REPORT

Lloyds Banking Group: The 2030 Decision Starts Now

Prepared for the senior leadership team at Lloyds Banking Group

sapiens

1 The Decision Ahead

Lloyds Banking Group is approaching a decision about the future of its core policy and claims platform that will influence Personal Lines operating performance well beyond 2030. Another upgrade of the current environment is one option. Implementing a different operating model is another. The decision has to be made within the next 12–18 months. The question is not simply whether to upgrade again but rather whether the next platform upgrade should look like the last one.

The current core policy and claims platform environment has been customised to such an extent that the next upgrade will be expensive, slow, and, most critically, just a short-term solution. An additional decision will need to be made no later than 2030 which means that the window to evaluate alternatives and build the business case is open now, not later.

This document outlines a fundamentally different approach that permanently eliminates the need for upgrade cycles, removes the burden of customisation, and positions Lloyds Banking Group to be future-ready.

The core question for your leadership team:

Is the next decision about your platform going to be an upgrade or a transformation? If it's a transformation, when is the right time to move forward?

2 The Competitive Landscape Is Intensifying

UK Personal Lines insurance is entering a period of structural pressure. Despite years of technology investment across the industry, the cost of customer acquisition and retention has continued to rise, while expense ratios have stubbornly shown no improvement. The question every insurer should be asking is: where exactly is the benefit from technology?

At the same time, the Personal Lines market is becoming more competitive on several fronts simultaneously:

- Price comparison websites have commoditised standard Personal Lines products, shrinking margins and creating differentiation through price, making it difficult for insurers to compete.
- Affinity and white-label distribution is growing rapidly but the technology overhead associated with launching, managing and repricing products across multiple partners and brands remains a significant operational burden for insurers operating on legacy platforms.
- AI-native insurtechs are no longer circling the market; they have already penetrated it, bringing lower cost bases, faster product cycles, and the ability to launch white-label propositions in days rather than months.
- Consumer expectations, shaped by retail and banking experiences, are raising the bar for digital self-service, instant decisions and personalised pricing standards that legacy core systems were not designed to support.

For Lloyds Banking Group, this creates both urgency and opportunity. As a bank with an established customer base, strong brand trust and a natural affinity distribution model, the potential to grow Personal Lines insurance across home, motor, protection and beyond is significant. But realising that potential requires a platform capable of launching and managing white-label products at speed, configuring partner-specific offerings without development overhead, and pricing dynamically across a book of millions of customers. This starts with the technology foundation.

sapiens

3 The Cost of Customisations

Customisations made sense when they were the only way to make a system fit. But over time, they compound. Each customisation increases the cost and complexity of every subsequent upgrade, extending testing cycles, creating regression risk, and narrowing the pool of partners capable of supporting delivery.

Where you are today

Large number of customisations on an on-premise deployment.

- Upgrade costs are substantial with lengthy timelines.
- Flexibility is constrained.
- White-labelling new product offerings (whether for partners, affinity groups or embedded distribution) requires disproportionate effort.
- Managing multi-partner arrangements is operationally complex.

A different model

Sapiens operates on a configuration-only model. There are no customisations. This means:

- Continuous upgrades delivered as a service, without the accumulation of legacy customisation debt.
- New product launches, white-label offerings and partner-specific configurations deployed through low-code tools rather than development projects.
- Multi-partner and delegated authority management built into the platform rather than added on or as a work-around.
- A predictable SaaS-based cost model that breaks the link between growth and operating cost.

The 2030 upgrade requirement is not a distant concern. Evaluating core policy and claims platform options, building business cases, securing board approval, completing procurement, and delivering implementation all require lead time. The decision that enables 2030 readiness needs to be made in 2026.

4 Claims and the Integration Challenge

The current claims environment combines several software solutions, a common industry pattern of best-of-breed choices made at different points in time, and each could be justified on its own. Collectively they create integration overhead, data fragmentation, and governance complexity that don't appear on any single line of the cost base.

