WHITEPAPER

The Life & Pensions Proposition that Delivers Its Promise

A framework for assessing operational agility and closing the gaps

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The Promise Behind Every Policy

Customers are not buying a document when they purchase a life and pensions (L&P) product. They are acquiring security and confident trust: that the cover will remain relevant, the product will retain its value, and that you, the insurer, will be there when it matters most.

That promise is easy to make, but it's becoming more difficult to keep. The life and pensions market is moving faster than most operating models across EMEA and APAC were designed to accommodate, with technology and disruptors reinventing propositions.

Five types of insurer performance gaps are emerging, as explained in our first whitepaper in this series.

Each takes a specific, measurable form in life and pensions.

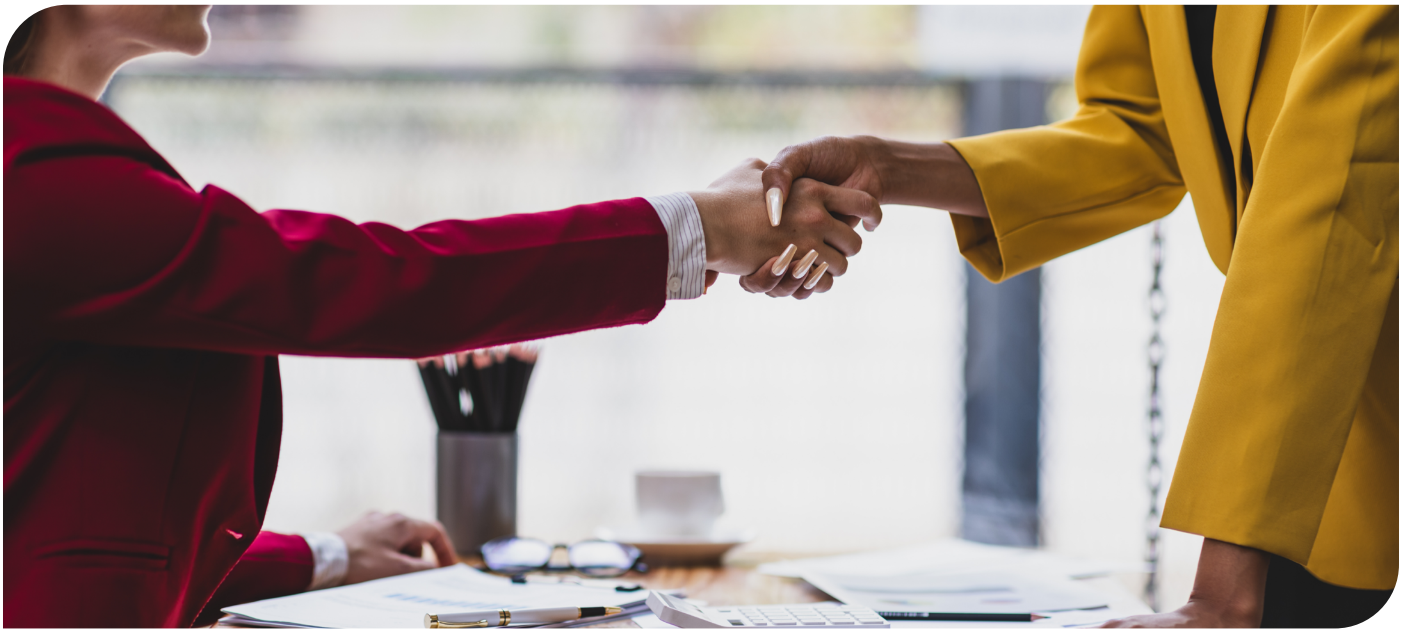
The consequences are measurable. Propositions that are too rigid to keep pace with customer needs, slow to update, and expensive to operate where coverage must remain affordable, are directly contributing to a widening protection gap across the region.

This whitepaper is written to help the senior leaders accountable for those promises: Chief Information Officer (CIO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Head of Product, Chief Underwriting Officer (CUO), and Chief Actuary. It provides a framework for assessing where proposition agility is strongest, where structural drag is concentrated, and what the path forward requires.

