounded Annual Growth Rates (CAGRs) are sorted as shown in the legend; CAGRs are calculated using cumulative values from 2000 to 2024 by applying this formula: (Vf / Vi)^(1/n) - 1, where Vf is the final value, Vi is the initial value, and n is the number of years.
Source: BCG FinTech Control Tower

Key positive trends emerge also looking back over the past five years:

- InsurTech has grown at a 22% CAGR from 2020-2024, surpassing the FinTech industry's average of 21% and it is the third-fastest growing among all FinTech clusters.
- Europe, Middle East, and Africa (EMEA) has consistently led in growth with a 29% CAGR in the same time period, securing nearly a third of funding in 2024 driven by European InsurTechs.

Next, we will examine the global InsurTech landscape across geographies, product lines, funding stages, and the value chain segments. At each step, we will highlight key headlines and actionable insights for incumbent insurers aiming to adapt, compete, and lead in this evolving market.

Overall Investment Trends: Low Volume in InsurTech Funding

Globally, VC investments across all industries (including InsurTech) in 2024 totalled $380 billion—a 4% increase from 2023, which had witnessed the lowest level of global VC investment since 2018. The increase was fueled primarily by mega-rounds in US-based AI start-ups. Noteworthy examples include Databricks ($10 billion in Series J), OpenAI ($6.6 billion in

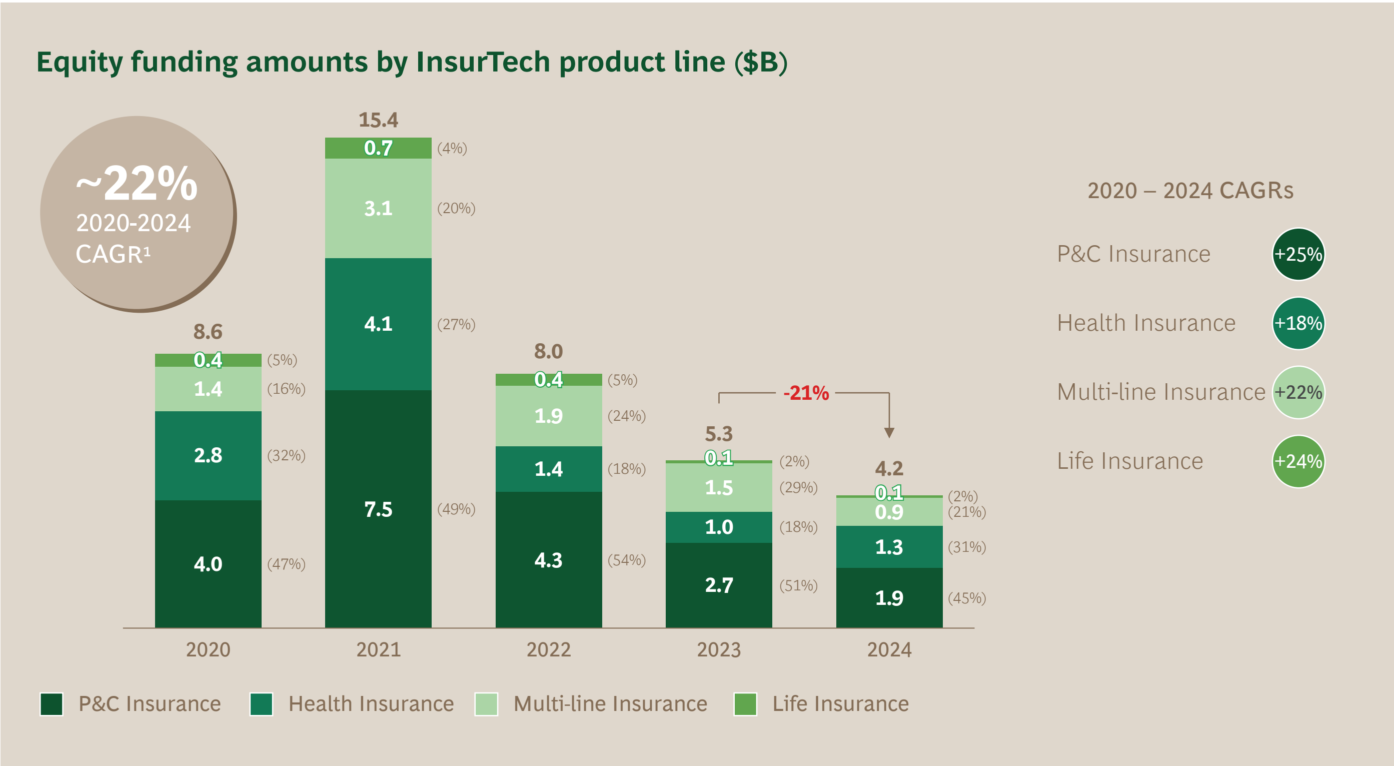
Series B), and xAI ($6 billion in Series B and $6 billion in Series C).[2] However, deal count was the lowest since 2015, down 26% year-over-year, indicating that investors are concentrating their capital into fewer, larger bets.

Despite the overall increase in VC funding, equity funding in FinTech declined by 13% from 2023 to 2024, slowing down to $36.7 billion (see Exhibit 1). Within FinTech verticals, Insurance took 11% ($4.2 billion) of that overall funding in 2024, representing a five-year low and the second largest year-over-year drop in funding (21%) after Payments (40%). Despite this recent drop, InsurTech has grown at a 22% CAGR over the past five years (2020-2024), surpassing the FinTech industry's average of 21% and other clusters such as Lending (16%) and Payments (16%).

Investment Trends Across Product Lines: P&C Is Fastest Growing Over Five Years

Among the $4.2 billion invested in InsurTech in 2024, slightly less than half of it (45%) was invested in P&C insurance at $1.9 billion. All clusters registered a funding decline in 2024 relative to 2023, except for Health, which posted a 35% year-over-year increase (see Exhibit 2). Health is the second-highest funded cluster at $1.3 billion, accounting for 31% of the total InsurTech investments. In contrast, Multi-line Insurance registered the largest decrease of 41% year-over-year, now making up $0.9 million or 21% of the total investments.

Exhibit 2 - In 2024, InsurTech funding reached a five-year low of $4.2 billion. Funding for all clusters decreased—except for Health.



1.Compounded Annual Growth Rates (CAGRs) are calculated using cumulative values from 2000 to 2024 by applying this formula: (Vf / Vi)^(1/n) - 1, where Vf is the final value, Vi is the initial value, and n is the number of years
Source: BCG FinTech Control Tower

[2]These companies, and all other companies mentioned in this whitepaper, were chosen because they have recently closed funding rounds or reached a specific milestone. These mentions do not entail BCG's endorsement of them.

