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Insurance Predictions 2026

March 2026

2026 is the year to accelerate delivery of strategic priorities through better use of the human and non-human workforce.

Foreword

As part of the Deloitte Insurance growth series, we continue to look to the year ahead and what this will mean for Insurers. There is no doubt that 2026 is turning out to be a big year. Geopolitical shifts, rapid technological change, climate impacts, regulatory pressure, and evolving customer expectations are converging to reshape how insurers operate, compete, and serve their communities. Addressing these in a market where premium rate increases will soften to put pressure on margin will result in a balancing act of investment, prioritisation and acceleration for boards and executive management.

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Before we go to our 2026 predictions, as we reflect on our 2025 predictions, it is clear the transformative change we anticipated for the Australian insurance industry has not only materialised but accelerated.

The eight predictions we outlined in 2025 have served as an accurate barometer for the sector's evolution, with themes such as digitally enabled customer experiences and climate resilience becoming more pronounced under persistent economic and environmental pressures.

However, while most predicted trends manifested strongly, the forecast that generative AI would unlock significant value through scaled applications has seen a more limited realisation. Scaling barriers, including the quality of underlying data and data foundations limited widespread deployment and the full realisation of its potential.

This has been compounded by challenges in uplifting AI literacy across organisations. Both of these will be key priorities for insurers in the coming year.

We invite you to engage with our predictions, discuss their implications, and join the conversation about the future of insurance.

2026 Predictions | Navigating the next wave of transformation

We present eight bold predictions for the Australian Insurance industry in 2026, informed by both local and global trends. Our predictions reveal how insurers can outcompete, outgrow, and deliver unparalleled value to customers, communities, and shareholders.

1. The finance function as a strategic co-pilot

2. Execution depends on people

3. The hyper-personalisation imperative will be taken to a new level by AI

4. The AI reckoning: From subscale to scale

5. The regulatory squeeze tightens

6. The augmented claims professional: Efficiency through intelligent automation

7. Climate unaffordability: The new front line

8. The mental health insurance ecosystem at a tipping point

The finance function as a strategic co-pilot

OUR PREDICTION:

Finance will shift from "getting the numbers out" to helping leaders steer the business. With stronger data foundations and AI embedded across core processes, finance teams will move faster, look forward rather than backward, and provide sharper decision support, risk sensing, and resilience.

WHAT WE ARE SEEING:

Boards and CEOs are increasingly impatient with finance that only explains last month. They want finance looking out the front window: what's happening now, what's coming next, and what decisions should we make. Key shifts in leading finance teams:

1. Period-end scramble to "build-to-the-close" through event-based accounting.
2. From reporting to decision engines: strategic decisions are now driven by scenario planning and stress testing, which integrate financial data with work and workforce data internally, and with external signals like weather, claims trends, and customer behaviour.
3. As AI becomes embedded, the control and governance bar rises. Clear ownership, testing, boundaries, and a qualified human in the loop who can say "that doesn't look right". A practical watch out – don't cut the accountants and actuaries out of the system build. Insurers that underinvest in finance functional leadership, controls and chart-of-account design early, will pay for it later in rescue missions.

Execution depends on people

OUR PREDICTION:

Workforce transformation at scale is not only a talent initiative; it is a leadership and operating model imperative. The successful execution of strategic priorities will hinge on an insurer's ability to unlock the potential of its extended leadership team and win the war for scarce digital and AI talent. This will be won or lost in middle management.

WHAT WE ARE SEEING:

Insurers are entering a period of significant workforce transformation that goes far beyond reskilling programs. Integrating AI and advanced technologies requires fundamentally redesigning how work gets done and how teams are structured.

Workforce reshaping must therefore include operating model evolution: clearer product or value-stream orientation, new decision rights, and teams designed around human–AI collaboration rather than legacy processes. While senior leaders set ambition and technology teams deploy tools, frontline leaders translate change into day-to-day behaviours. They are responsible for redesigning workflows, reallocating responsibilities, maintaining productivity during disruption, and sustaining morale as roles evolve. Without equipping and aligning this layer of leadership, even the best-designed transformation will stall in execution.

The hyper-personalisation imperative will be taken to a new level by AI

OUR PREDICTION:

Hyper-personalisation will evolve to the re-imagination of the entire customer lifecycle. AI will now augment many customer interactions, particularly in claims and service processes.

WHAT WE ARE SEEING:

Digital excellence is no longer a differentiator but the price of entry, with customer expectations set by the best experiences they encounter daily, not by other insurers.

