



KPMG 2025

Insurance

CEO Outlook





Foreword

The insurance market continues to grapple with a uniquely disruptive business environment, where the drive for growth must be carefully balanced with the imperative to execute profitability. Inflation and the legal environment remain significant concerns, especially on the property and casualty side, pushing companies to seek ways to build more resilient business models amid challenges of affordability and access. Concurrently, cyber risk is critically elevated, deeply intertwined with the widespread technological enablement and transformation sweeping across the industry. The intense competition for talent, the imperative for upskilling, and a looming generational shift poised to transform the workforce over the next decade are certain to play an impactful role for companies as they deliver on their strategic objectives.

Despite these headwinds, CEOs maintain an overwhelmingly positive outlook on growth prospects over the next three years. Their strategic focus includes continued significant investment in digitization to improve service for customers and agents, as well as internal operational efficiencies. The AI revolution is central to

this, offering a promise of significant efficiency gains and new ways of working. However, this also presents a delicate balance: while capturing value from AI, leaders must simultaneously ensure employees feel valued and empowered.

Ethical challenges inherent in developing AI, concerns about bias, and its potential to apply judgment or replace existing roles are also top of mind for CEOs and regulators alike. Notably, less than half of insurance leaders believe AI will fundamentally change their industry's operating model, suggesting a more nuanced view of its immediate transformative power. This complexity underscores the critical need for CEOs to invest wisely in technology and people, while adeptly navigating a landscape shaped by both formidable challenges and substantial opportunities.

The 2025 KPMG Insurance CEO Outlook provides a barometer of how the industry's leaders are approaching this multifaceted environment, offering an important snapshot from industry leadership as well as a valuable glimpse at the horizon.



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Executive summary

Insurance CEOs display considerable optimism regarding the future of their own companies and the industry as a whole. The appetite for high-impact mergers and acquisitions (M&A) surpasses any other sector in the survey, as insurers seek consolidation, economies of scale, market and geographical expansion, and new capabilities in AI, insurtech, and specialty lines.

AI adoption is gathering pace, to realize efficiencies in underwriting, speed up onboarding and claims processing, and shore up cyber defenses. Trust in AI is a priority, to reassure customers that pricing, risk profiling, and claims payouts are fair. In some regions, there is growing regulatory pressure to demonstrate transparent, unbiased AI models and outcomes.

CEOs are aware of the need to prepare their workforces for AI, which means hiring new talent, upskilling existing people, and rethinking structures and roles around AI.

They also acknowledge the need to foster an AI-positive culture, to motivate workers who may be fearful of job losses.

Our survey suggests that insurers view sustainability as a route to competitive advantage, by managing the rise in extreme weather events and launching new products to help customers accelerate the energy transition and make their businesses more resilient.

Despite continued geopolitical and economic uncertainty, the KPMG 2025 Insurance CEO Outlook finds a sector that is confident in its ability to achieve profitable growth through effective risk management, efficient operations, and customer service that combines the best of humans and machines.

78%

of global insurance CEOs are confident in industry growth, up from 76% in 2024.



US insights: Key findings

Economic outlook and business confidence

89% of CEOs are confident in company growth, and 73% are confident in industry growth.

88% report having a moderate to high appetite for M&A activity over the next three years.

58% anticipate an annual earnings growth of 2.5% or more.

56% of CEOs identify cybersecurity as the top pressure driving their short-term decisions.

AI-powered technological innovation

74% agree AI is a top investment priority.

62% plan to allocate 10%–20% of budget toward AI within the next 12 months.

59% expect returns from AI investments within one to three years.

82% view ethical challenges as the biggest obstacle to AI implementation.

Building a workforce for the future

77%

agree that a top constraint on growth is AI workforce readiness and upskilling.

74%

are focusing their long-term (two to five years) workforce strategy on reskilling and retraining talent to adapt to AI.

59%

expect their workforce to operate in a hybrid setting in the next three years.



Economic outlook and business confidence

The insurance CEOs surveyed demonstrate growing confidence in their companies' growth prospects, up from 74 percent in 2024 to 82 percent in 2025. And 78 percent are optimistic about industry growth, compared to 76 percent in the previous year. After several years of volatility due to the COVID-19 pandemic, Ukraine war, and recent tariffs and regulatory change, the sector is becoming more comfortable with uncertainty. The main players appear to have come to grips with the increasing cost of automotive claims in particular. Sector earnings are soaring, with more people and businesses seeking coverage, and health, life, and specialty (cyber, business interruption) lines expanding.

