# Deloitte Tech Trends 2025 Insurance

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# Editorial

We are pleased to present to you the **Deloitte Insurance Tech Trends 2025**, an annual exploration of the impact of existing and emerging technologies on businesses. As an IT leader in **Insurance**, this report holds particular relevance for you and your company, as it provides valuable insights into the trends that are shaping the future of your industry.

These trends are categorized into three elevating forces – **Interaction**, **Information**, and **Computation** - and three grounding forces – **Business of Technology**, **Cyber and Trust** and **Core Modernization**. In this edition of Tech Trends, AI plays a significant role in enhancing efficiency, driving innovation, and enabling new capabilities. We will explore how AI is featured in three of the trends discussed in this document.

In Insurance, the trend "Core modernization: The intelligent core: AI changes everything for core modernization" is of utmost importance as **AI integration into core enterprise systems is transforming how businesses operate**, reducing reliance on monolithic systems implementation, and enabling more agile, efficient, and less complex enterprise systems.

Another particularly relevant trend for Insurance looking to **drive technology value** across their organization, is the trend "Business of technology: IT, amplified: AI elevates the reach (and remit) of the tech function". **AI transformation is crucial for IT** because it allows IT leaders to redefine roles, set investment priorities, and communicate value expectations, positioning IT as a competitive differentiator. Additionally, it **shifts tech delivery** from human in charge to human in the loop, **enhancing efficiency and innovation** across engineering, talent, FinOps, infrastructure, and cyber risk.

The report also delves into other industry relevant trends such as the trend "Computation: Hardware is eating the world" as AI revolution's success increasingly relies on appropriate hardware, with a projected market of over US$50 billion for generative AI chips, and advancements in sustainability and smart device integration being crucial for future growth. Additionally, the trend "Interaction: Spatial computing takes center stage" is also interesting as **spatial computing enables advanced simulations**, allowing insurers to test various scenarios and predict potential impacts on operations.

By aligning your company's strategies with the insights provided in the Deloitte Tech Trends 2025 report, you can stay ahead of the curve and leverage existing and emerging technologies to **drive growth**, enhance operational **efficiency**, and navigate the **evolving technology norms** and changing landscapes of Insurance.

We encourage you to dive deeper into the report to gain a comprehensive understanding of each trend and its potential impact on your organization. Should you require any further assistance or wish to discuss these trends in more detail, **please do not hesitate to reach out** to us for a personal connect.

# Tech Trends 2025 – Insurance view

**1** CORE MODERNIZATION
**The intelligent core: AI changes everything for core modernization**

**2** BUSINESS OF TECHNOLOGY
**IT, amplified: AI elevates the reach (and remit) of the tech function**

**3** INFORMATION
**What's next for AI?**

**4** CYBER & TRUST
**The new math: Solving cryptography in an age of quantum**

**5** COMPUTATION
**Hardware is eating the world**

**6** INTERACTION
**Spatial computing takes center stage**

**Key 2025 outlooks for Insurance[1]:**

**Agility and Innovation:** Adopt agile models and advanced technologies like AI for better risk management and customer interaction.

**Customer-Centric Approach:** Modernize operations to enhance customer experience and build trust through transparency.

**Strategic Partnerships:** Form partnerships to quickly adapt to market demands and offer integrated solutions.

**Regulatory Compliance:** Focus on data collection and reporting to comply with new tax rules and climate-related disclosures.

**AI Integration**: Embed AI across functions to improve efficiency and customer service, ensuring data security and quality.

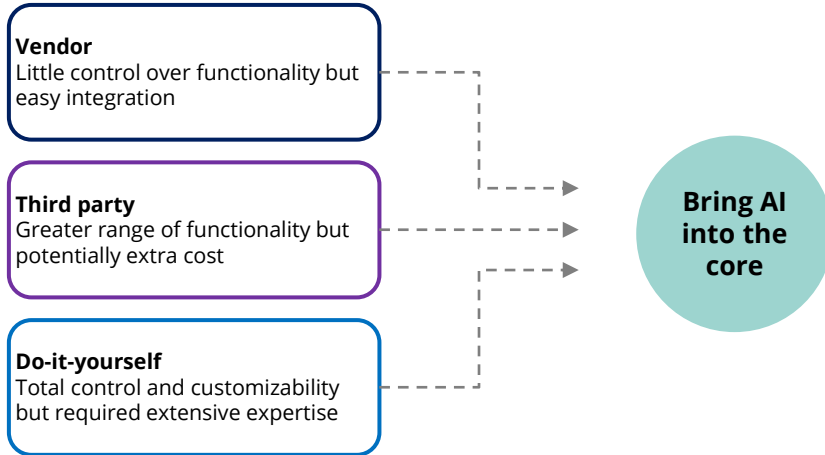**Sustainability**: Implement strategies to mitigate climate risks and promote eco-friendly practices.