A unified claims architecture changes the economics significantly. The cost of the current fragmented model is real but largely invisible, spread across re-keying, surge handling, manual escalations, and limited visibility into account-level profitability.

The performance gap in claims:

Organisations running disconnected claims, policy and billing systems face re-keying, surge backlogs, manual escalation paths, and limited visibility into account-level profitability. Sapiens' unified platform eliminates these gaps with straight-through processing for low-complexity claims, rules-based automation, and a single operational view across policy, billing and claims.

The claims architecture question should be explored in parallel with any core policy and claims platform evaluation, even if the initial scope focuses on policy, pricing and distribution. The strategic case for a more unified operating model is strong, and understanding the full picture will strengthen the business case.

5 Agentic AI: From Conversation to Competitive Advantage

Lloyds Banking Group is already exploring Agentic AI use cases. It is exactly the right question to be asking but the value AI can deliver depends on the platform.

The critical insight:

AI deployed on a fragmented, customised architecture does not transform performance but instead amplifies the fragmentation. The same AI capabilities that act as accelerators on a dynamic operating model become amplifiers of existing weaknesses on a static one.

A detailed view of the use cases we see working in Personal Lines today including underwriting, claims triage, pricing, partner onboarding, customer communication and compliance, together with the platform requirements that support them, is set out in the accompanying briefing, "Agentic AI in Insurance: From Use Case to Competitive Advantage".

6 Why Sapiens

Sapiens works with over 600 insurers globally including RSA (a Lloyds Banking Group-adjacent carrier), Hiscox, Ecclesiastical, MPS, Integra, Allianz, Aviva, and commercial lines specialists across EMEA as well as bancassurance companies such as FNB and ABSA.

Financial strength

Steady, auditable growth. A low-risk partner for a transformation programme of this scale.

Microsoft partnership

Exclusive insurance partner for Microsoft in EMEA. Azure-hosted. PowerBI embedded.

Industry recognition

Ranked #1 by both Celent and Gartner in analyst evaluations for policy, billing, claims and reinsurance individually rather than as a bundled score.

Proven delivery model

Configuration-only approach means implementations are predictable, on-budget and on-time in a way that customisation-heavy programmes cannot be. Our delivery model is built to reduce transformation risk, not create it.

7 Suggested Next Steps

We're not trying to sell you a platform. We're suggesting three conversations that will help you and your leadership team make a fully informed decision according to your timeline and based on your priorities.

1 **Platform Demonstration**
A working demo of the Sapiens Insurance Platform, based on your use cases and following on from our conversations at Insurtech Insights in London.

2 **Strategic Fit Workshop**
A working session with your technology and commercial leadership to map the Sapiens platform in accordance with your strategic priorities, current architecture and 2030 roadmap.

3 **Commercial Framework**
Indicative commercial terms, implementation timelines and a risk assessment framework are all provided once strategic alignment has been established, helping to support your internal business case.

To arrange an initial consultation, please contact:
Stephen Richardson, Sales Manager UK&I
stephen.richardson@sapiens.com

About Sapiens
Sapiens International Corporation N.V. is a global leader of AI-centric, SaaS-based insurance software, delivering hyper-relevant experiences that are efficient, compliant, and innovative. With agile intelligence, Sapiens' solutions turn real-time data and human insight into precise action at every moment, across every risk. The Sapiens platform includes agentic workflows accelerating every capability across policy, underwriting, claims, reinsurance, decisioning, and finance and compliance. With more than 600 insurers in over 30 countries running on Sapiens, our deep industry expertise is the foundation of our long-term relationships, from initial implementation through to modernization and market transformation. Sapiens is headquartered in London, serving customers in property and casualty, life, reinsurance, specialty, and workers' compensation from offices across North America, Europe, the Middle East, and Asia Pacific. For more information visit sapiens.com or follow us on LinkedIn.

sapiens