Economic confidence over the next 3 years

Growth prospects for your global economy



Growth prospects for your country



Growth prospects for your industry



Growth prospects for your company



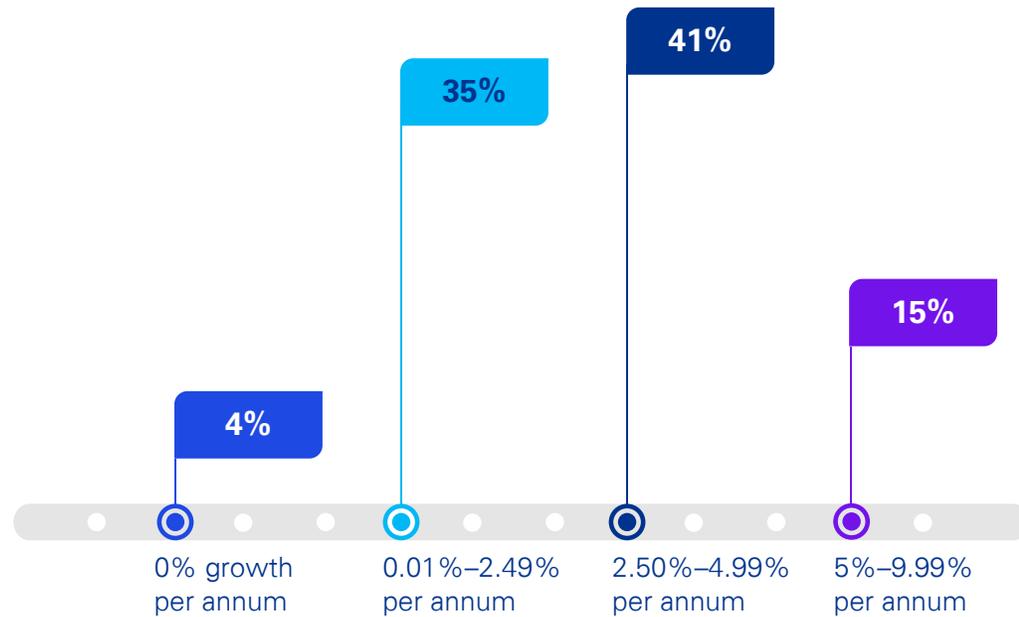
■ Very confident ■ Confident ■ Neutral ■ Not confident

Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.

There is measured optimism in earning projections, with 15 percent of CEOs anticipating 5 percent to 9.9 percent growth—rising from 11 percent in 2024—and 41 percent expecting between a 2.5 percent to 4.9 percent uptick in earnings. Inflation is putting downward pressure on margins, especially in the non-life space, as insurers struggle to grow prices in line with claims. The cost of cyber risk is also impacting profitability. Regionally, US players are hopeful of a fall in interest rates, which could boost equities and investment performance. In Europe, on the other hand, interest rate hikes could boost insurance profitability.



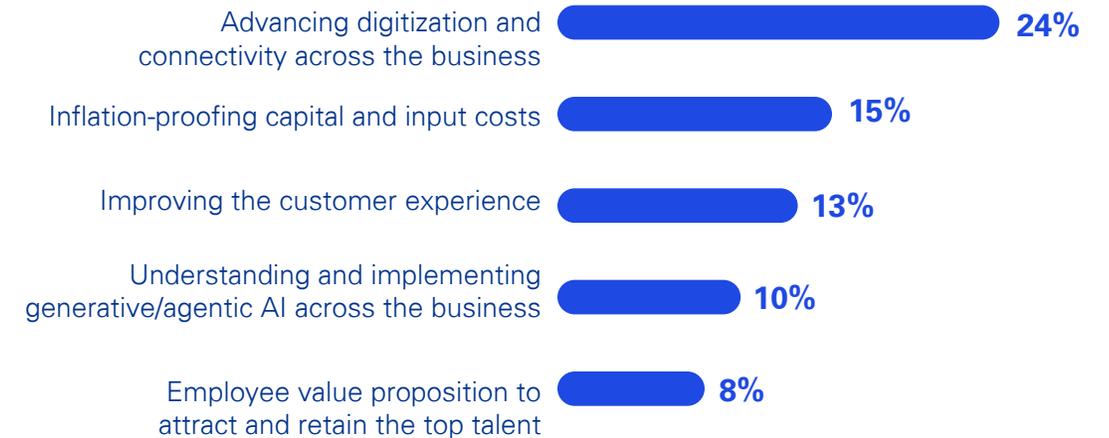
Earnings outlook in the next three years



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.