# (1) **Core modernization**: The intelligent core: AI changes everything for core modernization

For years, core and enterprise resource planning systems have been the single source of truth for enterprises' systems of records. AI is fundamentally challenging that model

## Evaluating AI Implementation Strategies

**Vendor**
Little control over functionality but easy integration

**Third party**
Greater range of functionality but potentially extra cost

**Do-it-yourself**
Total control and customizability but required extensive expertise

**Bring AI into the core**

## Tech Trend highlights

Many core systems providers have gone all in on artificial intelligence and are rebuilding their offerings and capabilities around an AI-first model. The integration of AI into core enterprise systems represents a significant shift in how businesses operate and leverage technology for competitive advantage.

Core systems (…) and platforms are increasingly seen as critical assets for the enterprise. AI is breaking this model. Some enterprises are looking to reduce their reliance on monolithic (…) implementations, and AI is likely to be the tool that allows them to, by opening up data sets and enabling new ways of working. With some evolution, core systems will likely maintain their current position as systems of record. In most large enterprises, they still hold virtually all the business data, and organizations that have spent the last several years implementing (…) systems will likely be reluctant to move on from them.

Done wisely, AI may help reduce technical debt for core systems and push for a cleaner core, which could make enterprise systems less complex to maintain and cater to business demand in a more agile manner.

## Use cases

### AI-Enabled core modernisation
AI can drive core modernization by reducing reliance on monolithic systems. By integrating AI into core systems, enterprises can automate processes and customize applications, enhancing system flexibility and efficiency.

### AI-Enhanced customer interactions
AI tools can be integrated into core systems to enhance customer interactions. By analyzing customer data and preferences, AI can identify issues and provide personalized solutions, improving customer satisfaction and driving growth.

# ⬡2 **Business of technology**: IT, amplified: AI elevates the reach (and remit) of the tech function

As the tech function shifts from leading digital transformation to leading AI transformation, forward-thinking leaders are using this as an opportunity to redefine the future of IT

## Areas to consider AI in IT organizations

- Engineering
- Talent
- Cloud financial operations
- Cyber
- Infrastructure

## Tech Trend highlights

IT has long been the lighthouse of digital transformation in the enterprise, but it must now take on AI transformation. Forward-thinking IT leaders are using the current moment as a once-in-a-generation opportunity to redefine roles and responsibilities, set investment priorities, and communicate value expectations. More importantly, by playing this pioneering role, chief information officers can help inspire other technology leaders to put AI transformation into practice.

As both traditional AI and generative AI become more capable and ubiquitous, each of the phases of tech delivery may see a shift from human in charge to human in the loop. IT leaders should plan for AI transformation across five key pillars: engineering, talent, cloud financial operations (FinOps), infrastructure, and cyber risk. IT may complete its transition from a cost center and enabler to a true competitive differentiator.

## Use cases

### IT Operating Model
Establishing clear AI policies and procedures addresses the growing importance of AI in IT organizations. For example, creating an AI office centralizes functions to deliver GenAI use cases based on business requirements. This approach exemplifies how IT organizations are integrating AI into their agendas effectively.
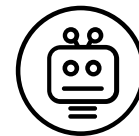
### IT prepared for AI
IT organizations should prepare for AI. This involves investing in AI training, upgrading infrastructure, and establishing AI governance. For example, using AI-driven analytics can improve decision-making. This ensures organizations are ready to leverage AI effectively and stay competitive.

# 3 | **Information**: What's next for AI?

While large language models continue to advance, new models and agents are proving to be more effective at discrete tasks. AI needs different horses for different courses

## New agents and language models

**1** **Small language models**
Focus on text, customizable, applied to different use cases (trainable). Needs to be customized and trained on data they would work with

**2** **Multimodal**
Can't train on smaller data sets; needs greater input and has wider variety of output. Less customization possible due to the volume of data required

**3** **Agentic**
Can take concrete actions. Vendors provide out-of-the-box capabilities, but works best when tailored

## Tech Trend highlights

Large Language Models (LLMs) have taken root, with up to 70% of organizations, by some estimates, actively exploring or implementing LLM use cases. Over the next 18 to 24 months, key AI vendors and enterprise users are likely to have a toolkit of models comprising increasingly sophisticated, robust LLMs along with other models more applicable to day-to-day use cases.

