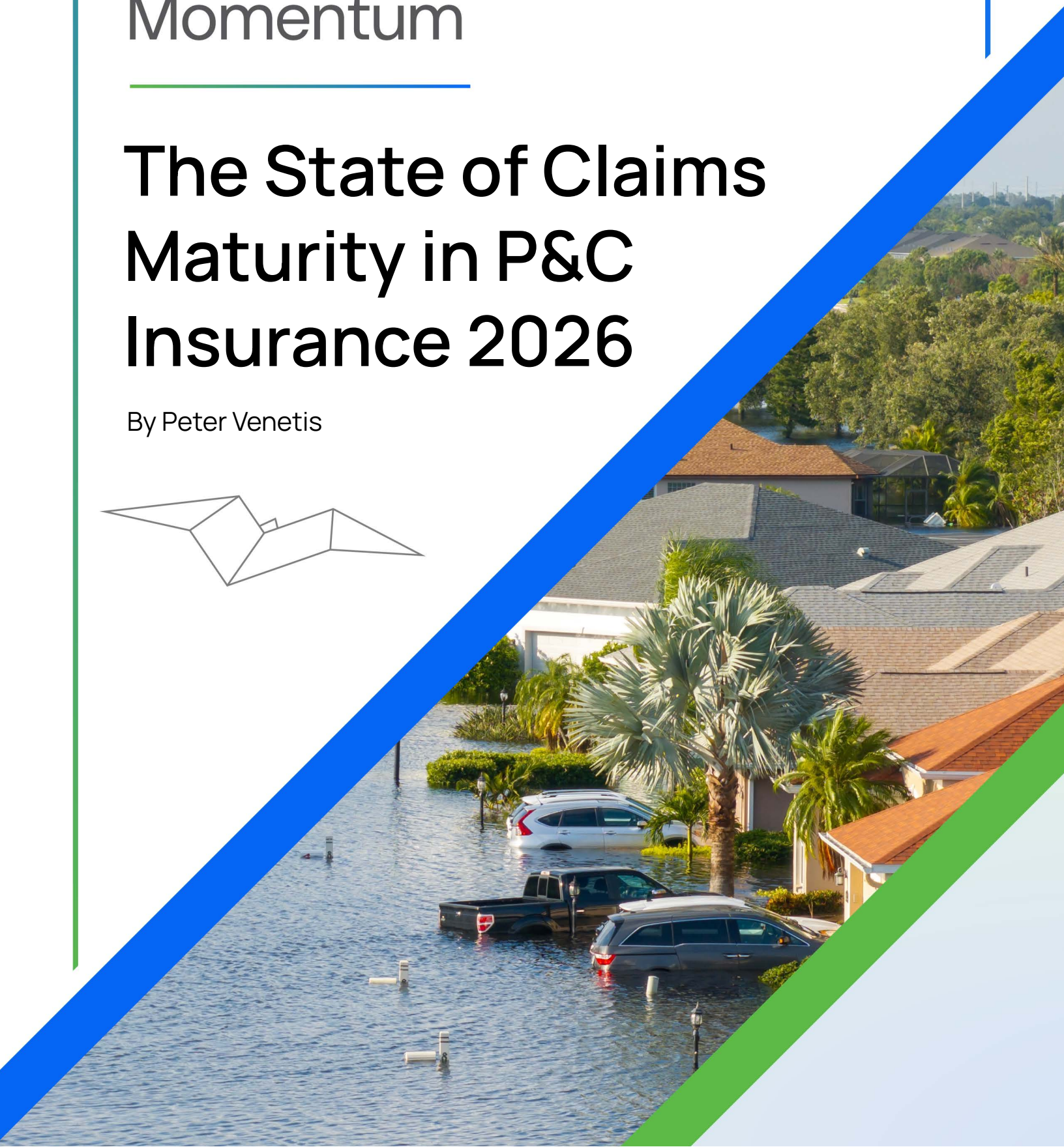
Value Momentum

The State of Claims Maturity in P&C Insurance 2026

By Peter Venetis



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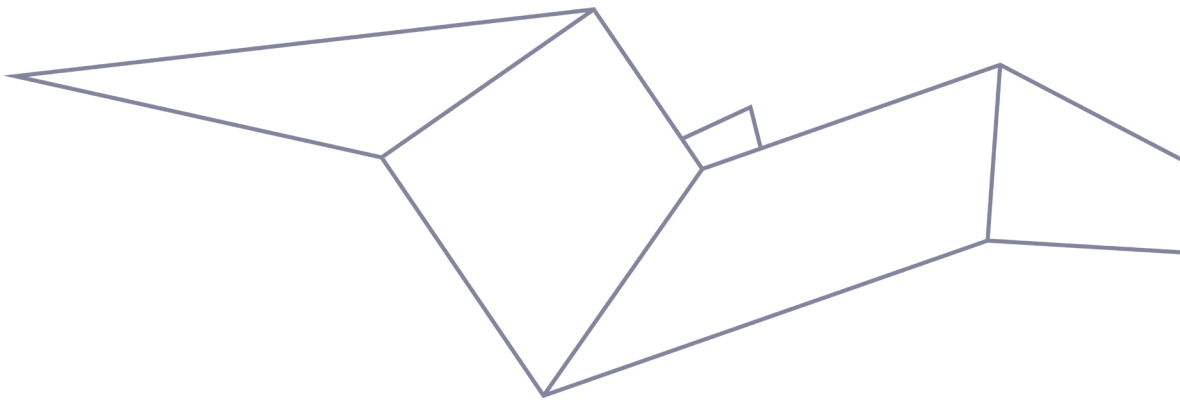


Executive Summary

Claims organizations are under intensified pressure to modernize. Rising costs, growing claims leakage, and customer expectations for faster, more transparent service are forcing insurers to reevaluate how claims functions are structured and managed. At the same time, technology like automation and artificial intelligence (AI) is reshaping what effective claims handling looks like.

But a mature claims function is not built on technology alone. While investments in cloud, AI, and digital platforms are critical, maturity also requires insurers to pay special attention to operating models and organizational culture. Individual initiatives can improve efficiency in isolated areas, but long-term value comes from aligning claims modernization with providing optimal claims-handling outcomes.

In our inaugural claims benchmarking study across P&C insurers, we saw both progress and persistent gaps. More than 40% of carriers cite claims leakage as a top challenge, fewer than half use intelligence-assisted workflows, and only 11 to 20% of technology budgets are currently directed toward claims. These figures underscore the risks of underinvestment and fragmented transformation, even as leaders acknowledge the urgency to modernize.

Claims remains the defining moment of truth for insurers when it comes to policyholder relationships. Organizations that build resilient, customer-first claims operations, supported by data and automation, will be best positioned to reduce costs, minimize leakage, and improve customer satisfaction. This report benchmarks where insurers stand today, provides a tier-based roadmap, and suggests a phased approach to help carriers achieve and maintain claims maturity in 2026 and beyond.

About This Report

This report presents findings from a 2025 benchmarking study that surveyed 75 property and casualty (P&C) insurers in the United States. It evaluates current claims maturity, investment patterns, and top challenges across carriers of different sizes and lines of business. It also provides insight into how insurers can move from today's fragmented investments toward fully mature, future-ready claims functions. All results are anonymized and presented with respect for respondent confidentiality.

What Does a Mature Claims Organization Look Like?