When we zoom out and examine five-year CAGRs, we see that P&C insurance is the fastest-growing cluster, and Health is actually the slowest-growing, notwithstanding the spike in funding in 2024. The growth in P&C (CAGR 25%) over the past five years has been driven by driven by InsurTechs across both Personal P&C—spanning General, Pet, and Point-of-Sale (POS) insurance—and Commercial P&C, which includes high-demand segments like Cyber and SME insurance. Personal Lines have delivered hyper-personalized, flexible products, such as Bolttech, a Singapore-based embedded insurance provider who raised $112 million in December 2024. The growth in commercial lines has been mainly driven by cyber insurance and climate-risk insurance, such as ICEYE, a platform that leverages big data to enhance underwriting and digital carriers insuring against climate risks, who raised $158 million in Series E+.

Life insurance has been following P&C closely behind with a 24% five-year CAGR. This growth has been driven by investments in US-based digital insurers and intermediaries specializing in Term Life products, with most funding raised in 2020–2021. For example, Amplify, a US-based life insurance platform, raised $20 million in Series B in 2024. Though still in early stages, Group Life is the second highest-funded and fastest-growing cluster at 30% CAGR, driven by full-stack players, such as Dayforward and YuLife, and brokers (Xempus, Insgeek) who provide employer-sponsored life insurance.

Multi-line InsurTechs came in third, with a moderate 22% five-year CAGR. Its growth has been driven by major funding rounds in APAC-based insurers expanding digital distribution across B2C and B2BX. One Inc, a US-based end-to-end digital payments platform, raised $150 million in equity in 2024. In addition, increased investment in Life, Health & P&C tech platforms has also been fueling advanced underwriting, AI-driven pricing, and automation. Akur8, a French company that offers machine learning-powered insurance pricing and a reserving platform for insurers, raised $120 million in Series C in 2024.

Lastly, despite the bump in funding in 2024, Health Insurance is the slowest-growing product line over the past five years with a CAGR of 18%. This must be viewed in context: Historically, this product line has been the second highest-funded cluster, largely due to investments in US-based digital insurers. Where growth is happening, it is primarily led by Benefits & Network Design and General Healthcare. Within the former, Alan, an established European insurer that offers standardized health insurance plans with minimal administration overhead for employers, raised $188 million in Series E+. Within the latter, Chapter, a US-based digital carrier that helps individuals compare and enroll in general healthcare plans, raised $50 million in Series C.

Investment Trends Across the Value Chain: Investors Shifting Toward Models With No/Light Balance Sheets

In 2024, full-stack players drew $1.5 billion in equity funding—nearly 40% of total funding ($4.2 billion) in InsurTech (see Exhibit 3). That said, investors are increasingly betting on players with no/light balance-sheets and flexible business models, such as brokers/agents or technology platforms. In fact, the share of funding into full stack players dropped by 10 percentage points, from 48% in 2020 to 38% in 2024.

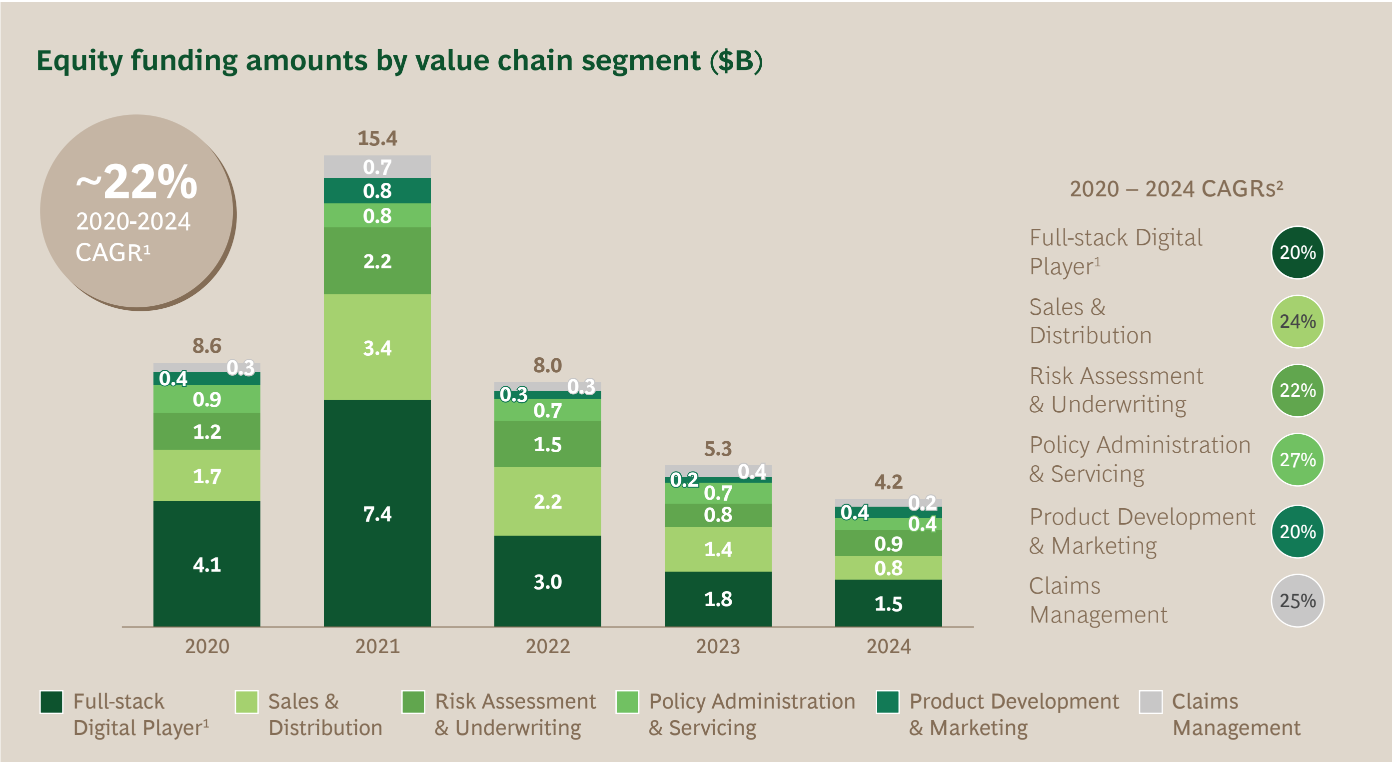
Although equity funding in 2024 has declined relative to its 2021 peak and year-on-year, InsurTech has, overall, witnessed a 22% CAGR over the past four years. The following value chain segments, in particular, have exhibited above average growth:

- Sales & Distribution posted a 24% CAGR fueled by US-based P&C insurance marketplaces such as Extend and Newfront.

- Policy Administration had a 27% CAGR that was driven by US-based P&C low-code platforms, such as Unqork, Duck Creek, and AgentSync.

- Claim Management witnessed a 25% CAGR, fueled by US-based P&C data platforms (e.g. Tomorrow, Hower) as well as Health platforms (e.g. Eden Health, Rialtic).