You'll learn about:

- **Five** performance gaps caused by inflexible or inferior operating models
- The Proposition Agility Index's **five** stages of maturity
- The **seven** capability dimensions
- **Three** insurer stages and where you are currently located

The divide between insurers who can evolve propositions continuously and those who cannot is widening. Its consequences result from 5 performance gaps and affect the policyholders who depend on you for protection.



Where the Five Performance Gaps Hit Hardest

The Performance Gap series identifies five enterprise-level gaps which we explored in our previous whitepaper. Each takes a specific, measurable form in L&P and the effects compound: a speed-to-market gap raises per-policy costs; a decisioning gap invites regulatory scrutiny; and an operational gap makes every other gap harder to close.

Performance Gap	What you will recognise	What your customers experience	What to measure
Speed-to-market	Product updates take six or more months. Pricing refreshes are annual. New benefits require IT release cycles.	Cover definitions lag behind competitors. Customers are sold products already behind market standards.	• Time from concept to market • Product changes per year • Pricing refresh cadence
Decisioning	Is underwriting disconnected from claims. Pricing models rely on outdated assumptions. Claims experience lacks real-time feedback.	Unsuitable products, pricing that does not reflect actual risk, adverse selection. AI deployed on fragmented data accelerates existing flaws.	• Claims ratio versus pricing assumptions • UW / STP referral rates • Feedback loop latency
Operational	Digital channels not utilised, or not supported by legacy systems, resulting in manual processes across servicing, illustrations, and disclosures. Inforce books consume disproportionate effort. SLA breaches.	Slow onboarding, inconsistent servicing, delayed claims. Inforce customers receive a visibly poorer experience.	• STP rates • Cost-per-policy by platform • Service level variance. • NPS trends
Financial	Rising cost-to-serve on legacy platforms. Expense ratios under pressure. Reserve assumptions lag behind claims experience.	Costs passed through premiums. Reduced capacity for innovation. Coverage becomes less affordable.	• Expense ratio trend • IT run-cost as percentage of total IT spend • Cost-to-serve – legacy versus modern
Compliance	Each regulatory change requires manual implementation across multiple platforms. Audit trail gaps emerge. AI decisioning lacks explainability.	Regulatory delays affect product availability. Governance strain increases customer detriment risk.	• Time to implement regulatory change • Platforms requiring separate updates • Audit findings trend

5%

of life insurers globally deliver best-in-class customer experience[1]

40%+

of life insurers' IT budgets consumed by legacy systems[2]

38%

higher NPS at best-in-class insurers versus industry average[1]

The Trajectory That Does Not Self-Correct

When proposition agility falters, the consequences compound. Repricing cycles take months. The market moves. Advisers surface the gap. New business volumes fall. Fixed costs spread across a shrinking book and cost-to-serve rises. To protect margins, premiums increase, which accelerates volume loss. Inforce customers on outdated products require more manual servicing and generate more complaints. Teams are consumed by maintenance, leaving no capacity for evolution.

Deloitte's 2026 Global Insurance Outlook is clear about the financial consequence. Insurers still entangled in legacy data, regulatory complexity, and fragmented platforms risk falling behind, with the window for fixing the foundations narrowing. The same report notes that legacy system modernisation remains a priority, with many insurers undertaking multi-year cloud transformations to strengthen agility and scalability. The cost of deferring that investment compounds every year.

Overpriced products lose volume. Lost volume raises costs. Higher costs force higher premiums. Higher premiums lose more volume. This loop does not self-correct.

Two Fronts, One Structural Problem

The proposition agility challenge plays out on two planes simultaneously. Most strategic conversations address only one, which is a costly omission.

Plane 1: Can You Sell Today and Deliver for Decades?

When you launch a product, you are making a commitment that stretches 20, 30, or sometimes more than 40 years into the future. The customer is not simply purchasing current cover. They are purchasing your ability to keep that cover relevant as their life changes, regulations evolve, and competitors raise the bar.

