



# 2025 Insurance Predictions

FEBRUARY 2025

# 2025 will continue to be a year of transformation for the Australian insurance market

As part of the Deloitte Insurance growth series, we have looked to the year ahead and what this will mean for insurers. The industry stands on the brink of a transformative era. As we look toward 2025, the landscape is set to evolve rapidly, driven by technological advancements, climate change, regulatory shifts, and evolving customer expectations. These forces will reshape how insurers operate, compete, and serve their customers.

Key for insurers will be how to navigate the headwinds and tailwinds associated with this changing landscape. An ability to outcompete in each of our predictions and deliver enhanced value to customers, communities, and shareholders whilst building a more agile, resilient and responsive industry, is key to stand ahead.

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



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# Eight Insurance Predictions for 2025

We present eight predictions for the Australian Insurance industry in 2025, informed by both local and global trends. Our predictions reveal how insurers can outcompete, outgrow, and deliver unparalleled value to customers, communities, and shareholders.







## Digitally enabled customer experiences will accelerate, reshaping engagement and service expectations

### OUR PREDICTION:

In 2025, Insurers that fail to deliver seamless, digital-first experiences will lose ground to agile, tech-driven competitors. Real-time data, hyper-personalisation, and frictionless mobile solutions will define success. Digital excellence won't be a differentiator - it will be the price for entry into certain markets.

### WHAT WE ARE SEEING:

Australia's insurance market, already a leader in digital adoption, is evolving rapidly to meet rising customer expectations. Insurers are accelerating investments in self-service platforms, AI-powered contact centres, and cloud transformation to enhance engagement while improving efficiency.

For customers, experience is everything. They don't compare insurers to other insurers - they compare them to the best digital experiences they encounter daily. Excellence is no longer defined by industry standards but by seamless, intuitive, and hyper-personalised interactions. The insurers that win will be those who harness real-time data to anticipate needs, deliver frictionless experiences, and set a new benchmark for digital engagement.



## Generative AI will unlock value as insurers shift from experiments to scaled, targeted applications

### OUR PREDICTION:

Over the course of 2024, the global trend for Generative AI is that organisations are moving from experimentation to scale ([State of Generative AI in the Enterprise](#)). This holds for the Insurance sector and as we head into 2025; our prediction is that Insurers will align focus areas for scaled AI into their strategic priorities for customer engagement, product innovation, and operational efficiency.

### WHAT WE ARE SEEING:

The shift from experimentation to scale won't be straightforward as Insurers face the same challenges and additional regulatory issues when it comes to AI. Our recent [AI at a crossroads](#) survey points out 3 key barriers associated with implementing AI - regulatory concerns, insufficient technology understanding and lack of technical talent. We predict Insurers will prioritise resolving these barriers so they can achieve value with AI into key programs such as underwriting, claims, and customer interactions, enabling more personalised products and faster, more accurate decision-making.

Insurers leveraging AI to interpret unstructured data, such as customer inquiries and external sets, will gain a significant edge. Balancing innovation with ethical practices is crucial for trust. The focus will be on integrating Gen AI while addressing governance, security, and ethics. Leaders will use AI to enhance decision-making, personalisation, and automate workflows, driving measurable ROI. Talent shortages and regulatory scrutiny will remain challenges, highlighting the need for upskilling programs and compliance frameworks.



## Serving the underserved will shift from an opportunity to a strategic imperative

### OUR PREDICTION:

In 2025, closing the protection gap will remain a top priority - but the real competitive advantage will come from a shift beyond claims to proactive protection. Insurers that leverage data and AI to predict and prevent risks, particularly in mental health and large-scale event response, will differentiate themselves.

### WHAT WE ARE SEEING:

Closing Australia's protection gap is now an imperative. Insurers must go beyond traditional coverage by leveraging data and AI to predict and prevent risks, particularly in mental health and disaster-prone communities. Success will require bold product innovation, stronger industry-government collaboration, and ecosystem partnerships that deliver proactive protection alongside claims support. Those who move first will not only drive impact but also unlock new growth opportunities.



## Future-ready operations will be built through a sustained focus on productivity improvement

### OUR PREDICTION:

In 2025, insurers that embed sustained enterprise wide cost reduction and productivity initiatives into standard operations will deliver 'future-ready' business operations, driving improved shareholder value. Insurers who strategically integrate AI into their business will lead the market.

