

Property and Casualty Insurance Digital Services 2025 Market Insights™ Excerpt

Utilizing digital tech to reimagine
the future of P&C insurance

June 2025



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- Climate intelligence is no longer a selective enhancement in underwriting; it has evolved from a competitive differentiator to a mandatory foundation
- P&C insurers are reimagining the FNOL experience, from digital convenience to hyper-personalization, driven by AI, context-awareness, and emotional intelligence
- Cyber insurance has moved from a siloed specialty cover to an integrated and proactive pillar of P&C insurance, shaped by Gen AI threats and stricter oversight
- ESG-aligned parametric insurance gains momentum among P&C insurers to address climate, cyber, and community resilience risks

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Executive summary

Key drivers



Demand for productivity gains across the insurance value chain amid AI maturity



Increased frequency of CAT events and the need for improved risk assessment



Rising customer expectations and competitive pressure to reduce claims cycle time



Surge in cyber attacks and regulatory mandates in the P&C insurance sector



Desire for transparent payouts amid hard-to-underwrite climate risks

Enterprise response

In CY 2024, 75% of insurers allocated over 5% of their digital budgets to Gen AI/agentive AI, indicating a shift from pilot projects to enterprise-wide integration. P&C firms are embedding Gen AI/agentive AI across underwriting, claims, customer engagement, and offloading services to GCCs#, helping them achieve productivity and efficiency gains while enabling faster decision-making and personalized services at scale.

Insurers are integrating climate intelligence as a foundational capability in underwriting, moving beyond selective adoption. In response to the growing frequency and severity of natural catastrophes, enterprises are leveraging AI-driven risk analytics, geospatial data, drones, and satellite imagery to improve risk selection, strengthen CAT modeling, and proactively mitigate losses.

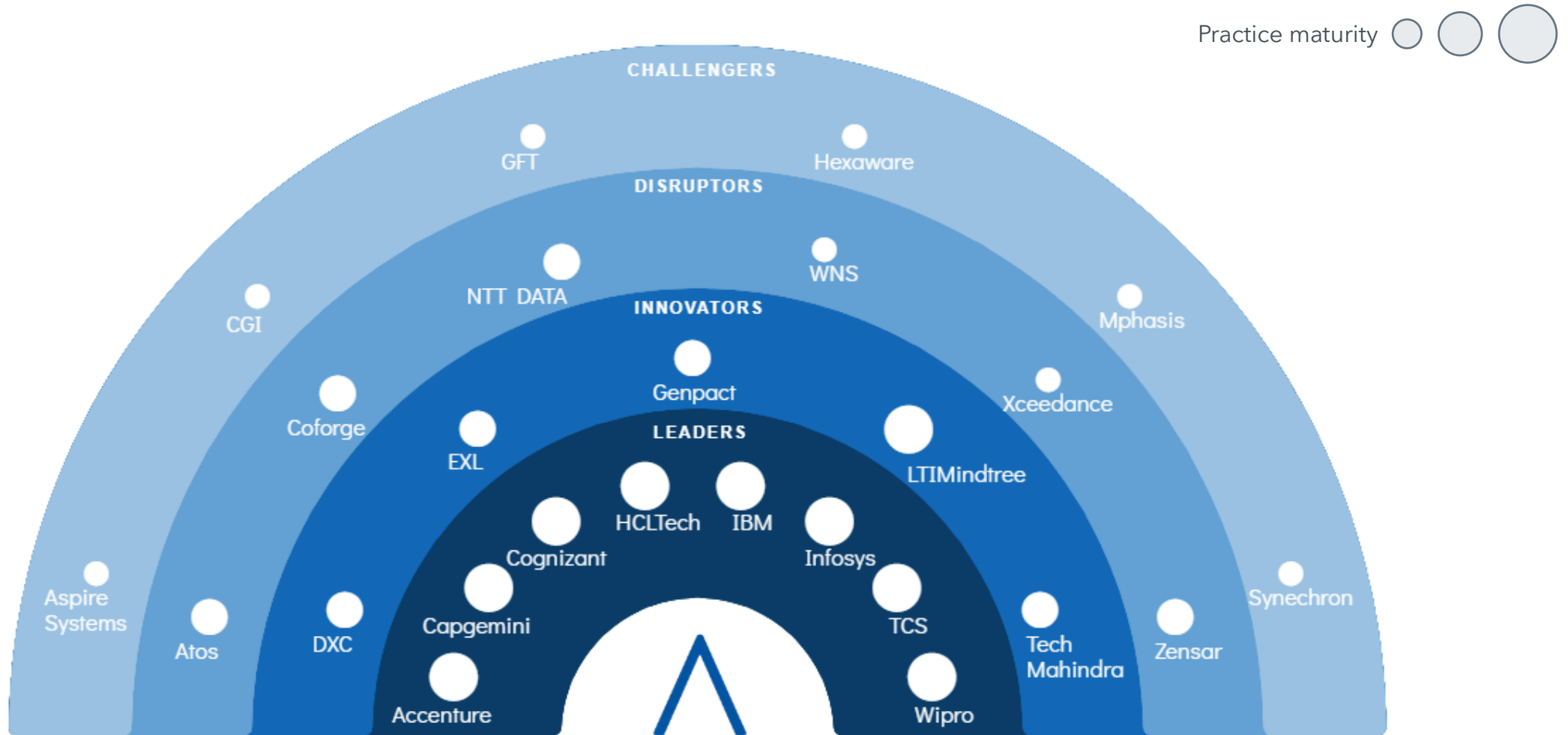
P&C carriers are modernizing the FNOL experience by embedding AI, automation, and mobile-first tools across the claims journey. They are addressing manual workload delays and fragmented communication by enabling instant digital notifications, AI-driven triage, photo-based damage estimation, and faster resolution, while improving customer satisfaction and reducing operational drag and fraud risk.

