



**Staying Ahead
of Policyholder
Expectations in 2025:**

A Guide for Insurers



Introduction

Like many other industries today, the insurance space is experiencing a profound transformation. This is largely driven by two powerful forces: changing policyholder demographics and evolving consumer expectations.

These dynamics influence insurers' product offerings and redefine how they approach the policyholder experience. Serving both an aging population and a surge of tech-savvy millennials and Gen Z consumers, insurers must accommodate the needs of their diverse policyholder base. At the same time, they must also meet the modern demands for digital solutions and embrace transparency and fairness. Otherwise, insurers risk becoming irrelevant in today's competitive landscape.

As you continue reading below, we'll discuss the evolving policyholder expectations and demographic shifts driving transformation in the insurance industry today. We will also provide guidance on how insurers can balance these complex dynamics to remain competitive and future-proof their operations.



What's New? Understanding Modern Consumer Expectations

The way consumers interact with insurance companies today is completely unprecedented and insurers need to change how they serve policyholders if they are to remain relevant in the industry.

Here, we'll look at the evolving needs and preferences of policyholders, and some of the major shifts to be aware of. Each of these emerging trends prompts a question: "How can we better serve our policyholders?". By looking for the answers, insurers can open up new avenues to transform their services in a way that resonates with the modern consumer.

Digital-forward services

Now more than ever, policyholders expect to reach their insurers online and take advantage of robust digital tools at their convenience. This might include contacting customer service via chatbots, filing a claim through an app or digital platform, or receiving an online quote in just a few clicks.

In other words, a growing number of policyholders want the ability to access all policy-related details online through a mobile app or web portal. In response, insurers are investing in digital transformation efforts as a way to meet these demands and thrive in the modern marketplace.

Now, insurers that fail to meet the desire for digital access, or provide a poor policyholder experience, can face heavy consequences such as an erosion of loyalty, or the loss of business altogether. In fact, PwC reports that **51% of consumers** say they'll lose loyalty to a business if the digital shopping experience isn't as easy as doing so in person.



So, it's important for forward-thinking insurers to embrace technological advances and identify opportunities to optimize the digital experience for their policyholders. This might mean adding a self-serve portal where policyholders can submit claims on their own. Or, maybe they orchestrate an omnichannel customer experience where policyholders can seamlessly move between different channels, including email, phone, or social media, without having to repeat the details of their case.

Custom-tailored insurance product offerings

Policyholders today are also looking for more personalized insurance products tailored to their specific needs and lifestyles. They aren't looking for one-size-fits-all products and pricing—they expect custom offerings that fit their unique circumstances.

In today's data-driven world, policyholders expect insurers to use data analytics and technology to offer personalized coverage recommendations and pricing based on their data. Specifically, data from Salesforce shows that **73% of consumers** expect companies to understand their unique needs and expectations.

And while data security and privacy are common concerns among modern-day consumers, it doesn't mean they're unwilling to share their personal data if the situation is right. According to a recent survey from PwC, **82% of consumers** will do so if it results in a better customer experience.

From these findings, it's clear how much modern-day consumers value a personalized customer experience. With incumbent providers and new market entrants taking strides to meet these demands, insurers that ignore such preferences risk becoming irrelevant.



Fair and transparent policies and pricing

Another major trend at play today is the growing demand for transparency in insurance, particularly as it relates to policy coverage terms, pricing, and claims processing.

Modern policyholders want clear and easy-to-understand policy details, and they expect insurers to communicate openly about their policies. This helps foster better trust and loyalty with insurers, as policyholders don't feel like they're being taken advantage of or kept in the dark with heavy jargon.

It's true that insurance products and pricing justifications can be complex, but it's still important to be clear about what policy coverage includes and what factors went into determining the premium. If any details are unclear or couched in jargon, it can feel cryptic or misleading, leaving consumers confused and even suspicious of insurers.

Instead, using plain language in marketing assets, policy applications, and claims forms can demonstrate the insurer's commitment to transparency – such as regulatory and proof of mail requirements – and make policyholders feel more empowered in their purchasing decisions.



Quicker and more convenient service

Lastly, policyholders today value convenience and quick response times from insurers. They expect insurers to streamline the claims process, reduce the amount of paperwork required, and provide swift resolutions to filed claims or customer support inquiries.

While waiting a few business days for a response from a company used to be the standard, that's no longer acceptable to the majority of consumers in today's fast-paced economy. The hyper-connectivity of the internet means policyholders expect quick responses from insurers and will soon seek out alternatives if they are left disappointed.

In addition, insurers can leverage advanced technology like artificial intelligence (AI), chatbots, and robotic process automation (RPA) to help streamline their operations and make their services more convenient for policyholders.

According to a recent survey, **20% of policyholders** actively use insurance portals on the weekends, and nearly half pay their premiums outside of normal business hours. Thus, decoupling insurance service delivery from direct human involvement can help insurers automate repetitive and tedious tasks, while resulting in quicker service delivery for policyholders.