Exhibit 3 - Despite investors shifting towards models with light balance sheets, full-stack players still attracted nearly 40% of total funding in 2024.



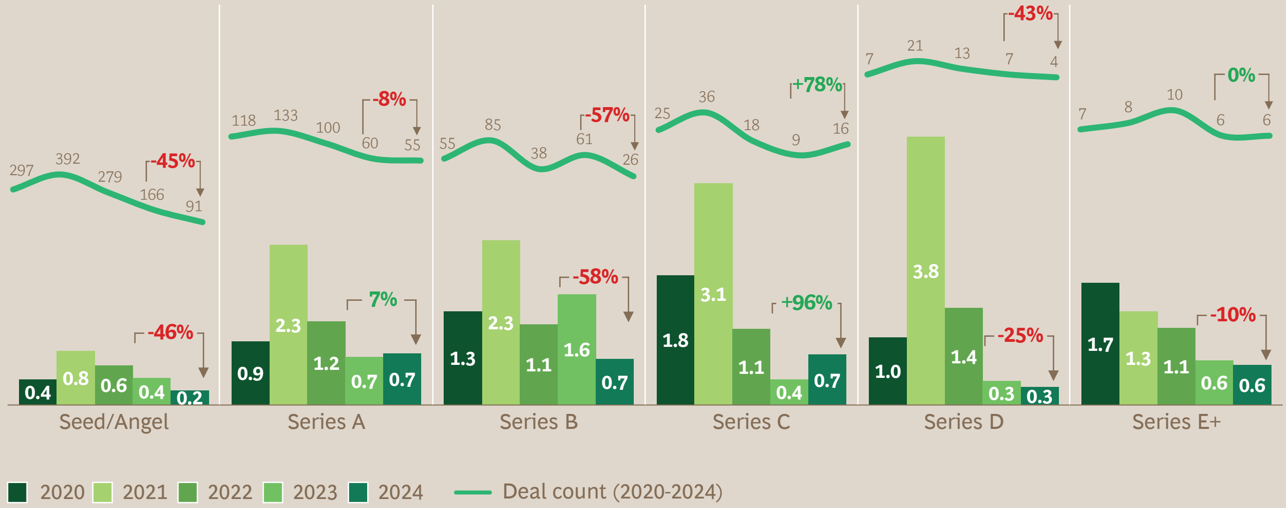
1.Full-stack refers to tech-driven digital insurers and Managing General Agents that manage the entire insurance process from underwriting and pricing to claims and customer service
2.Compounded Annual Growth Rates (CAGRs) are calculated using cumulative values from 2000 to 2024 by applying this formula: (Vf / Vi)^(1/n) - 1, where Vf is the final value, Vi is the initial value, and n is the number of years
Source: BCG FinTech Control Tower

Investment Trends Across Investment Maturities: Series C Spotlight

In 2024, the big story was the growth of Series C, which was up 96% year-over-year—a boost driven by fast-maturing startups such as Bolttech, Akur8, and Cowbell, all of whom had raised Series B rounds in 2023. This increase is in stark contrast to 2023, in which Series C had a 65% year-over-year drop. Series A posted a modest 7% year-over-year growth in 2024. The rest of the maturity levels all experienced a decline in funding. Series E+ remained stable in deal count, but saw a 10% drop in average investment. Seed and Series B declined 46% and 58% respectively year-over-year due to investor caution and tighter mid-stage capital. (see Exhibit 4).

Exhibit 4 - In 2024, Series C funding surged 96% year-over-year as deals nearly doubled, while earlier stages declined amidst investor caution.

Equity funding amounts ($B) and deal count (#) by investment maturity[1]



1.Unattributed equity funding rounds have been excluded from the analysis
Source: BCG FinTech Control Tower

In 2024, the number of mega-rounds (equity funding rounds greater than $100 million) declined by 36% year-over-year, reaching a five-year low. There were only seven mega-rounds all occurring at the Series C+ stage. Additionally, the share of equity funding that was raised in mega-rounds reached a five-year low, dropping by 28 percentage points – from 52% in 2019 to 24% in 2024. Unsurprisingly, the mean-median deal size gap in 2024 was the smallest that it has been in the past five years, since there were fewer mega-rounds skewing funding trends. Mega-rounds were once considered a significant trend, but clearly they are not as prevalent now. The market has shifted towards more cautious investing, with a focus on profitability. Smaller, targeted funding rounds are now more prevalent, especially for early-stage startups.

The top three equity funding rounds that surpassed the $100 million mark were:

- **Alan:** A France-based digital insurer in Health insurance who raised $188 million in Series E+ funding. It provides an AI-driven employee benefits platform that revolutionizes healthcare for employees.

- **Sidecar Health:** A US-based digital insurer in health insurance who raised $165 million in Series D funding. It offers a health insurance platform and medical coverage to employers.

- **ICEYE:** A US-based technology platform that provides Earth observation data for risk assessment via a vast SAR satellite constellation. It raised $158 million in Series E+ funding.

Despite declines in equity funding, median pre-money valuations in InsurTech have soared by 48% to an all-time high, rebounding from the 2022 market-correction after the 2021 boom. The surge in valuations occurred across the board for all maturities, except for Series B and Series D. Series E+ led the way with a 746% increase compared to 2023, followed by Series C with a 61% increase relative to 2023.

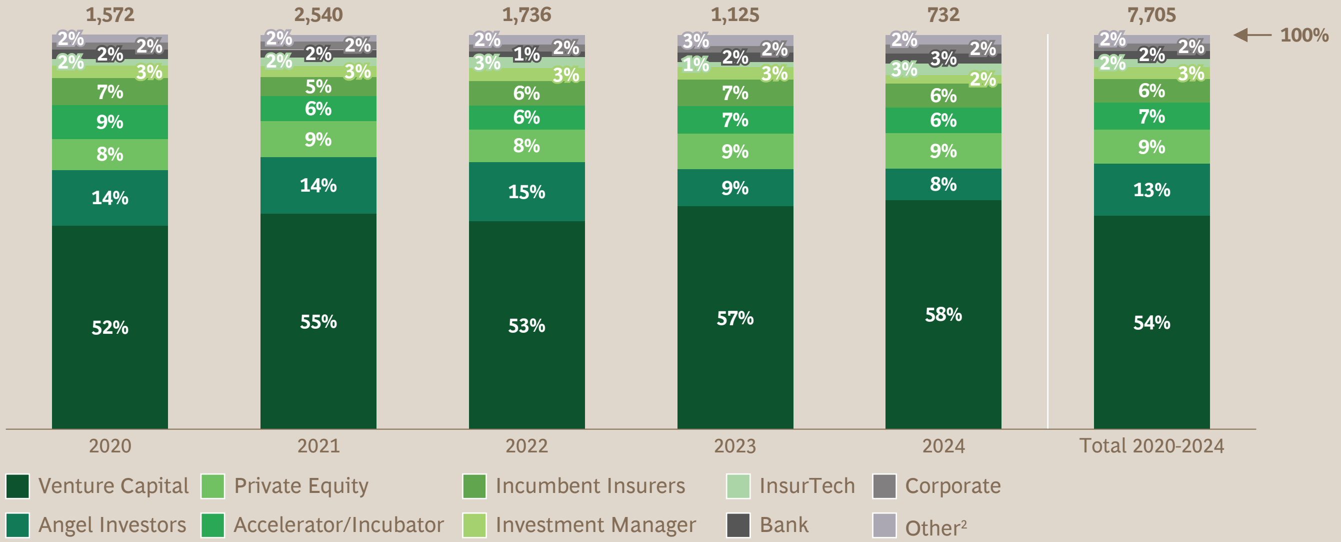
Investor Overview: Incumbents Hold the Line in InsurTech Contributions