Firms are transforming cyber insurance into a core P&C product amid a 20% surge in cyber insurance claims and a 72% rise in claim severity in 2023 compared to H2 2022. NAIC's* data security rules and EIOPA's** threat reporting mandates are driving AI-powered protections, embedded legal and advisory services, and compliance-driven offerings, with US cyber premiums going over \$10B in 2025.

With escalating economic losses from events such as Hurricane Helene (\$56B) and Hurricane Milton (\$38B) in 2024, insurers are adopting ESG-aligned parametric insurance to address the difficulty in underwriting climate-related risks. These insurance products offer fast, transparent payouts triggered by parameters such as rainfall or windspeed, enabling quicker recovery and supporting resilience in climate-vulnerable regions.

#GCC: Global Capability Centers, *NAIC: National Association of Insurance Commissioners, **EIOPA: European Insurance and Occupational Pensions Authority

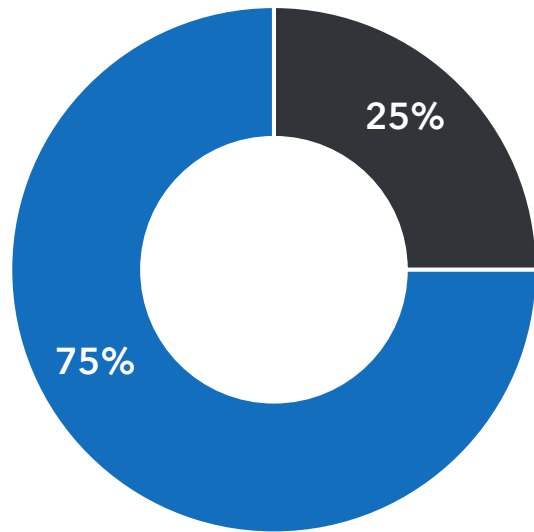
Avasant recognizes 25 top-tier service providers supporting the P&C insurance industry in digital transformation



About 3-in-4 insurers spent over 5% of their digital budget on Gen AI/agentive AI in CY 2024 to achieve efficiency and productivity gains across the value chain

Gen AI has moved beyond the experimentation stage to become a core enabler for insurance firms across marketing, underwriting, claims, and operations. Now, the focus is shifting to agentive AI to drive autonomous decision-making and intelligent orchestration at scale. However, insurers are adopting it in modular ways—targeting repetitive tasks, not full processes—reflecting a step-by-step transformation.