The Impact of Ongoing Demographic Shifts

The demographic makeup of policyholders is undergoing a massive shift, and insurers need to be aware of it and adapt accordingly in order to remain successful in the coming decades. Along with the changing policyholder expectations that we discussed above, these demographic shifts will shape insurers' strategies and help them understand how they can best serve the market.

The future needs of the growing aging population

Current estimates forecast the population share of people aged 65 or older in the United States to reach **20.6%** by 2030. To put this into perspective, this demographic made up only **12.4% of the population** at the turn of the last century.

The individuals who fall into this category are accustomed to the traditional approach of the insurance industry and expect age-specific solutions to their policies. With a larger portion of the population now in this older demographic, there is a growing demand for aging-related services and policies - for example, services related to long-term care and health coverage for seniors. Insurers who can expand their offerings and develop products that cater to the needs of this demographic can see a lot of upward potential over the coming decades.



The increased buying power of Millennials and Gen Z

The younger and more tech-savvy consumers that make up the millennial generation and Generation Z expect more customization and seamless digital experiences. Above all else, they prioritize flexible and transparent service with user-friendly digital tools.

For example, **about half of the younger generation** prefer to purchase insurance online rather than in person or over the phone. So as the buying power of these consumers continues to grow, insurers must continue to embrace digital strategies as a way to meet the demands of their policyholders.

It can be intimidating for insurers to shift their approach from traditional methods and figure out how to reach the younger demographic. However, with an estimated spending power of **\$3 trillion** annually, insurers should continue to invest in their digital transformation efforts so they can stay relevant even as the market makeup shifts.

The changing preferences of a younger workforce

Aside from policyholders themselves, the younger workforce staffing insurance companies today is also driving some of the shifts in the market. For instance, younger professionals want to work at forward-thinking companies that use modernized technology systems and provide digital experiences.

Insurance staffing is already facing unprecedented challenges, with record levels of job vacancies across the industry. Insurers that don't evolve with the changing times and remain stuck in the past may find it even more difficult to attract and retain the younger professionals who are making up a growing portion of the workforce today.



Putting it All Together: How to Balance a Diverse Customer Base

The insurers that will succeed in the modern marketplace are the ones that are able to cater to the diverse range of policyholders they serve. This is a complex challenge that doesn't carry a simple solution, so insurers must adopt a strategic policyholder-centric approach that will still keep them profitable and agile.

According to some estimates, the value of customer churn due to a poor underwriting and claims experience could represent as much as **\$330 billion in lost premiums** over the next five years. So, it's worthwhile for insurers to pay attention to what policyholders are demanding of them in order to retain their business and promote future growth—even if that means catering to a diverse range of policyholders.

Here are some of the strategies insurers can take to address these changing market dynamics:



Product customization: Offering customized insurance products can help insurers accommodate the diverse needs of their policyholders; doing so allows policyholders to select the coverage options and deductibles that are best suited to their individual circumstances



Policyholder segmentation: Insurers can segment policyholders into distinct groups based on demographics, preferences, and behaviors; this allows insurers to tailor products, pricing, and marketing efforts to the unique needs of each segment, and boost engagement and loyalty



Digital solutions: Embracing digital technologies allows insurers to cater to the needs of tech-savvy consumers through the development of online self-serve portals, mobile apps, and AI-powered chatbots; insurers can maintain call centers and in-person agents for policyholders who prefer traditional methods



Clear communications: Insurers should prioritize transparent and clear communication with policyholders as it relates to policy explanations, pricing breakdowns, and claims procedures in order to build trust and loyalty



Feedback requests: Insurers can continue evolving and keep their finger on the pulse of what's new in the industry by requesting regular feedback from their policyholders; this might include where they can make improvements, where they're excelling, and what new product offerings policyholders are looking for



Prepare for the Next Era of Insurance with Insuresoft

Navigating the modern insurance market requires a strategic approach that is more dynamic than what's been required of insurers in the past. But, when you have the right tools and insurtech solutions, it becomes much easier to meet the evolving needs of your policyholders.

With Insuresoft, you receive the technology solutions and support you need to compete and win in today's complex environment. We provide mission-critical core tech with our industry-leading Diamond platform that allows insurers to navigate business complexity without compromising on the policyholder experience.

Diamond was built as an all-in-one insurance policy software solution that can support diverse lines of business by combining core policy processing, claims, billing, digital engagement, intelligent data, and other capabilities to help you deliver your mission with ease.

We've witnessed the complex changes the insurance industry has gone through over the past 30 years. Given our experience and 100% implementation success rate, we know what it takes to stand out in the market and propel your business forward, no matter how policyholder demands evolve.

Contact us today when you're ready to get your shine on with Insuresoft.