If product updates take more than six months, pricing cannot respond quickly to shifting longevity and morbidity assumptions, and underwriting logic relies on annually reviewed data, today's product will age faster than it can be updated.

Plane 2: Are You Still Delivering for Today's Customers?

Inforce and closed book portfolios are not liabilities to be managed. They are the most valuable strategic asset an insurer holds. Capgemini's World Life Insurance 2025, drawing on 6,186 customers across 18 countries and interviews with 213 executives, found that only 5% of life insurers globally deliver best-in-class customer experience.

It also reported that best-in-class insurers achieve NPS scores 38% higher than the industry average. The gap is not a satisfaction metric. It is a retention and revenue metric that widens every year the operating model cannot keep pace.

Forward-thinking insurers who treat their existing book as a growth engine, rather than a maintenance obligation, will outperform those who do not. Both planes require the same answer: an operating model that continuously supports development.

Narrowing the performance gap is not only about winning new business. It is equally focused on honouring existing commitments.

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The Proposition Agility Index

The **Proposition Agility Index** maps **five stages of proposition maturity across seven capability dimensions**. The five stages of maturity are:

1. Static
2. Modular
3. Personalised
4. Dynamic
5. Anticipatory

The seven capability dimensions are:

1. Product architecture
2. Pricing and underwriting
3. Inforce and closed book management
4. Distribution model
5. Data analysis
6. Regulatory posture
7. Change velocity

Most life and pensions insurers currently operate between stages 2 and 3 on the Proposition Agility Index. [Capgemini's research](#) supports this. Only 41% of insurers met or exceeded their latest transformation goals. The shift from stage 3 to 4 is where structural advantage begins to compound, requiring open architecture, connected data, and a move from product P&L ownership to customer lifetime value management.

How to Use This Framework

Assess where your current proposition sits, identify the barriers to progression, and prioritise the capabilities needed to progress along the index.

Rigid and product-led — Adaptive and customer-led

STAGE 1

Static and standardised

12+ months to market

- Fixed, monolithic products
- Annual pricing review only
- Manual underwriting
- Single or tied channel
- Price as sole differentiator
- Compliance reactive

e.g. Legacy with-profits books, traditional group risk

STAGE 2

Modular and Configurable

6–12 months to market

- Core + optional add-ons
- Quarterly repricing cycles
- Rules-based automation
- Multi-channel distribution
- Some segment targeting
- Structured governance cadence

e.g. Workplace defined contribution pensions with lifestyle options, tiered protection

STAGE 3

Personalised and Responsive

Weeks to market

- Individual-level tailoring
- Event-driven pricing updates
- Claims-informed underwriting
- Omnichannel experience
- Behavioural pricing signals
- Consumer Duty or equivalent regulations embedded

e.g. Income drawdown with dynamic glide path, vitality-linked cover

STAGE 4

Dynamic and Ecosystem-linked

Days to market

- Real-time personalisation
- Continuous proposition testing
- AI-augmented decisioning
- Open API integrations
- Embedded and contextual delivery
- RegTech-enabled oversight

e.g. Embedded group benefits, health and wealth platform plays

STAGE 5

Anticipatory and Outcome-driven

Continuous deployment

- Predictive needs-sensing
- AI-generated proposition variants
- Agentic underwriting decisions
- Life-event triggered auto-adapt
- Seamless ecosystem orchestration
- Proactive outcomes reporting

e.g. Lifetime financial resilience propositions, AI-advised retirement income

Rigid and product-led (Stages 1–2)
Transitional (Stage 3)
Digitally enabled (Stage 4)
Adaptive and customer-led (Stages 5)