The number one operational activity to drive growth is digitalization and connectivity (24 percent), as companies strive to create a seamless experience for both customers and employees. Given economic fears, inflation-proofing capital and input costs is the second priority (15 percent).

Top five operational priorities



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



Taking on the cyber threat

With their large customer bases, retail insurers in particular are vulnerable to cyberattacks, putting sensitive data at risk, which can adversely impact their reputation. Transformation programs can also expose companies to hacks and ransomware. The CEOs surveyed say the biggest barrier to organizational growth is cybercrime and cyber insecurity (83 percent), while their number one risk mitigation investment is cybersecurity and digital risks resilience (53 percent). Cyber protection risk insurance is, however, a big growth area in the corporate market—although claims costs and loss ratios remain a concern, with cyber claims climbing fast.

Top five trends negatively impacting organization's prosperity

Cybercrime and cyber insecurity



AI workforce readiness or upskilling of workforce on AI



Successful integration of AI into business processes



Competition for AI talent



Cost of technology infrastructure



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.

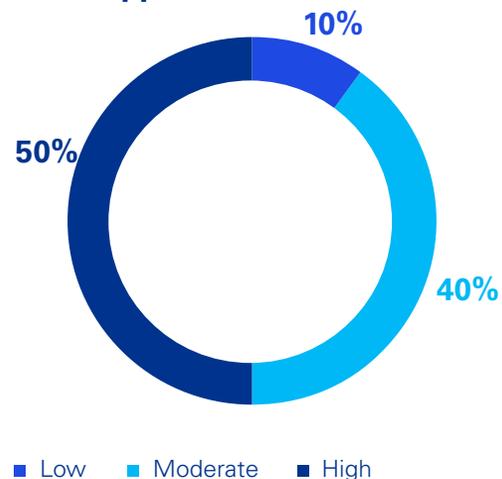


Enthusiasm for deals

Half (50 percent) of all the CEOs taking part in the global survey expect to undertake high-impact deals in the next three years, higher than any other sector in the survey. In a fragmented market, there is considerable room for consolidation. Other M&A drivers include scale synergies to manage regulatory costs for cyber, as well as diversification into different geographies, and new lines of businesses. For example, if a group contains life and non-life businesses, the combination should result in a lower cost of capital.

A further 41 percent are seeking moderate-impact M&A, reflecting targeted acquisitions in insurtech, data analytics, and specialty lines to enhance operational efficiency and technological capability. Insurers are increasingly investing in new products such as cyber, usage-based insurance, and wellness services for life players, and M&A is one route to accelerate their presence in these markets.

M&A appetite



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



There is a growing appetite for inorganic growth, as insurers seek to reorganize, reduce costs, improve customer services, and modernize legacy systems. Asset management and private equity firms are buying blocks of businesses and insurance companies are consolidating in certain regions.”