Over the past five years, Venture Capital was the predominant investor category, with market share increasing by six percentage points to 58% in 2024.[3] Conversely, the share of Angel Investors shrank by six percentage points to 8% in 2024, reflecting a market exit driven by fear and reduced liquidity from small investors. Incumbent insurers ranked fifth, maintaining a stable average 6% market share over time. (see Exhibit 5).

On the other hand, insurers' participation in investment rounds averaged 16% over five years, declining to 14% in 2024.[4] This represented a drop across almost all maturities; Series A & B saw the sharpest drop, down 9 percentage points year-over-year (28% to 19%). Despite this, Series A & B early-stage investments remained the majority of (re)insurers' contributions, constituting 66% of total contributions in 2024. Series C+ constituted 19% of total contributions, and Seed/Angel only 16%. As context, the top 10 most active incumbent insurers globally account for roughly 40% of the total (re)insurers' contributions since 2020.

Exhibit 5 - Venture Capitalists are the dominant investor category over the past five years, with incumbent insurers ranked fifth, maintaining a stable average 6% market share over time.

Top 10 investor categories by number of contributions[1], 2020-2024, %



1.The figures at the end of each bar represent the total number of investment contributions made every year by all investors category in the market
2.It includes minor categories e.g., Gov. Orgs, etc.
Source: BCG FinTech Control Tower

[3] *Share of number of contributions is calculated as the number of contributions from any given investor category divided by the total number of contributions, where each participation in a funding round counts as one contribution.*

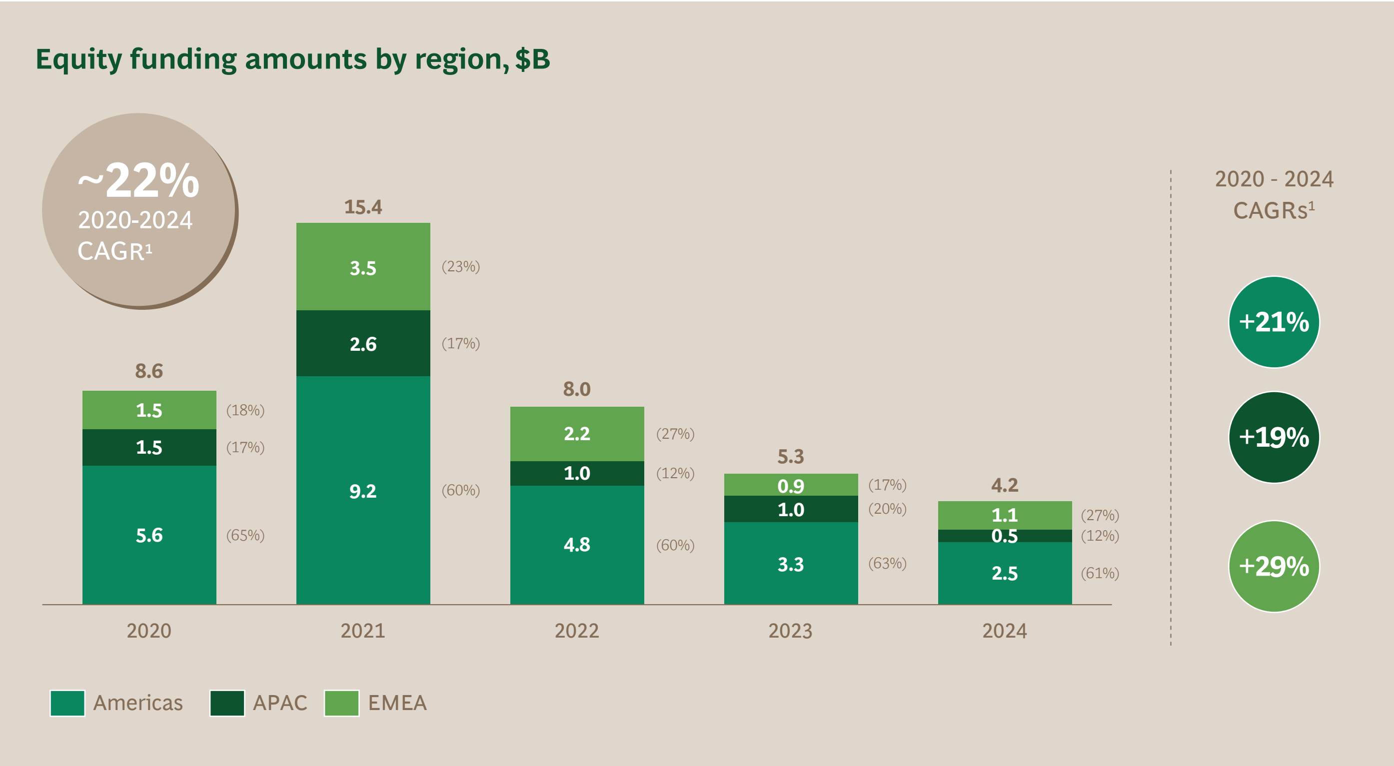
[4] *Insurers' participation in investment is different from insurers' share of the number of contributions, as discussed in the Exhibit 5. The latter is calculated as the absolute number of contributions by insurers divided by the total number of contributions, while the former refers to the ratio of funding rounds with at least one participating insurer and the total number of rounds.*

Despite the drop in overall investments and insurers' contributions in 2024, some insurers are strategically allocating funds to support innovation, particularly in AI, cybersecurity, and digital transformation, thus positioning themselves for future growth and competitiveness. For example, Liberty Mutual Strategic Ventures, an American insurer, launched a $200 million venture fund in July 2024 to invest in early-stage InsurTechs focusing on AI, cybersecurity, and data analytics, aiming to reshape the future of P&C insurance. Aviva Investors, based in the UK, launched a £150 million venture fund in December 2024 to invest in early-stage companies within FinTech, InsurTech, HealthTech, and sustainability sector. These examples indicate that significant dry powder remains—2025 could be promising for InsurTech funding.