Hyper-personalisation has been the goal in recent years and insurers are still working through wrangling data and integrations that enable it. AI and CX will come closer together to disrupt everything from customer's points of discovery, purchase, service, claims and through to how easy it is to compare and switch plans. Friction-less, personalised, and valuable experiences are being re-thought, alongside how to handle digital customer experience in a post-search engine, post-website world, where even the customer interacting might be an agent of the actual human.

The AI reckoning: From subscale to scale

OUR PREDICTION:

Insurers will pivot from broad AI experimentation to a ruthless focus on measurable ROI, leading to a "pruning" of initiatives that fail to demonstrate tangible value.

WHAT WE ARE SEEING:

After a year of significant investment and hype, companies are now demanding a clear return on their AI spending (Path to Scale 2.0). The market is moving past eye-catching demos to a period of serious engineering, where progress is measured by reliability, governance, and fit-for-purpose technology architecture and data foundations which will allow AI to be deployed at scale. This will drive a flight to quality, with investment channelled into targeted, verticalised applications in areas like claims, underwriting, and customer interactions. We anticipate this shift will create new opportunities for workforce evolution, enabling our people to adapt and thrive as we harness the strengths of both human and technological capabilities.

The regulatory squeeze tightens

OUR PREDICTION:

Regulatory pressure will intensify, moving beyond financial reporting to demand demonstrable progress on operational resilience (CPS 230), AI governance, and climate risk management.

WHAT WE ARE SEEING:

Regulatory complexity continues to heighten. The implementation of new regimes like CPS 230 require organisations to have a deep understanding of end-to-end operations, and a shift to a 'horizontal' view of risk management. Simultaneously, challenges around cybersecurity, data integrity, and AI governance are growing concerns for leadership, requiring significant investment in resilience and compliance frameworks to navigate the complex environment.

The augmented claims professional:
Efficiency through intelligent automation

OUR PREDICTION:

Insurers will increasingly deploy a fusion of AI, advanced analytics, and automation to create a highly efficient, scalable, and effective claims function, shifting the role of claims professionals from manual processing to managing complex judgements and decisions with empathetic customer engagement.

WHAT WE ARE SEEING:

Transformation of the claims function has shifted from a cost-efficiency initiative to a strategic imperative. Increasing catastrophe frequency, rising repair and rebuild costs, supply-chain delays, and growing fraud sophistication are placing sustained pressure on insurers' claims operations. Major insurers are investing in modernisation to build claims functions that are more scalable, data-driven and customer-centric. Automation reduces manual processing and accelerates cycle times by up to 40-70%.

The augmented model (Human conductor + Machine model) is rising where automation handles structured, repeatable tasks at scale, while human claims professionals focus on, coverage interpretation and exceptions, disputed or ambiguous claims, vulnerable customer cases, complex liability scenarios or escalations and complaint resolution.

Climate unaffordability:
The new front line

OUR PREDICTION:

Insurers will increasingly explore product design and pricing mechanisms that reward policyholder risk mitigation actions and allow for impacts of Government resilience funding. Insurers that optimise supply chain channels and external service providers spend to reduce overall costs and mitigate supply bottlenecks and dependencies will be able to manage climate volatility better.

WHAT WE ARE SEEING:

The increasing frequency and severity of Natural Catastrophes in Australia are placing immense pressure on gross claims cost and premiums. Many Australian household budgets are being challenged resulting in widening insurance protection gap between insurance coverage attained vs those needed. This is widening social and economic vulnerabilities. Insurers must continue their focus on incentivising policyholder risk mitigation, lobbying for community mitigation and resilience funding and increasing partnerships with Government to reduce climate change impacts on household insurance affordability.

The mental health insurance ecosystem at a tipping point

OUR PREDICTION:

During 2026, the Australian insurance industry will be forced to take action on fundamentally reshaping its approach to mental health claims, moving from a reactive claims-based model to a proactive, preventative ecosystem build on cross-sector collaboration.

WHAT WE ARE SEEING:

The current model is unsustainable. Public sector and private sector insurers providing support for disability claims are under significant financial pressure, leading to increasing premiums affecting businesses and consumers. The high cost and complexity of mental health care have rendered many products unaffordable and inaccessible, eroding profitability and consumer trust and exposing the legacy nature of product design and claims processes relative to modern workplace practices and job roles. With increasing prevalence of mental health conditions showing no signs of slowing, insurers cannot solve this alone. A structural response is needed, requiring partnership with healthcare providers, employers and government to build an ecosystem more focused on prevention, early intervention, better care pathways, improved mental wellbeing and insurance products and services that better support the community needs.

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