

Life insurance industry unprepared for \$7.8 trillion wealth transfer to beneficiaries by 2040

- **60% of individuals aged 65 or older have not sought professional financial advice to prepare for retirement or to transfer their wealth**
- **Three-in-four consumers are interested in innovative life insurance offerings to help them age well, but insurers lack the product development capabilities**

Paris, October 19, 2023 – The Capgemini Research Institute’s [World Life Insurance Report 2023](#), published today, highlights an unprecedented shift for life insurers as they face a significant outflow of assets under management (AUM), ahead of history’s largest inter-generational wealth transfer¹. Currently, policyholders over the age of 65 own 40% of insurers’ AUM, which for the 40 largest global life insurers totals USD 7.8 trillion. According to the report, these assets are poised to be transferred to beneficiaries by 2040².

The United Nations predicts 33% of the world’s population will be over the age of 50 by 2050. Yet, most senior citizens lack a financial plan for aging well³. According to Capgemini’s new report, 60% of individuals aged 65 or older have not sought professional financial advice to prepare for retirement or to transfer their wealth.

Many people approaching retirement are being forced to shoulder more of the financial responsibility for aging well as unique economic headwinds, declining governmental support, and increasing healthcare costs exacerbate the cost-of-living crisis. Despite these conditions creating a greater need for life insurance, consumers face growing barriers to product adoption. Policyholders report complexity across life insurance offerings and limited awareness (39%) as the biggest obstacles, followed by a lack of trust (29%).

“The demographic shift coupled with the greatest wealth transfer to take place in the coming years threaten the life insurance industry, as it competes to serve the needs of an aging population. To help policyholders age well, carriers must find a way to appeal to the evolving needs of consumers by creating a personalized and tailored experience through more innovative product design. Ecosystem partnerships, such as engaging with firms that specialize in serving seniors, can help insurers orchestrate value-added services and close their capabilities gap in key areas. Those that prioritize early engagement with clients and their beneficiaries will generate trust and safeguard their assets,” said Samantha Chow, Global Leader for Life, Annuity and Benefits Sector at Capgemini.

New partnerships key to seizing opportunities with affluent consumers

The biggest challenge life insurers currently face is staying relevant amid the greatest wealth transfer. To protect the assets under management that are at risk, the report recommends prioritizing affluent and mass

¹ [UBS Investor Watch](#)

² Capgemini Research Institute for Financial Services analysis 2023, based on data from [Federal Reserve](#), annual reports of top 40 global life insurers and [United Nations](#) on life expectancy at age 65.

³ Throughout Capgemini’s World Life Insurance Report, ‘aging well’ is defined as the ability to maintain financial security, physical health and quality of life, with the support and protection of life insurance and other retirement solutions.



affluent⁴ consumers who hold 39% of global wealth and account for about 20% of the aging population. This segment has the greatest need for aging-well solutions, with more than 75% wanting innovative life products. However, only 27% of insurers have the advanced product development capabilities to provide them.

According to the report, more than 44% of 50+ year old affluent and mass affluent customers expect their insurers to provide such services, ranging from wellness initiatives to assisted living. Ecosystem partnerships will prove critical for insurers to close this gap by orchestrating a wide universe of value-added services.

Transform the customer lifecycle to boost growth

As insurers navigate the road ahead, they must find a path to protect assets and boost growth. The report highlights a journey that will take insurers from today's product-centric approach to an operating model focused on customer-centricity, with comprehensive, higher-value solutions designed to help consumers age well. This transition requires a value chain evolution aimed at enhancing the customer onboarding process and driving policyholder and beneficiary engagement. Subsequently, beneficiaries can be transformed into new customers and claims effectively converted into opportunities for revenue generation.

To start, insurers can consolidate data for a single view of the customer and digitally empower agents by leveraging artificial intelligence, including generative AI, to offer hyper-personalized advice. However, only 21% of insurers have the tools for advanced data analytics capabilities, and fewer (19%) are taking advantage of advanced technologies to streamline operations, enrich experiences, integrate across emerging ecosystems, and make faster and more data-driven decisions.

Insurers can drive policyholder and beneficiary engagement to deepen customer relationships by simplifying and personalizing the onboarding journey; elevate the claims experience by providing flexibility in claims restructuring; and capture a single view of the customer by modernizing their technology layer. Those insurers that succeed through this journey will be able to fortify trust across generations, foster future growth and safeguard the significant assets at risk to be transferred in the near future, the report concludes.

Report Methodology

The World Life Insurance Report 2023 draws data from two primary sources, the 2023 Global Insurance Voice of the Customer Survey and the 2023 Global Insurance Executive Interviews. Together, this primary research covers insights from 23 markets: Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Japan, Malaysia, Mexico, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom and the United States. The Voice of the Customer Survey, administered in May and June of 2023 in collaboration with Phronesis Partners, polled 6,775 insurance customers above the age of 50 years in 20 countries. The report also includes insights from interviews with 200 senior insurance executives of leading insurance companies across 14 markets. These markets together represent all three regions – Americas (North America and Latin America), EMEA and APAC.

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⁴ Affluent: Wealth band with investable assets typically between USD 250,000 and USD 1 million; Mass affluent: Wealth band with investable assets between USD 100,000 and USD 250,000

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