In the next decade, AI could be wholly focused on execution instead of human augmentation. This leads to a few key considerations for the years to come: AI-to-AI communication, Job displacement and creation, privacy and security, energy and resources and leadership for the future.

When it comes to AI, enterprises will likely have the same considerations in the future that they do today: data, data, and data. Until AI systems can reach artificial general intelligence or learn as efficiently as the human brain, they will be hungry for more data and inputs to help them be more powerful and accurate. Steps taken today to organize, streamline, and protect enterprise data could pay dividends for years to come, as data debt could one day become the biggest portion of technical debt.

## Use cases

### Claims review automation
Implement small language models to automate the review of insurance claims, reducing processing time and improving accuracy. This can streamline operations and enhance customer satisfaction.

### Customer support enhancement
Use agentic AI to provide automated customer support, capable of accessing databases and executing tasks. This can handle repetitive inquiries efficiently, freeing up human agents for more complex issues.
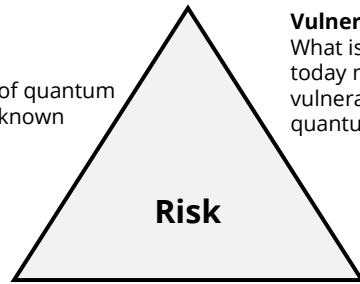
# (4) **Cyber & trust**: The new math: Solving cryptography in an age of quantum

Quantum computers are likely to pose a severe threat to today's encryption practices. Updating encryption has never been more urgent

## Quantum computer threats

**Vulnerability:**
What is safely encrypted today may be made vulnerable in the future when quantum computers mature

**Hazard:**
The arrival date of quantum computers is unknown

**Risk**

**Exposure:**
The scale of the problem is massive

## Tech Trend highlights

Two of the primary concerns for cybersecurity teams are technology integrity and operational disruption. Undermining digital signatures and cryptographic key exchanges that enable data encryption are at the heart of those fears.

While upgrading cryptography to protect against the threat of quantum computers requires a comprehensive and widespread effort, given sufficient time, it should be a relatively straightforward operation. Initial steps include establishing governance and policy, understanding current cryptographic exposure, assessing how best to prioritize remediation efforts across the infrastructure and supply chain, and building a comprehensive road map for internal updates and contractual mechanisms to ensure vendors meet the updated standards.

Quantum computers are likely to bring significant benefits to a range of areas. These potential benefits should not be overshadowed by the attendant security challenges. This is why enterprises should start hardening their defenses now so that they are prepared to reap the potential benefits of quantum computing without major disruption from its risks.

## Use cases

### Cryptographic inventory and modernisation
Conduct a comprehensive cryptographic inventory to identify and update vulnerable encryption methods. This proactive approach is becoming a non-negotiable in order to helps insurers safeguard their systems and data against emerging quantum threats.
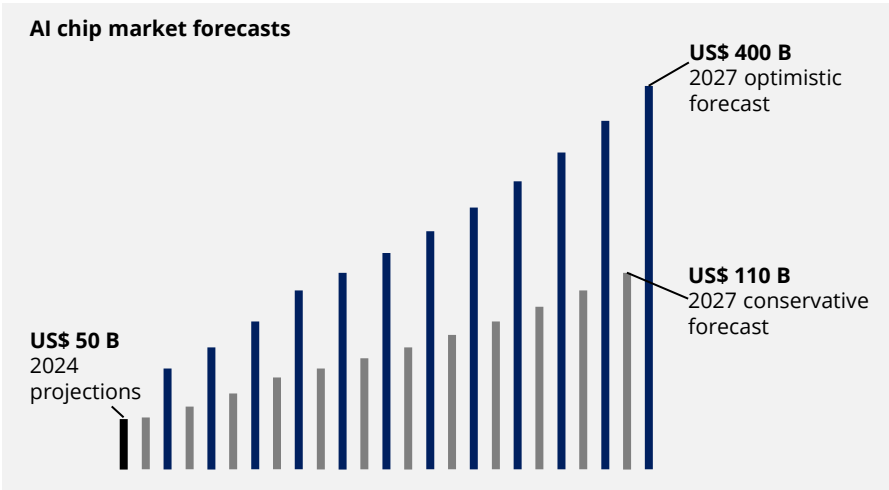
### Quantum-resistant encryption
Implement quantum-resistant encryption algorithms to protect sensitive data from future quantum computing threats. This ensures long-term data security and maintains the integrity of digital communications.