Investment Trends Across Geographies: EMEA Leading the Way

Over the past five years, Europe, Middle East, and Africa (EMEA) have consistently outpaced other regions with a 29% CAGR. Within EMEA, the major investments have focused on product platforms (Akur8 raised $121 million in Series C; Hyperexponential raised $73 million in Series B) and underwriting (ICEYE raised $158 million in Series E+). While these major investments are in European Insurtechs, Middle East and Africa are experiencing hyper-growth despite lower volumes, signaling strong investor interest in these emerging sub-regions. Across the ocean, the Americas remain the largest InsurTech region globally, capturing more than 60% of funding over the past five years, although growth has slowed to 21% CAGR. Asia-Pacific (APAC) funding dropped below $1 billion in 2024, with growth lagging at 19%. (see Exhibit 6).

Exhibit 6 - EMEA leads growth with a 29% CAGR, securing nearly a third of funding in 2024.



1.Compounded Annual Growth Rates (CAGRs) are calculated using cumulative values from 2000 to 2024 by applying this formula: (Vf / Vi)^(1/n) - 1, where Vf is the final value, Vi is the initial value, and n is the number of years

Source: BCG FinTech Control Tower

Zooming in, we find that Latin America (LATAM), Africa, Oceania, and were the fastest-growing sub-regions over the past five years (2020-2024):

- **LATAM:** Its strong growth at 49% CAGR has been enabled by investments directed towards P&C insurers, multi-line tech platforms, and Managing General Agents (e.g. Justos, Betterfly) who are focused on sales and distribution, as well as risk assessment and underwriting tech platforms specializing in Agri-insurance (e.g. 180 Insurance, Agrotools). Brazil, Chile, and Mexico are the highest funded countries, accounting for 93% of funding deployed over the past five years.

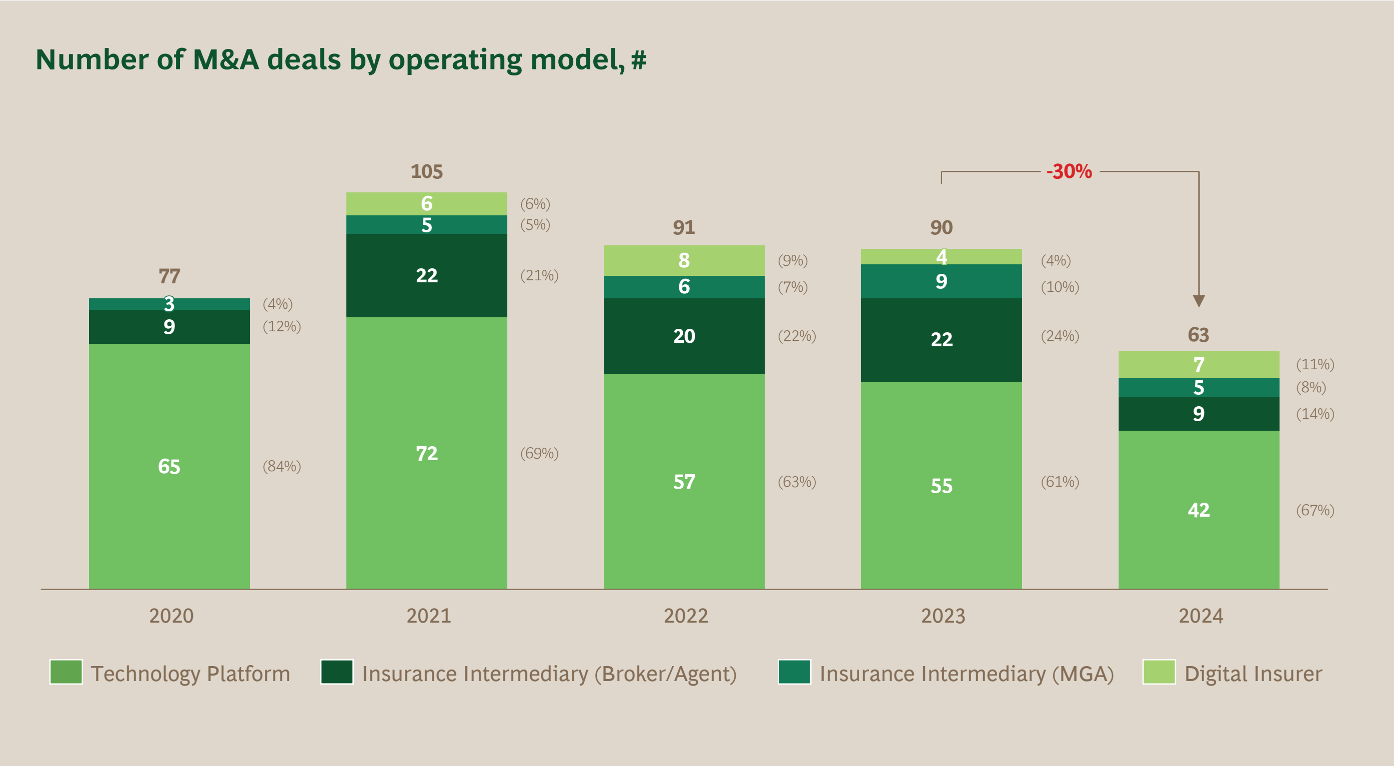
- **Africa:** Its 43% CAGR is enabled by P&C InsurTechs in South Africa and Kenya operating across the value chain. Key players include price comparison platform Pineapple, product development platform Pula Advisors, and digital insurer Naked Insurance.

- **Oceania:** With a 42% CAGR, Oceania is the fastest-growing sub-region in APAC and its most nascent as well. Its small investment volumes are driven by Australian full-stack players (e.g. Cover Genius, Integrity Life, Honey Insurance).

M&A Deals Decreasing—InsurTechs Remain Atop All Acquirers

M&A, which peaked at over 100 deals in 2021, saw a 30% year-over-year decrease in 2024, returning to pre-pandemic levels (see Exhibit 7). Over the past five years, InsurTechs and incumbent insurers accounted for 60% of global acquisitions, primarily to neutralize competition, expand into new markets and product lines, and acquire new capabilities. In 2024, incumbent insurer deals dropped to a five-year low at 13%, amid sector scrutiny and shrinking innovation budgets. Meanwhile, InsurTechs remained the top acquirer category; six out of ten most active acquirers are established InsurTech companies.

Exhibit 7 - In 2024, M&A activity dropped 30% year-over-year, returning to pre-pandemic levels.



Source: BCG FinTech Control Tower

The more stable macroeconomic environment and growing pressure on financial runways of InsurTechs globally make the current market favorable for M&A deals. Technology platforms have been the most targeted assets, accounting for about three quarters of the total number of M&A deals every year since 2020.

