

Navigating Resilience

Key Insights for the Insurance C-suite

The current situation for Insurance companies

Risks for inflation, GDP decline, and erosion of market confidence are increasing, leading to weaker demand, higher claims and volatility – driving reserves and cost control.

0.8–2.8%

Potential increase in US inflation

0.3-3.9%

Potential decrease in GDP

10 Year

Higher US Treasury Yields mean the risk for a liability-asset portfolio mismatch intensifies for life insurers and shrinking reinvestment yields pressurize earnings

\$4,900

Potential additional yearly costs for US households

Sources: Accenture research

Top CEO concerns

Pressure on Margins – A sharp increase in the costs of imported auto parts and construction materials drives up claims severity in auto and property insurance

Weak Consumer Demand - Rising consumer prices and increased inflation reduce demand for elective insurance covers

Supply Chain Disruption – Increased claims volumes and coverage demand linked to rising supply chain risks

US Trade flows–Commercial P&C lines tied to US trade flows see immediate negative impact

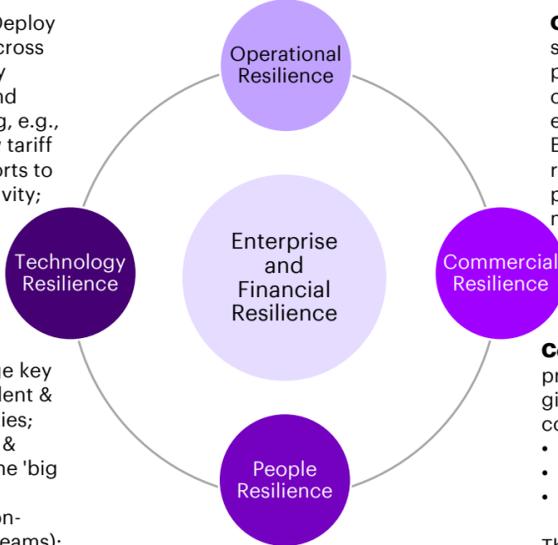
Investment losses– Declining values in fixed income and equity portfolios lead to investment losses, especially in L&A

What makes a resilient enterprise?

Resiliency will be the key differentiator for companies who can navigate this uncertain economic and policy environment – this covers commercials, operations, people, and technology. Scenario planning is critical to building enterprise and financial resilience.

Technology Resilience: Deploy autonomous AI agents across functions to continuously monitor real-time data and optimize decision making, e.g., flag risk exposure to new tariff codes; Accelerate AI efforts to drive enterprise productivity; Enable more secure processes given the risk of geopolitical and cyber threats.

People Resilience: Engage key leaders & teams; Pivot talent & skills, build new capabilities; Strengthen engagement & change muscle; Tackle the 'big rocks' in org & operating model (structure, decision-making, rapid response teams); Activate for results and drive performance discipline.



Operational Resilience: Drive strategic changes in sourcing and procurement, as well as potential changes to network strategy to enable supply chain resilience; Enhance cost and productivity reinvention covering spend and process enhancement to protect margins and boost productivity.

Commercial Resilience: Devise a pricing and commercial strategy given tariff uncertainties where companies consider:

- How much cost to absorb?
- How much to pass on?
- Commercial structures that enable these changes

Think opportunistically about growth and M&A in a slower economic backdrop.

Resilience across these dimensions is the key to responding to the uncertain economic and policy environment ahead. Consider no regret moves that will yield value regardless of how the tariff environment evolves.

	What to do Now	What to do Next
Enterprise & Financial Resilience	Conduct regular scenario planning to identify vulnerabilities and potential impacts by scenario	Orchestrate longer-term moves to create a more competitive, profitable future
Operational Resilience	Drive strategic changes in sourcing and procurement to enable supply chain resilience	Enhance cost and productivity reinvention covering spend and process enhancement to protect margins
Commercial Resilience	Devise a pricing and commercial strategy considering how much cost to absorb vs pass on	Think opportunistically about growth and M&A in a slower economic backdrop
People Resilience	Engage key leaders and teams, pivot talent and skills and build new capabilities	Tackle the 'big rocks' in org and operating model (structure, decision-making, rapid response teams)
Technology Resilience	Accelerate AI efforts to drive enterprise productivity	Deploy autonomous agents to monitor real-time data and flag risk exposure to new tariff codes. Enable more secure processes given the risk of geopolitical and cyber threats.

To learn more about how to turn resilience into a competitive edge visit:

<https://www.accenture.com/us-en/insights/strategy/navigating-new-tariff-landscape-economic-impact>

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