### WHAT WE ARE SEEING:

The Australian economy, marked by high inflation and global economic uncertainty, needs a dual focus on short-term cost containment and long-term investments in technology-driven transformation. Beyond headcount, insurers should optimise their operations by adopting leaner management principles, enhancing process automation, and shifting to cloud-based solutions to reduce IT infrastructure costs. Moreover, strategic partnerships and outsourcing non-core activities can lead to significant savings and improvement in service quality. Establishing a robust governance framework for technology investments is crucial, focusing on projects with clear ROI, standardisation and scalability potential.



## Technology integration will shape strategic M&A success

### OUR PREDICTION:

In 2025, M&A and portfolio optimisation will accelerate, with a strong emphasis on optimising portfolios and technology capabilities to meet evolving consumer demands and updated risk appetites. Insurers will divest non-core or underperforming assets and invest in partnerships that align with long-term strategic priorities, such as sustainability, health, digital innovation, and portfolio diversification. Achieving seamless technology integration during M&A will realise quicker return on investment and synergies.

### WHAT WE ARE SEEING:

Australia's insurance M&A landscape remains highly active, driven by the need for earnings diversification and portfolio realignment. Success hinges on a well-structured integration strategy - one that aligns culture, harmonises technology, and standardises processes. A phased approach should prioritise high-impact areas like customer-facing operations and financial reporting. Thorough due diligence - assessing financial health, operational strength, regulatory compliance, and cultural fit - is essential. Clear communication channels and dedicated integration teams will be critical to ensuring smooth transitions and maintaining stakeholder confidence.



## Unlocking the potential of the extended leadership will drive execution of strategic priorities

### OUR PREDICTION:

In 2025, insurers that harness the underutilised potential of their extended leadership teams will significantly outperform their competitors in executing their strategic priorities.

### WHAT WE ARE SEEING:

Large-scale change and transformation programs will define 2025. The success of these strategic initiatives will heavily depend on the contributions of each executive's extended leadership team. Evolving workplace expectations in Australia, such as purpose-driven work and flexibility, necessitate a revamp of talent strategies to attract and retain top talent. To unlock the potential of the extended leadership team, organisations should provide targeted development in change management, innovation, and team dynamics. Empowering the extended leadership team with data-driven tools and technologies will enable informed decision-making and streamlined operations. Facilitating cross-functional collaboration will leverage diverse perspectives and enhance efficiency.



## Climate resilience will drive shifts in risk models

### OUR PREDICTION:

In 2025, Insurers that will rise are those that lead on climate choices in terms of where to underwrite and how to do so thoughtfully, considering the needs of communities and broader stakeholder groups.

### WHAT WE ARE SEEING:

With increasing frequency and or intensity of natural disasters - such as bushfires, floods, and cyclones - Australia faces unique underwriting challenges. Collaboration with governments on reinsurance models and disaster resilience funding will be critical to address the mounting pressures on profitability and coverage availability. Insurers must integrate advanced data analytics and climate modelling to better predict and consider price risks associated with natural disasters. Consideration should be given on how to incentivise policyholders to adopt risk mitigation measures, such as fire-resistant building materials or flood defenses.



## Regulatory complexity will heighten the need for business-critical insights

### OUR PREDICTION:

In 2025, finance and regulatory functions will become strategic value drivers, using data-driven insights to streamline decision-making and cutting unnecessary red tape to enable better business decisions while navigating complex regulatory environments.

### WHAT WE ARE SEEING:

The introduction of IFRS 17 and other regulatory requirements is pushing insurers to transform finance and regulatory functions from compliance-driven to strategic value generators. This shift necessitates greater transparency and robust strategies for assessing and managing financial performance and regulatory compliance. Functions will adopt a technology-driven approach that emphasises agility and strategic insight with cloud-based systems for greater flexibility and scalability. Cross-functional collaboration between finance, risk, and operational teams will produce comprehensive business insights. Additionally, there is a strong focus on upskilling professionals in data analytics, strategic planning, and regulatory compliance. Insurers must implement comprehensive obligation management processes to eliminate duplication and adhere to the new FAR and CPS 230 regimes.





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