

## Global Insurance Outsourcing – The India Perspective: Overview, Trends, Insights and Key Vendor Profiles

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*The potential for insurance outsourcing market is enormous, with over 1500 Property & Casualty (P&C) insurance companies and 1300 health insurance companies in the US alone. Globally, the banking, financial services and insurance (BFSI) vertical is the fastest growing segment in outsourcing. India's BFSI outsourcing revenues in 2003 stood at \$1.1 billion, which constituted 2.5% of global BFSI outsourcing. The top 5 Indian vendors in BFSI get 49% of their revenues from BFSI.*

ValueNotes estimates that the Indian insurance outsourcing revenues are likely to grow to \$790 million by 2007, from an estimated \$367 million in 2003, a CAGR of 21%.

9/11 resulted in shrinking margins, higher claims disbursement and increasing competition for the sector. Insurance companies are now forced to look at outsourcing/offshoring to improve efficiencies and channelize resources towards the core functions of product development and innovation.

Several niche providers with relevant domain expertise are emerging, encouraging insurance companies to outsource more value-added services. The growth drivers are common to all verticals - cost saving, ability to focus on core processes of product development, innovation & marketing strategy and minimizing risk through multiple delivery centers.

For the insurance outsourcing vertical, the critical drivers are:

- ✓ Insurance regulation and statutory documentation in the US
- ✓ Deregulation of insurance markets in countries like India, China and Japan
- ✓ HMOs move their processes offshore - Fueled by the success of Aetna in moving their claims adjudication process to India, many other organizations want to tread the same path.

According to senior research analyst at ValueNotes, Nilesh Paranjape, "India as an offshoring destination has much to offer the insurance industry." It is already an established outsourcing destination for a variety of services and verticals. And several of the large outsourcing vendors already have significant experience in the BFSI vertical. Further, large Indian service providers have, through organic growth or acquisitions, set up centers in US, Canada and other places that qualify as "near-shore" outsourcing destinations and are therefore more acceptable to first time outsourcers.

India has now become one of the most popular destinations for offshoring insurance processes. Some of the top insurance companies in US & Europe like Cox Insurance Holdings, Aviva Life Insurance, AXA Sun Life have moved one or more processes to India-based captive or third party outsourcing firms.

Some of the top players in the insurance vertical include WNS, HTMT, EXL, ICICI OneSource and GTL. Currently around 63% of India's insurance outsourcing revenue comes from the US and around 22% from EMEA.

The Global Insurance Outsourcing report is the first in a series of reports from the ValueNotes Outsourcing Practice that will look at outsourcing in diverse verticals from an Indian perspective, and seeks to provide a flavor of important trends, issues and needs. It is a review of outsourcing in the global insurance sector, types of processes being outsourced and by whom, growth drivers and inhibitors, service delivery models, captive vs. third party BPOs, offshoring destinations, the Indian market, major vendors, along with profiles.

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ValueNotes Database is a leading provider of business intelligence and research, with expertise across selected domains and types of customer needs. Working with clients across the globe we have significant understanding of international markets.

### ***About ValueNotes Outsourcing Practice***

The ValueNotes Outsourcing Practice is one of the largest information providers on the outsourcing industry. Our Outsourcing Practice uses a comprehensive, analytical framework providing fresh insights into the fast emerging and yet, complex outsourcing space. We extensively track the outsourcing space in-depth through a regular analysis of news and events and continuous primary research and contact with the industry.

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