Capability dimensions across the index

Dimension	1 Static	2 Modular	3 Personalised	4 Dynamic	5 Anticipatory
Product architecture	Monolithic; change = project	Core + config-urable add-ons	Composable by segment	API-first; real-time assembly	AI-delivered; self-adapting
Pricing and underwriting	Annual tables; manual referral	Quarterly repricing; rules engine	Data-triggered; claims feedback loop	Continuous recalibration; AI-augmented	Predictive; agentic risk decisions
Inforce and closed book	Static obligation; degraded service	Periodic review; limited update	Proactive engagement; cover updates	Single customer view; lifecycle mgmt	Intergenerational; auto-evolving cover
Distribution model	Tied or single channel	Advised + basic direct	Omnichannel; hybrid advice	Embedded in partner platforms	AI-led; contex-tually surfaced
Data and analytics	Actuarial tables; batch reports	Segment MI dashboards	Individual enriched profiles	Real-time decisioning	Predictive modelling at scale
Regulatory posture	Reactive; project per change	Structured governance cadence	Consumer Duty embedded	RegTech-enabled oversight	Proactive outcomes reporting
Change velocity	12+ months concept to market	6–12 months; quarterly cycles	Weeks; monthly sprint cadence	Days; continuous A/B deployment	Continuous; autonomous, event-triggered

Most L&P insurers currently operate between Stages 2 and 3. The critical shift from Stage 3 to Stage 4 requires investment in open architecture, partnerships, and a move away from L&P product ownership towards customer lifetime value management.

Key insight: Regulatory expectations under Consumer Duty, IFRS 17, and the EU AI Act are accel-erating the case for progression. For insurers on fragmented legacy platforms, each regulatory change is a project. For those at Stage 3 and above, it is a configuration exercise.

Three Stages: Where is Your Organisation?

The Slow Updater (Stages 1–2)

A critical illness product was market-leading three years ago, covering 35 conditions. Today, the top three competitors cover 60 to 80 conditions at a comparable price point. The product team flagged the competitive gap 18 months ago. The update is still working through actuarial repricing, regulatory review, system configuration, and distribution rollout.

New business volumes are down 12% year-on-year. The root cause is an operating model where product changes require a chain of sequential dependencies across actuarial, compliance, IT, and distribution, each on its own timeline. **Total cycle time exceeds 18 months.**

The Compliance Firefighter (Stage 2)

The product development team spends more time responding to regulatory change than evolving the proposition. IFRS 17 consumed most actuarial and IT bandwidth for two years. Consumer Duty required a product value review across the entire book. Each change is handled as a bespoke project.

The product roadmap is 18 months behind plan and cost-to-serve has risen 20% in three years, while the proposition has barely changed. The capacity consumed by compliance is capacity unavailable for evolution.

The Closed Book Drag (Stage 1 for Legacy, Stage 3 Elsewhere)

Legacy platforms support products no longer sold, but still carry more than 200,000 policyholders, consuming 35% of the IT run budget. Every regulatory change must be applied four times. Capgemini finds that maintaining outdated legacy systems consumes over 40% of life and health insurers' IT budgets across Europe, the Middle East and Africa, directly restricting investment in new technologies. Those policyholders, on a modern platform, would be growth opportunities. On the current one, they are avoidable attrition.

Which scenario most closely reflects your operating reality? The answer identifies where your performance gap is most acute and where structural investment will deliver the greatest return.

The Regulatory Pressure Map by Region

For insurers on fragmented legacy platforms, each regulatory change becomes a project. For those on unified, configurable platforms, it is merely a configuration exercise. That distinction separates a compliance function that competes with proposition development, from one that runs alongside it.