Most insurers know that modernizing their claims function is imperative for having a competitive edge, but the maturity levels and strategies behind modernization vary. Mature organizations combine the discipline of strong operating models with the agility of new technologies, building claims functions that are cost-effective, customer-focused, and resilient in the face of evolving risks.

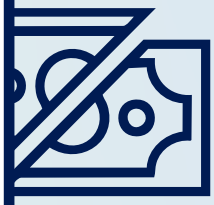
Pressures Forcing Change

Claims organizations are navigating a complex environment where cost pressures, customer expectations, and technology adoption collide. Carriers are striving to reduce operational expenses and address inefficiencies while also meeting rising demands for faster, more transparent claims experiences.

At the same time, competitive pressures are exposing gaps between insurers that have modernized and those still reliant on legacy systems.

Several themes stand out as the strongest forces shaping claims organizations:

Claims Leakage: Carriers continue to struggle with preventable loss drivers such as subrogation failures, litigation costs, and fraud-related overpayments. More than 40% of respondents identified leakage as a significant challenge, underscoring its continued role as a top priority. Mature insurers focus on systematically reducing leakage by tightening recovery processes, embedding predictive fraud detection, and using analytics to identify hidden cost drivers.



Fraud Detection Gaps: Over 30% of insurers pointed to inaccurate fraud detection as one of their top three challenges. Fraud methods are becoming increasingly sophisticated, thanks to the proliferation of generative AI (GenAI), and traditional methods of determining which claims might be fraudulent are no match. Relying on outdated systems leaves carriers vulnerable to organized fraud rings and opportunistic claims alike. Mature organizations invest in advanced detection tools, machine learning, and external data sources to continuously refine fraud scoring models and reduce false positives.

Customer Expectations: Policyholders expect faster, more transparent, and digital-first claims handling. Many carriers, however, still rely on manual workflows that are error prone, extend resolution times and erode trust. Mature claims functions embed customer engagement tools, mobile-first first notice of loss (FNOL) processes, and real-time status tracking to deliver a seamless experience that improves Net Promoter Scores (NPS) and customer retention.