Dr. Frank Pfaffenzeller
Global Head of Insurance
KPMG International

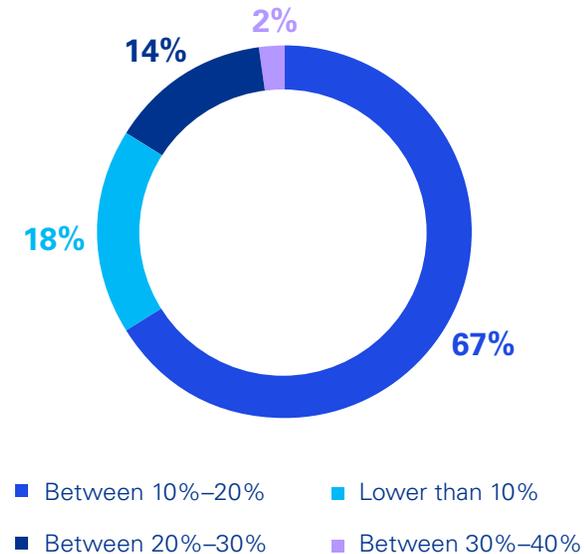


AI-powered technological innovation

Insurers are adopting AI for multiple purposes, most notably claims processing, to analyze and validate claims swiftly, and generate fast, automated payouts. Other uses include algorithmic underwriting—using alternative data to price policies—and digitizing distribution through insurtech partnerships and online sales. These advances promise cost savings and quicker service across customer-facing and back-office systems. Some simple policies can be completed in minutes online, while AI can auto-approve many claims, such as car accident photos assessed by algorithms for severity and authenticity.

More than 73 percent of CEOs agree that AI is a top investment priority, and 67 percent expect returns from AI investments in one to three years, a giant leap from 21 percent in 2024; 67 percent plan to allocate 10 percent to 20 percent of their budgets toward AI. For many insurers, AI is not simply a concept but a value driver. With the exception of a few mutuals, companies are looking for fast payback from their investment in AI to meet investors' short-term expectations.

Percentage of budget on AI



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



Agentic AI is a technology whose time has come

Of CEOs surveyed, 44 percent expect Agentic AI to have a significant or transformational impact on their business. This technology has the potential to ease the process of underwriting, buying insurance, making claims, and resolving queries, with growing use in call centers to triage questions and assist people. The insurance industry has invested substantially in systems to help ensure that customers are connected, with all relevant information on hand quickly for those serving the customer, whether human or robot.

Impact of agentic AI on the firm



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



Overcoming AI trust concerns

When asked about the main obstacles to implementing AI, the top response is ethical challenges (56 percent). Many consumers are already skeptical of their insurers' willingness to pay their claims fairly. Once algorithms enter the mix, to assess claims or drive dynamic pricing, customer trust could erode—especially as they are also seeing premiums going up. Buying insurance has never been easier, thanks to aggregator sites, so companies need to find ways to instill trust in AI, through transparent algorithms and quick payouts. Strong governance and responsible AI frameworks can help to achieve fair outcomes and compliance with insurance laws. Cyber risk protection is a growing area that offers some excellent opportunities for new insurance products.

Technology regulations are never far from CEOs' minds

A large majority of CEOs (77 percent) feel that the pace of regulatory progress could be a barrier to their organization's success, while lack of AI regulation is considered the second biggest challenge to AI implementation. The EU AI Act and the UK's principles-based approach are just two examples. In advance of further regulations, insurers should align to principles of fairness, explainability, data integrity, security and resiliency, accountability, privacy, and risk management. This means identifying how AI models create potential risks for policyholders (or, indeed, employees), and establishing model inventories. Some models may be forbidden to insurers, and others considered high risk.

Challenges in implementing AI



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



To get the most from AI, it's important to identify how your AI models could create risks for policyholders or employees. This calls for an inventory of models that use AI and a clear description of how you use data, to gain trust in the output."

Jacques Cornic
EMA Lead of Insurance
KPMG in France



Building a workforce for the future

According to the insurance CEOs surveyed, two of the top constraints on their company's growth are AI workforce readiness and upskilling (77 percent) and competition for AI talent (75 percent). There is an urgent need for people who not only understand AI, but also the maturity, structure, and governance of the data that feed AI models.

The biggest workforce challenge is identifying candidates with suitable technical and collaborative skills (28 percent). Such a combination of skills is hard to find, and teams may need to consider staffing with technical experts and “super collaborators.”