Region	Key regulatory pressures (2025/26)	Impact on proposition agility
UK	• FCA Consumer Duty: ongoing product value assessments across the entire book • Solvency UK refinements (PRA) • Non-financial misconduct rules (effective September 2026)	Consumer Duty forces continuous product review, not just at launch. Insurers on legacy platforms struggle to realise ongoing fair value across inforce products.
EU	• IFRS 17 (second full year) • Solvency II review • EU AI Act (full enforcement from August 2026) • DORA: ICT risk management and third-party oversight • IDD product governance	IFRS 17 demands granular contract-level data that legacy systems struggle to produce. The EU AI Act requires explainability in automated decisioning. DORA increases the cost and complexity of maintaining legacy infrastructure.
Middle East and Africa	• IFRS 17 adoption accelerating • DIFC and ADGM frameworks evolving • South Africa: Twin Peaks, Conduct of Financial Institutions Bill, Two-Pot Retirement System, Solvency Assessment and Management (SAM)	Rapidly maturing frameworks narrow the compliance window. The Two-Pot Retirement System requires system changes for early withdrawal. Legacy platforms face multiple overlapping deadlines.
APAC	• Hong Kong: enhanced conduct rules, IFRS 17 • Singapore: MAS technology risk guidelines • Japan: ISSB-aligned disclosures from FY2026 • Australia: APRA modernisation, design and distribution obligations	Jurisdictions are moving from framework-setting to enforcement. Compounding compliance burdens consume product roadmap capacity across multiple markets simultaneously.

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A Dynamic Operating Model Accelerates Success

The problems identified in this paper are structural. Resolving them requires moving along the Proposition Agility Index from static and product-led, towards dynamic and customer-led. On a connected operating model, product changes become configuration exercises, rather than development programmes. Pricing responds to data, instead of calendar cycles.

The inforce book becomes a growth engine, as opposed to a maintenance burden. Closed book customers receive the same quality of digital experience as new ones, with their cover kept current, and the relationship actively managed.

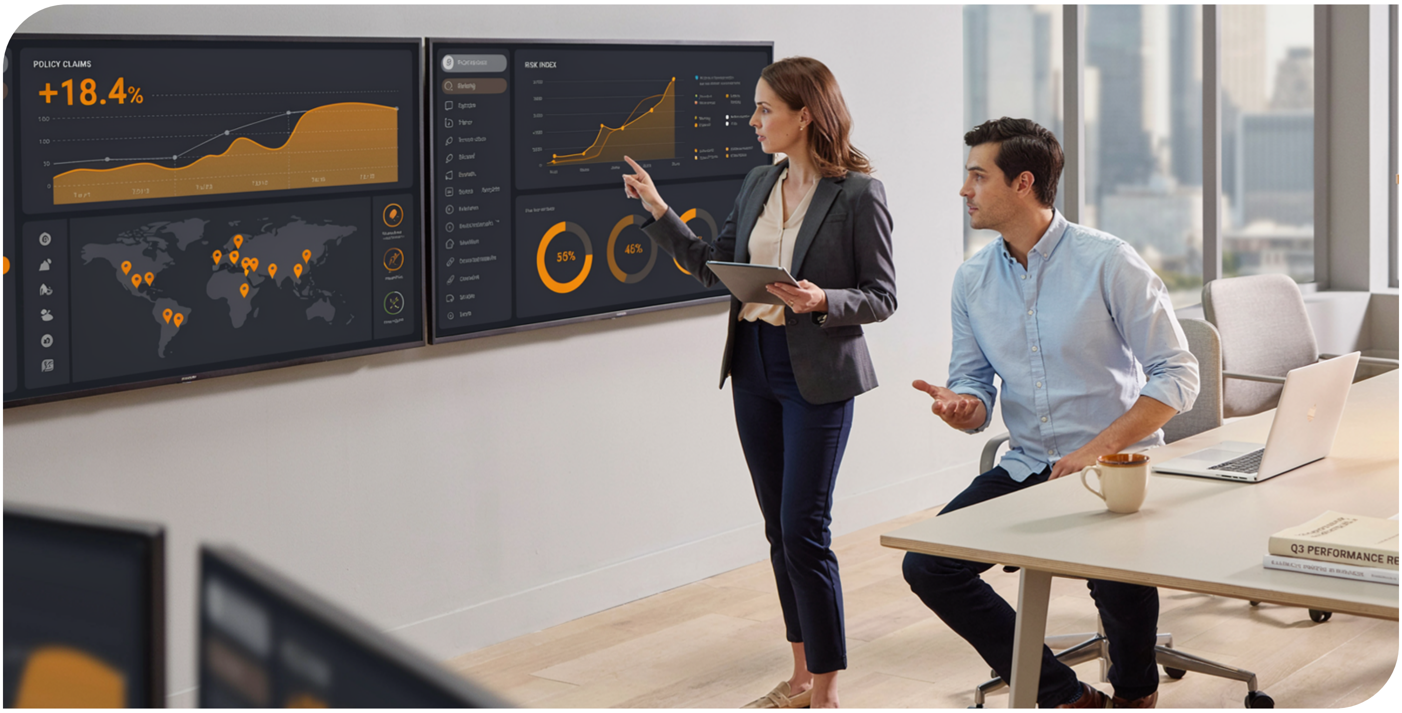
AI is central to this effort. Deloitte's 2026 Global Insurance report is unequivocal: insurers cannot build effective AI on a foundation of siloed data, inconsistent definitions, and legacy systems that do not communicate.