Here are a few of the InsurTech M&A deals announced in 2024 by incumbent insurers:

- **Allianz** <> Luko (January 2024, $4.65 million): Allianz acquired French-based Luko, which offers home insurance for homeowners, landlords, as well as e-scooter insurance. The company allocates 30% of premiums to operational costs and 70% to a pool for claims, donating any surplus to charity. Allianz wanted to strengthen their presence in the French direct insurance market, to expand their customer base under the Luko brand, and to ultimately position themselves as a leader in the French online insurance market.

- **Title Resources Group** <> Doma (April 2024, $85 million): Doma leverages proprietary AI to streamline and digitize the home closing process, providing efficient title insurance, escrow services, and underwriting support for lenders, title agents, and homeowners. TRG acquired Doma to create scale opportunities by integrating Doma's innovative AI-driven home-closing technology with their extensive title insurance network. This strategic move is designed to enhance operational efficiencies, expand market presence, and improve customer experience.

- **Aon** <> Humn (April 2024, amount undisclosed): Aon's acquisition of Humn aims to boost commercial fleet performance monitoring, enhance decision-making to reduce accidents and lower risk costs. Humn's AI-powered platform offers insights from driver, vehicle, and contextual data through its advanced commercial motor insurance solutions. These solutions offer dynamic, real-time pricing based on driving behavior and environmental risk factors, aimed at reducing costs and enhancing safety for fleet managers and drivers.

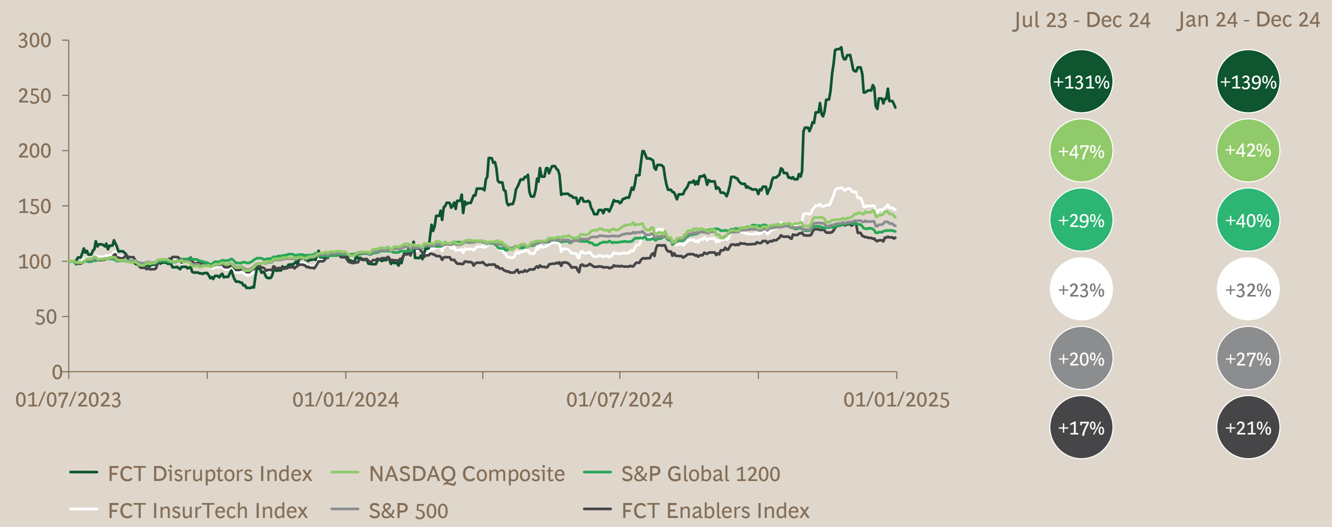
Listed InsurTechs Trends: Renewed Confidence in Disruptors

2024 marked a turning point for publicly listed InsurTechs which outperformed the market with a 42% gain, surpassing major indices (see Exhibit 8). This performance reflects a turn away from growth and towards profitability. After years of chasing growth (2019-2021), many InsurTechs shifted to prioritizing profitability (2022-2023). By 2024, the results have started to become evident, signaling a more sustainable path forward.

Last year, InsurTech Enablers (intermediaries and technology platforms) outperformed InsurTech Disruptors (digital risk carriers who target same revenue sources as incumbent insurers). However, this year, investor confidence swung sharply back towards Disruptors, who were up 139% in 2024, compared to Enablers who were up 21%. The key factors driving the stock prices of Disruptors were their new profitability focus, market tailwinds (e.g. higher premiums and stabilizing interest rates), as well as technology and efficiency (e.g. AI-driven pricing, automation, and digital-first models improved margins).

Exhibit 8 - Investor confidence in Disruptors[1] fueled a sharp market rebound, driving stocks up by 139% in 2024 and propelling sector-wide out-performance.

Relative stock prices for the FCT Ins. Disruptors and Enablers Indeces[2] vs S&P 500, S&P 1200 Insurance and NASDAQ indices, Jul 2023 - Dec 2024



1.Disruptors are digital risk carriers targeting the same revenue sources as incumbent insurers, while Enablers are intermediaries and technology platforms.
2.The FCT Ins. Disruptors and Enablers Indices are calculated as the average of the share prices of 28 listed InsurTechs clustered by operating model: Disruptors include 13 companies (Alignment Health, Clover Health, Deutsche Familienversicherung, Digit Insurance, Hippo Insurance, Libra Insurance, Lemonade, Oscar Health, Root Insurance, Trupanion, Tune Protect, weSure, Zhong An); Enablers include 15 companies (Accolade, CCC Intelligent Solutions, EverQuote, FINEOS, GoHealth, Goosehead Insurance, Guidewire Software, Medbanks, MultiPlan, Neuehealth, PolicyBazaar, Roadzen, Sapiens, SelectQuote Insurance Services, Waterdrop)
Source: BCG FinTech Control Tower

Revenues of listed InsurTechs have nearly doubled since 2020, achieving a 19% CAGR. Disruptors led the charge with a 31% CAGR, far outpacing Enablers, which grew at just 2%. Their growth was driven by higher premiums in a hard market, expansion into new insurance segments, and embedded partnerships that scaled distribution. Enablers experienced slower growth as insurers tightened IT budgets and delayed digital transformation projects in response to hard market conditions.