Key challenges in attracting and retaining AI and digital talent

Identifying candidates with suitable technical and collaborative skills



Bridging the gap between existing skills and desired capabilities



Competing with tech giants and high-salary offerings



Adapting organizational culture to meet employee expectations



Retaining talent once they have acquired specialized experience



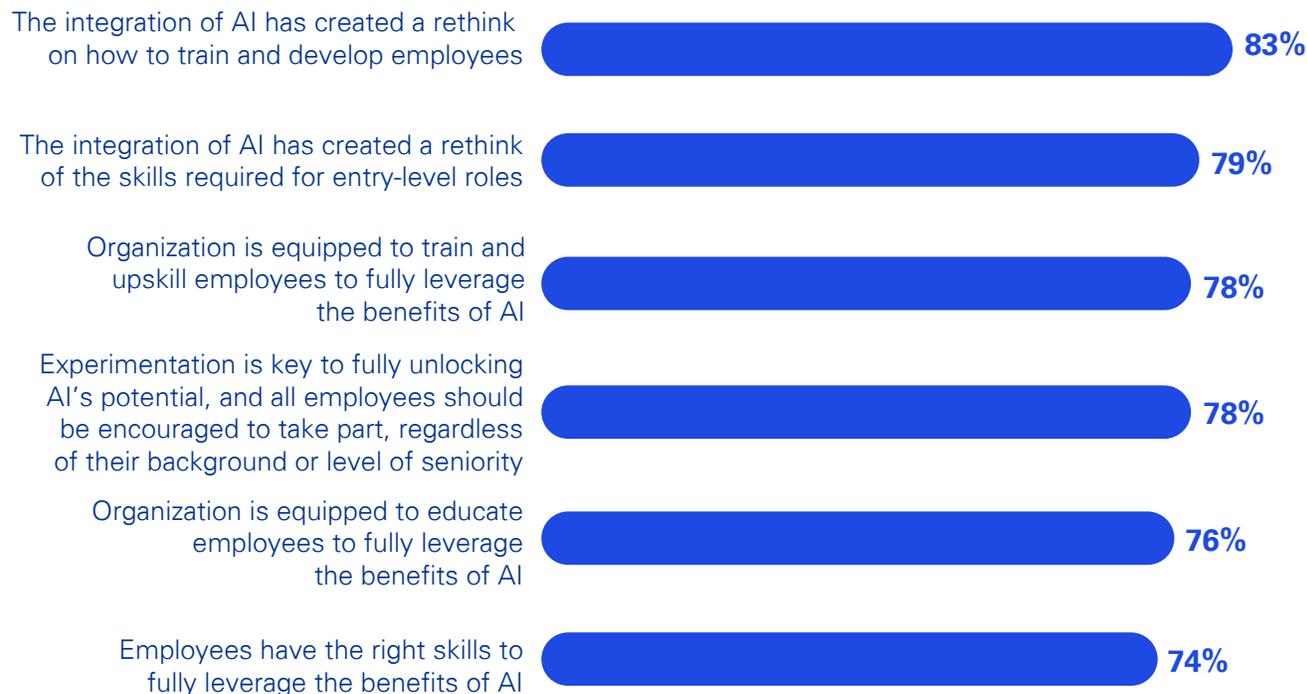
Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



From a hiring perspective, insurers are seeking an influx of (mainly younger) data engineers and AI specialists, to help embed and utilize agentic AI and generative AI (Gen AI)—and make use of the insights that AI delivers. Over half (54 percent) plan to hire new talent with AI and tech capabilities. On the other hand, skills, such as coding, are quickly being taken over by AI, with 51 percent planning to reduce the number of people “in some areas.”

Training and upskilling are a vital part of the shift to a digitally led organization, and 83 percent of respondents say AI is impacting how they train and develop employees, with 79 percent stating that it changes the skills required for entry-level roles. Although AI can replace humans for many activities, insurers appear unlikely to reduce their workforce. In fact, 56 percent are anticipating modest increases in staff of less than 5 percent, with a further 27 percent planning a rise of 6 percent and 10 percent.

Employee readiness and skill development for AI implementation



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



Creating an AI culture

An overwhelming majority (88 percent) of CEOs believe their leadership team has clarity over how AI can give them a competitive edge. KPMG has observed that leaders in large insurance groups are very familiar with AI and are challenging internal teams to embrace this technology to improve performance. However, 72 percent are concerned about the impact of AI on company culture.

The speed of AI implementation calls for a rethink of workforce planning, to continually assess how the workforce may look in the next few years and adapt recruitment and training accordingly. To accelerate adoption at scale, insurers need an informed and committed workforce, and leadership must provide the vision of an AI-enhanced future that spells positive news for employees.