# ⟨5⟩ **Computation**: Hardware is eating the world

The AI revolution will demand heavy energy and hardware resources—making enterprise infrastructure a strategic differentiator once again

## The surge in AI hardware investment

**AI chip market forecasts**

US$ 400 B
2027 optimistic forecast

US$ 110 B
2027 conservative forecast

US$ 50 B
2024 projections

Source: Deloitte Insights, November 29, 2023

## Tech Trend highlights

The promise of the AI revolution increasingly depends on access to the appropriate hardware. According to Deloitte research based on a World Semiconductor Trade Statistics forecast, the market for chips used only for generative AI is projected to reach over US$50 billion this year.

Looking forward, AI hardware is poised to step beyond IT and into the Internet of Things. An increasing number of smart devices could become even more intelligent as AI enables them to analyze their usage and take on new tasks.

Much has been said about the energy use of data centers running large AI models. AI requires unprecedented resources from data centers, and aging power grids are likely not up to the task. While many companies may be worried about getting their hands on AI chips like GPUs to run workloads, sustainability may well be a bigger issue. Currently, multiple advancements that aim to make AI more sustainable are underway. Enterprises should take note of advancements in these areas over the next two years when considering data centers for AI: Renewable sources, Sustainability applications and Hardware improvements.

## Use cases

### Scalable AI infrastructure implementation
Implement a strong and scalable infrastructure enabling more scaling SaaS-based solutions and governed by diligent DevOps, FinOps and ML / GenAI Ops, to significantly enhance AI adoption. This approach can support achieving business's goals (e.g. better expense ratio), while also strengthening overall IT capabilities.

### Sustainable Data Centers for AI workloads
Invest in hybrid data centers combining on-premises infrastructure with cloud solutions to efficiently handle AI workloads. This approach optimizes resource use, scales operations, and meets AI demands, offering flexibility, cost-efficiency, and robust data security.

# 6 **Interaction**: Spatial computing takes center stage

What is the future of spatial computing? With real-time simulations as just the start, new and exciting use cases can reshape industries

## Tech trend opportunities

**Physical**
Wearables, Next-gen displays, IoT, Sensor Tech, Spatial audio devices, Cameras, Next-gen batteries

**Bridging**
Sensors, Computer vision, GPS/spatial mapping software, 3D design, next-gen network infrastructure, Data lakes

**Digital**
Augmented reality objects, Interactive digital objects, Holographic projections, Audio outputs, Avatars, GenAI

## Tech Trend highlights

Spatial computing offers new ways to contextualize business data, engage customers and workers, and interact with digital systems. It more seamlessly blends the physical and digital, creating an immersive technology ecosystem for humans to more naturally interact with the world. It involves blending standard business sensor data with the Internet of Things, drone, light detection and ranging (LIDAR), image, video, and other three-dimensional data types to create digital representations of business operations that mirror the real world.

One of the primary applications unlocked by spatial computing is advanced simulations. Think digital twins, but rather than virtual representations that monitor physical assets, these simulations allow organizations to test different scenarios to see how various conditions will impact their operations

Building the data pipelines may be one of the heaviest lifts, but once built, they open up myriad use cases. Autonomous asset inspection, smoother supply chains, true-to-life simulations, and immersive virtual environments are just a few ways leading enterprises are making their operations more spatially aware.

## Use cases

### Risk assessment and underwriting
Use spatial computing for real-time simulations to assess risk scenarios and improve underwriting accuracy. This can help insurers predict potential losses and set premiums more precisely.

### Virtual property inspections
Implement augmented reality for virtual property inspections, enhancing claims processing efficiency. This allows adjusters to evaluate damage remotely, speeding up the claims process.

# Continue the conversation

**Deloitte.**

**Our insights can help you take advantage of emerging tech trends in applied to the insurance industry.**

**If you're looking for fresh ideas to address your challenges, let's talk.**

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