ISG Provider Lens®

Insurance Services - ITO

A research report comparing provider strengths, challenges and competitive differentiators in the insurance ITO space

Customized report courtesy of:

Value Momentum

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Insurance ITO services are shifting from cost arbitrage to AI-led, outcome-driven transformation at scale

This **ISG Provider Lens® Insurance ITO Services 2026 — Global** study evaluates the competitive landscape for technology service providers supporting insurers worldwide. The study examines how providers help insurers modernize legacy estates, industrialize operations and embed AI across the insurance value chain, while meeting rising expectations around resilience, regulatory compliance and business agility in a multi-region context.

Market Context

From cost management to structural transformation

Global insurers are entering a new phase of technology transformation where incremental modernization and cost take-out are no longer sufficient. Persistently high operating costs, aging core platforms, and growing product complexity across P&C, Life, and Annuities are forcing insurers to rethink the role of ITO partners — from custodians of legacy estates to co-owners of transformation outcomes. This shift is occurring against a backdrop of heightened regulatory scrutiny, geopolitical risk and pressure to deliver faster product launches and digital experiences at scale.

Global insurance **ITO is shifting from legacy sustain-and-operate to AI-enabled, outcome-driven modernization.**

From cost management to structural transformation

FROM-TO TRANSFORMATION ARC

From cost management to structural transformation

How the Insurance ITO conversation has shifted across five dimensions

	THEN		NOW & NEXT
Commercial model	Time and materials	→	Outcome co-ownership
Tech foundation	Legacy on-prem core	→	AI-native hybrid cloud
Modernization approach	Rip-and-replace	→	Phased coexistence
AI posture	PoC experimentation	→	Governed production AI
Delivery model	Global standardization	→	Global with regional fluency

Insurers now seek ITO partners that combine governed AI, phased modernization, and regional regulatory fluency.

AI as a production priority, not an innovation layer

Across regions, AI, particularly GenAI, is moving rapidly from experimentation into production use cases spanning underwriting, claims, IT operations, and policyholders and intermediaries engagement. However, insurers are increasingly cautious about uncontrolled AI adoption. Model explainability, security, data sovereignty and auditability are now non-negotiable requirements, shaping how insurers evaluate global ITO partners. As a result, demand is shifting toward providers that can industrialize AI within governed, enterprise grade operating models rather than delivering isolated proofs of concept.

Global delivery under regulatory fragmentation

While insurance carriers continue to pursue global operating models, regulatory divergence across North America, Europe and APAC is constraining standardized execution. Requirements around data residency; operational resilience, including DORA-style regulations; and AI governance vary