Coping with the great retirement

With workforces increasingly accommodating employees from multiple generations, CEOs feel the top labor market factor influencing their organization (31 percent) is employee retirement and a shortage of skilled replacements. Number two is the growing generational gap on key skills such as AI (30 percent). To maintain essential expertise as older workers head for retirement, knowledge transfer becomes a big priority.

Influence of labor market factors on the firm

The number of employees retiring coupled with a lack of skilled workers to replace them



Growing generational gaps on key future skills including AI uptake



Increasing employee reliance on AI-driven automation at the expense of upskilling



Widening expectation gap between older and aging employees compared to the next generation



Differences and tension resulting from corporate responses to social and global issues



Source: KPMG 2025 Insurance CEO Outlook, KPMG International, January 2026.



By combining the institutional and industry knowledge of the older workers with the enthusiasm and tech-savviness of younger generations, insurers have an opportunity to enhance customer experiences, deliver meaningful changes to current ways of working, and build the workforce of the future.”

Dana Chaput

Global People Lead, Insurance
KPMG in Canada



The way forward

The insurance sector has proved remarkably resilient to recent volatility, with companies adapting to near-constant change. As they chart their organizations' future, CEOs should consider how to address the challenges outlined in this report:

Economic outlook and business confidence

Navigate uncertainty with confidence

Insurance CEOs are showing increased confidence in the growth of their companies and the industry, adapting to volatility from global events. With earnings on the rise, expansion in specialty lines, such as cyber and business interruption, are creating new opportunities for growth.

Manage economic headwinds and risks

While there is optimism in earnings, inflation continues to pressure margins, particularly in the non-life sector. Cybersecurity remains the top-cited barrier to growth, making proactive risk management in this area a critical priority.

Accelerate growth through strategic M&A

Insurers are looking to M&A for consolidation, diversification, and the acquisition of new capabilities in areas such as insurtech and data analytics to drive operational efficiencies and accelerate their presence in new markets.

AI-powered technological innovation

Implement technology with a human touch

Use AI to redesign claims and service journeys to be both efficient and empathetic, deploying agents that support and are supported by humans.

Focus on trust in AI

Create responsible AI to ensure fair outcomes and compliance with insurance laws, with algorithms using unbiased data, explainability frameworks, and transparent models to avoid accusations of bias. AI-powered cybersecurity helps protect sensitive data, using analytics to detect fraud while helping to minimize "false" refusals.

Building a workforce for the future

Build confidence in working with technology

Training in AI is not just about developing skills; it's also about fostering a culture where AI is seen as a friend rather than an enemy that is taking your job. Leading from the top, CEOs should forge a vision for AI, and a culture where everyone uses AI routinely, and where roles are structured around efficient, AI-driven processes.



Methodology

The 11th edition of the KPMG CEO Outlook, conducted with 1,350 CEOs between August 5 and September 10, 2025, provides notable insight into the mindset, strategies, and planning tactics of CEOs.

This report focuses exclusively on the 110 insurance CEOs surveyed, representing life, auto, home, property and casualty, health, reinsurance, and broker organizations. Where year-over-year comparisons are made (e.g., 2024 versus 2025), the data is drawn from equivalent questions in previous editions of the KPMG CEO Outlook survey.

All respondents oversee companies with annual revenues over US \$500 million and a third of the companies surveyed have more than US \$10 billion in annual revenue. The complete survey included CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, UK, and US) and 12 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure and transport, healthcare, insurance, life sciences, manufacturing, technology, and telecommunications).

NOTE: Some figures may not add up to 100 percent due to rounding.



How KPMG can help

Cost and performance pressures are rising. Regulations are shifting. Legacy systems, siloed functions and fragmented delivery models are stifling innovation. For today's insurance organizations, bridging the gap between ambition and impact remains a challenge fraught with complexity; one deepened by changing expectations.

At KPMG LLP, our global organization of insurance professionals across audit, tax, and advisory services work with insurance organizations to navigate change with confidence and connect aspiration with implementation. From redesigning finance architectures and streamlining claims and underwriting processes, to deploying AI across core insurance functions and scaling delivery through offshore and managed services, we're here to help strengthen your agility while protecting customer centricity.

By addressing the full insurance value chain, we help turn operational transformation and purposeful decision-making into your competitive advantage. The end goal is a more connected, people-centered, and performance-driven enterprise, helping you reimagine a future that's insured by today.



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