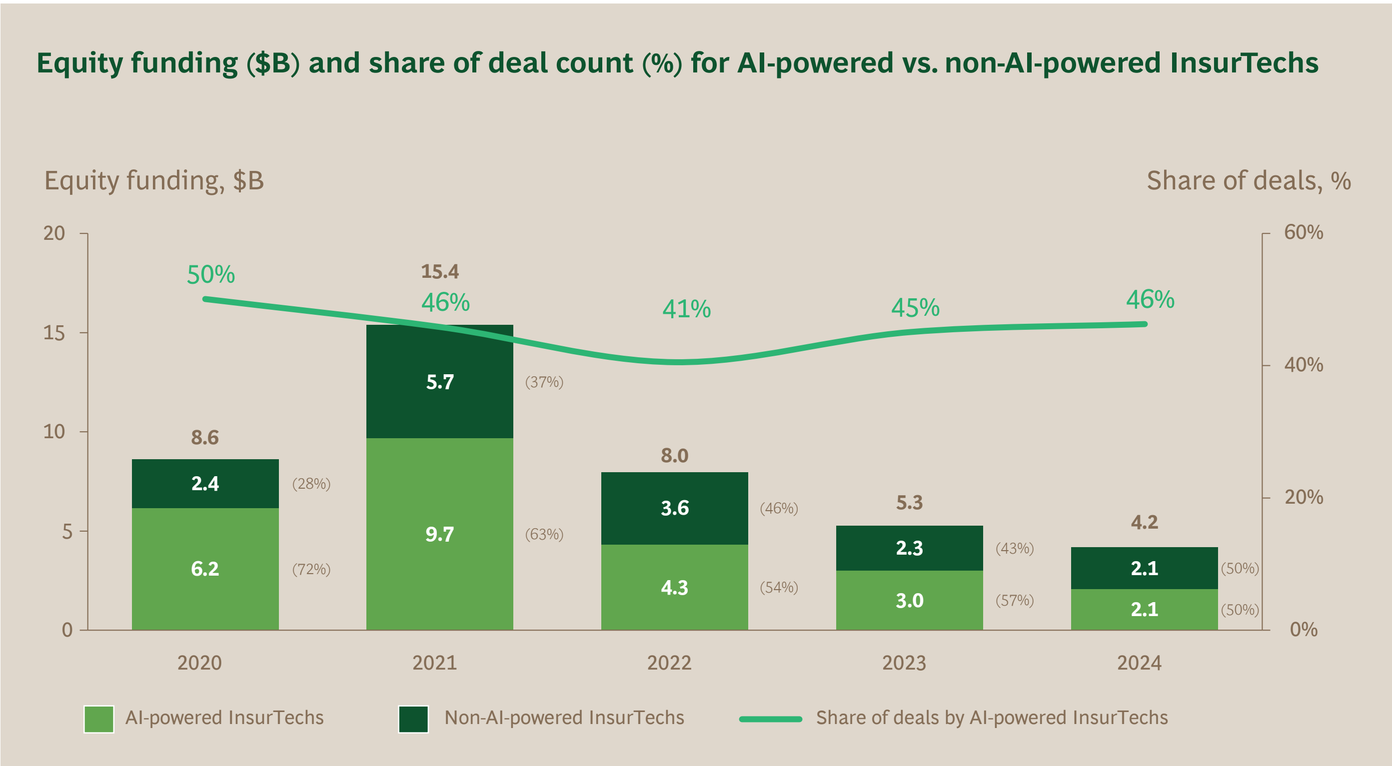
In terms of profitability, InsurTech has entered a new phase of financial strength. EBITDA margins turned positive for the first time in 2024, reaching 2.7%—a 4.2 percentage point improvement from -1.5% in 2023 at the aggregate level. Enablers continued to demonstrate resilience, building on last year's momentum, maintaining positive EBITDA margins, and improving by 6.9 percentage points year-over-year—signaling strong financial discipline and stability. Disruptors broke through with their EBITDA margins improving by 3.9 percentage points to -0.8%, bringing them closer than ever to profitability and underscoring their commitment to sustainable growth.

Notable examples include Oscar Health and Root Insurance—each marking a significant milestone for the sector. Oscar posted $25.4 million in net income, driven by record-high membership and strong retention, following a $271 million net loss in 2023. Root reported $31 million in net income, a sharp turnaround from its 2023 net loss of $147 million, benefiting from improved underwriting and strategic partnerships.

Harnessing GenAI: The Next Frontier in InsurTech Innovation

AI-powered InsurTechs saw a four-percentage points surge in deal activity in 2023. Its share of InsurTech deals remained stable in 2024, driven by renewed investor confidence in GenAI (see Exhibit 9). This reflects a broader industry shift that recognizes GenAI as a transformative force poised to reshape the insurance value chain. As AI-powered firms continue to mature and showcase strong performance, equity funding will scale up, fueled by larger rounds that will drive the next phase of growth and innovation in the sector.

Exhibit 9 - AI-powered InsurTechs hold a roughly 46% deal share in 2024 despite funding hitting a five-year low at $2.1 billion.



Source: BCG FinTech Control Tower

Late-stage and early-stage InsurTechs are utilizing Generative AI and Agentic AI to drive innovation in claims processing, customer service, and risk assessment. For example, Unqork, a late-stage American startup that offers a no-code application development platform, launched in June 2023 a GenAI Connector, enabling seamless integration of generative AI tools for building AI-powered features like chatbots with pre-configured modules.

Among early-stage InsurTechs, Generative AI is driving innovation across the insurance value chain, from customer engagement to core operations. In Sales & Distribution, Indemn uses

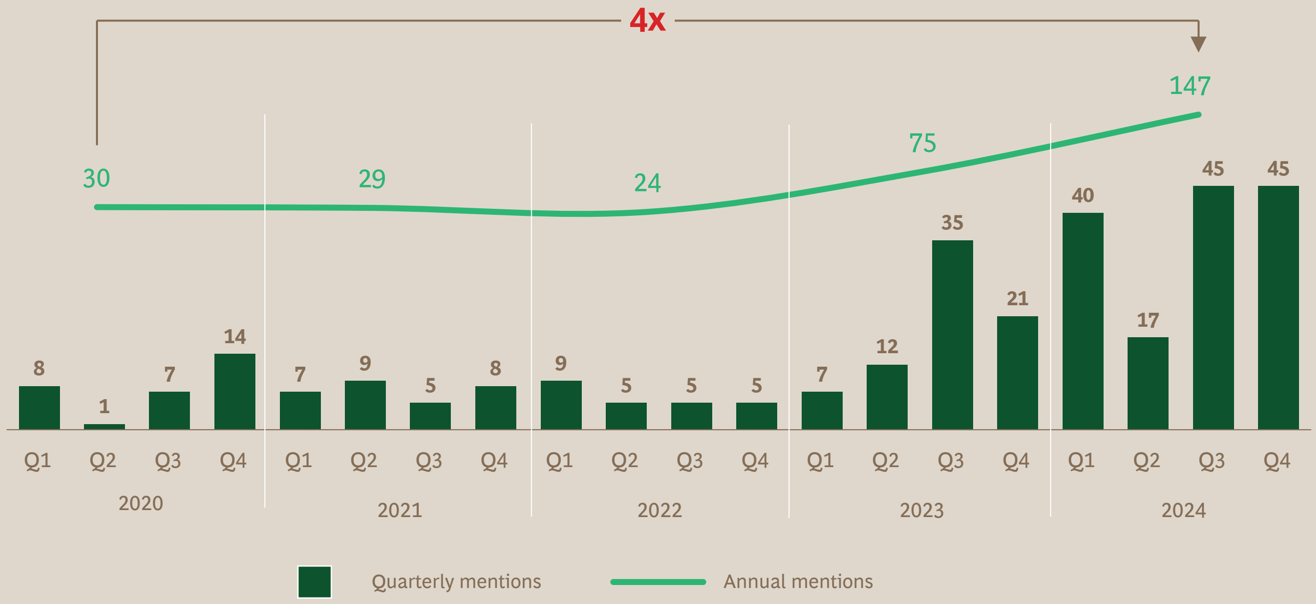
AI-powered conversational agents to streamline quoting, underwriting, and customer service interactions. For Risk Assessment & Underwriting, Linqura provides agents with detailed, AI-generated insights into client risk profiles, enabling smarter and faster decisions. In Policy Administration, BluePond.AI offers tailored generative AI tools such as Broker CoPilot to automate complex insurance tasks like policy checking, quote comparison, and submission ingestion.