Gen AI/agentive AI spend allocation as a percent of the digital budget for insurers in CY 2024



■ Up to 5% ■ More than 5%

Select P&C insurance enterprise examples



Swiss Re expanded its partnership with mea, using the Gen AI platform Ora to streamline P&C reinsurance operations by automating data extraction from complex documents and reducing manual submission processing.



AIG integrated Gen AI into underwriting to improve efficiency and accuracy, enabling faster decision-making through analysis of large datasets and enhancing risk assessment amid increasing insurance data complexity.



Zurich has launched the Agentive AI Hyper Challenge that invites startups and engineers to develop agentive AI solutions across underwriting, marketing, claims, and actuarial domains, aiming to enhance automation, decision-making, and operational efficiency.



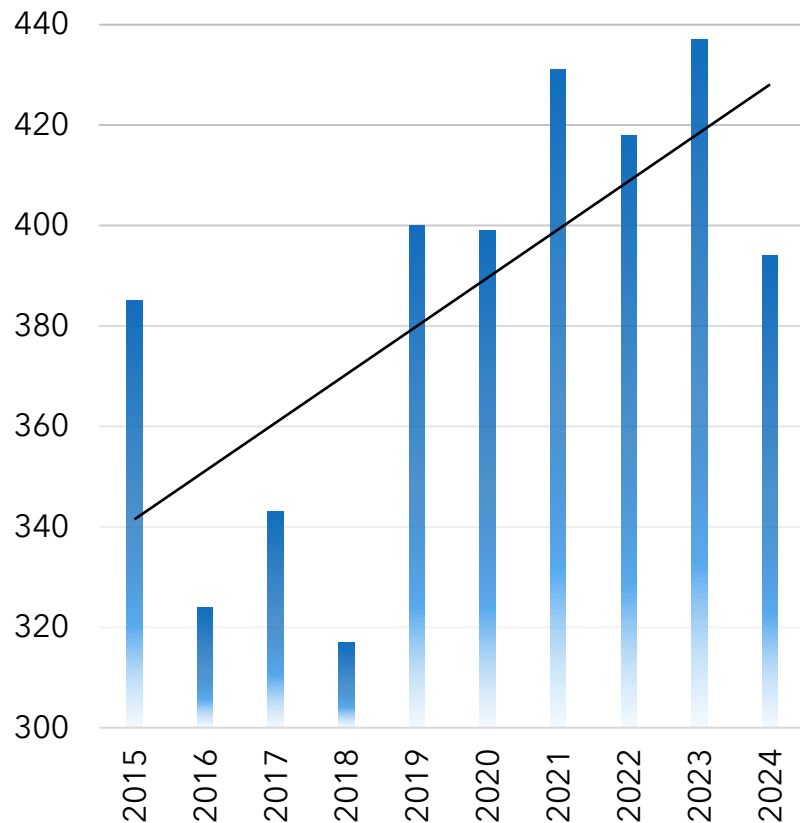
Allstate India, in alignment with its parent firm Allstate's vision, is boosting productivity by transforming its global capability centers into strategic hubs, streamlining claims, underwriting, and policy operations to enhance efficiency and global impact.

By offloading core services to global capability centers, P&C insurers enhance operational efficiency and productivity while enabling enterprise-wide focus on innovation and digital reinvention.

Climate intelligence is no longer a selective enhancement in underwriting; it has evolved from a competitive differentiator to a mandatory foundation

Amid rising natural disasters, P&C insurers are harnessing AI, advanced analytics, geospatial data, drones, and satellite imagery to embed climate-based risk assessments into core underwriting practices.

Total natural disasters, 2015-2024



Insurer examples leveraging climate data and digital tech for underwriting



Germania Insurance partnered with Nearmap to enhance wind and hailstorm risk assessment using AI-driven roof insights, improving underwriting, inspections, and CAT loss prevention in Texas.



Lemonade partnered with ZestyAI to enhance underwriting for climate-related perils using AI-driven property risk analytics, improving risk assessment, and CAT mitigation in the US.



AXA XL partnered with an environmental intelligence firm to use AI and geospatial data for predictive wildfire risk analysis, enhancing underwriting and property vulnerability assessments.



Chubb addresses climate-related exposures by combining the expertise of over 600 underwriters with advanced tools such as geo-mapping, drones, and wildfire resilience strategies.



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