McKinsey reinforces this view: creating lasting value from AI requires fundamentally changing how insurers operate across underwriting, claims, and distribution, with **a modern data and technology stack as the foundation.**

More than 80% of companies report not yet seeing bottom-line impact from AI investments. Value accrues when whole workflows are reimagined, not when AI is bolted onto existing processes.[3]

The connected operating model is not a precondition for AI. It is what determines whether AI investment generates competitive advantage or accelerates existing inconsistencies.

The goal is not to build a product that lasts 30 years. It is to build an operating model that makes every product better in year 30 than it was in year one.



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Five Questions for Your Leadership Team

Each question connects an internal operating reality to a customer or commercial consequence. They work best when explored jointly CIO, CFO, CUO, and COOs, because the performance gap is never owned by a single function.

Question 1

How long does it take to get a product change from concept into a customer's hands? The full cycle: pricing, compliance, configuration, testing, distribution rollout.

Why it matters
If the answer is "more than six months," your proposition is ageing faster than you can update it. Every month of delay gives competitors time to move ahead.

Question 2

Can you honestly say that inforce customers are as well served as new customers? Same digital experience, same product relevance, same quality of engagement?

Why it matters
If the answer is "no," you carry a conduct risk, a retention risk, and a protection gap that grows with every year those products remain static.

Question 3

What percentage of IT budget is spent maintaining legacy platforms versus building new capability? And is that ratio improving?

Why it matters
If legacy maintenance consumes more than 60% of IT spend, your capacity for structural improvement is constrained. The gap widens, not narrows.

Question 4

When was the last time the claims experience directly changed an underwriting decision or a pricing assumption? How long did the feedback loop take?

Why it matters
If the answer is "annual review" or "we are not sure," your decisioning gap is unresolved. Pricing decisions are being made on assumptions your own data may have already disproven.

Question 5

If a major regulatory change arrived tomorrow, how many separate platforms would need to be updated, and how long would that take?

Why it matters
If the answer involves multiple platforms and multiple months, your compliance gap is consuming resources that should be directed towards proposition evolution.

If these questions reveal distance between where the leadership team believes the organisation stands and where it actually stands, you've found potential value. The gap between perception and reality is where the performance gains can be found.

Moving Along the Proposition Agility Index

The Sapiens Insurance Platform for L&P is built to support a dynamic operating model: configurable product architecture, pricing that responds to real-time claims experience, and inforce book management that treats existing customers as a growth asset and not a maintenance obligation. The connected operating model determines whether AI investment generates competitive advantage or accelerates the inconsistencies already present in your data. The platform connects policy administration, data, AI-driven decisioning and product configuration into a single integrated environment, allowing insurers to address performance gaps in a structured way based on priorities.

For most L&P insurers currently operating at stages 2 to 3 on the Index, the shift to stage 4 is where structural advantage compounds. Proposition evolution becomes continuous rather than periodic. Inforce management becomes a growth activity rather than a cost centre. AI becomes a driver rather than a risk.

Your Next Move

The next step is a tailored demo built around your specific challenges. If you would like to explore how these themes apply to your operating model, market, and regulatory environment, a Sapiens specialist is ready to discuss them with you.

Contact us today

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