Artificial Intelligence is not only a game-changing enabler, but also a formidable emerging risk. It is redefining innovation while exposing businesses to unprecedented legal, ethical, and operational challenges. In response, InsurTechs are launching new solutions to mitigate AI-related risks, ensuring businesses can harness AI's potential while safeguarding against its uncertainties. For instance, Armilla, a Canadian P&C company founded in 2020, launched Armilla Guaranteed, a third-party warranty for AI performance to businesses. It safeguards investments in case of failures, guarantees financial compensation in times of uncertainty, and certifies that AI solutions meet critical KPIs for accuracy, fairness, and robustness. It raised $6 million in seed/angel funding in 2024.

Incumbent insurers are navigating the complexities of GenAI deployment, grappling with key questions such as identifying the most valuable use cases, determining which models to implement, and defining success metrics. It is no wonder that mentions of GenAI in corporate earnings calls of major insurers has skyrocketed in recent years (see Exhibit 10).

Exhibit 10 - GenAI has been top of mind for major insurers with discussion on corporate earnings calls surging almost four times over the past five years.

Earnings call mentions of selected AI-related keywords[1] by top ~40 insurance companies globally[2]



1.Selected keywords: "artificial", "intelligence", "AI", "machine", "learning", "natural", "language", "processing", "deep", "learning", "computer", "vision", "NLP", "neural", "network", "genAI", "generative", "AI"
2.Aflac, Allianz, Allstate, American International Group, Aon, Arch Capital Group, AXA, Centene, Chubb, Cigna, Elevance Health, Erie Insurance, Fairfax Financial, Gallagher, Generali Group, Great-West Lifeco, Hannover Re, Humana, Intact Financial, KBC Group, Manulife, Markel, Marsh, MetLife, Molina Healthcare, Munich Re, Principal Financial Group, Progressive, Prudential, Sampo, Sun Life, Swiss Life Group, Swiss Re, The Hartford, The Travelers Companies, UnitedHealth Group, W. R. Berkley Corporation, Willis Towers Watson, Zurich
Source: BCG FinTech Control Tower; CB Insights

With an overwhelming number of potential applications, the challenge lies in prioritization—choosing where GenAI can deliver the greatest impact. The debate is no longer about adopting GenAI, but about how to implement it effectively. Key barriers to implementing GenAI at scale include short-term challenges like change management, and medium-term concerns such as potential litigation, particularly in lines and processes where human involvement remains essential.

So far, most insurers have focused on utilizing enterprise-wide AI to improve workflows and customer experience, while a few pioneers explore advanced, industry-specific applications in revenue-generating areas, such as underwriting. For example, Prudential has Adopted Google's MedLM AI to streamline claim processing in Singapore and Malaysia, automating medical reports and invoice summaries for faster approvals. Tests have shown that MedLM has doubled automation rates, improved claim accuracy, and enhanced customer experiences by handling higher claim volumes efficiently.

GenAI is poised to reshape the insurance value chain through short-term efficiency gains and long-term business model transformation. If we look at claims processing as an example, GenAI has the potential to, in the short-term, accelerate claims handling from notification to payout by using AI image recognition to rapidly assess damages—significantly cutting cycle times and improving customer satisfaction. In the long-term, claims can evolve toward touchless processing, and AI-powered conversational interfaces can settle simple claims instantly. This will enable adjusters to focus on complex cases, balancing efficiency with empathy.

Staying Ahead: A Four-Pillar Strategy for Incumbent Insurers

Given current InsurTech market dynamics, incumbent insurers should focus on four core pillars to gain strategic capabilities and stay ahead of the innovation game.

1. Strategic Partnerships

- Scout the market for best-in-class technology partners that offer products powered by emerging technologies, such as GenAI. In screening for partners, prioritize strategic fit and long-term alignment with core business.

- Target InsurTech scaleups at Series A and B stages with validated product–market fit. These firms might be under pressure to monetize and move toward profitability, making them more open to partnerships and likely to offer favorable terms. Additionally, engage more mature InsurTechs (Series C and D) with proven, plug-and-play solutions that can be easily embedded into existing tech stacks, thus offering near turn-key implementation.

2. Equity Investments

- Diversify investment portfolios by targeting InsurTech models with light balance-sheets, such as technology platforms across the value chain.

- Invest in white spaces—such as GenAI, embedded insurance, and climate risk—to strengthen your position in emerging niches, gain early influence in the governance of high-potential players, and create optionality for future scale-ups or acquisitions.

- Reevaluate investment criteria to prioritize strategic fit and long-term alignment with your innovation agenda, ensuring valuations are justified and sustainable in the long-term.

3. Mergers & Acquisitions

- Capitalize on the current market correction by acquiring private and or public InsurTechs at lower valuations, focusing on those that can drive innovation and customer value, as well as align with your technological and strategic goals.

- Expect InsurTech Enablers to be more expensive, but closer to profitability and easier to integrate with your existing infrastructure.

- Consider Disruptors as attractively priced opportunities with improving fundamentals. While due diligence remains critical, growing momentum could soon push valuations and market caps higher, as discussed throughout this paper.

4. Generative AI

- Leverage proprietary data to build differentiated GenAI capabilities, treating internal data-sets as strategic IP to train domain-specific models.

- Focus GenAI efforts on underwriting, where impact on pricing and risk selection can drive revenue advantage and competitive separation.

- Scale through a balanced build–buy–partner model, supported by clear governance and business ownership.

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The FCT also offers a digital platform that helps users perform FinTech market monitoring, intelligence, and scouting. The platform is built and specialized for financial services, leveraging third-party sources for funding and investment data as well as proprietary data assets such as partnerships and news sentiment.

For more information, please contact us at fct.portal@bcg.com and read more about us here.

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