

# Creating breakthrough value from finance transformation

The six paradoxes insurance CFOs  
must navigate to establish a  
future-fit finance operating model



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# Executive summary

For years, chief financial officers (CFOs) in the insurance industry have been looking to reposition their finance functions as value-creating, strategic partners for the business. In leading ambitious transformation programs, CFOs are going beyond financial process automation for efficiency, seeking to drive profitable growth through continuous innovation, despite considerable market uncertainty.

Accelerating advances in artificial intelligence (AI), technology and data science are redefining what's possible for finance. But many firms still struggle to take advantage of these new capabilities and fully realize the evolved strategic mandate for finance. This paper, which features inputs from the EY 2025 Global Insurance CFO Survey, highlights six paradoxes that make finance transformation uniquely challenging.



We'll also outline an operating model that can help CFOs resolve these paradoxes and create a lean, flexible and high-performance finance function that can deliver the intelligent capabilities the business needs. The key imperatives define a path forward to generate optimal returns from transformation investments.

## About the research

The EY 2025 Global Insurance CFO Survey, conducted by Source, included in-depth conversations with 21 CFOs across global markets.

# The six paradoxes of finance transformation



# The six paradoxes of finance transformation

Finance transformation is challenging for many reasons, including the complexity of most insurance businesses, the rigid legacy systems in place across industry carriers, and intense regulatory burdens. Finance leaders face distinct barriers, which can be viewed in terms of six paradoxes. The net effect of these forces drives the need for more intelligent and adaptive finance operating models.

## 01 **Outset: Do more for less**

Supporting business growth while reducing operating costs at the same time.

## 02 **Offset: Innovate plus protect**

Competing more effectively, without undercutting trust or compliance.

## 03 **Toolset: Upgrade and sustain**

Harnessing new tech whilst preserving mission-critical systems.

## 04 **Dataset: Insight to foresight**

Moving from historic data to forward-looking intelligence.

## 05 **Mindset: Change is constant**

Providing stability while making continuous improvements.

## 06 **Skillset: Upskill or stagnate**

Sustaining core expertise and instilling new capabilities.

### What CFOs say

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Of the functions that exist within the organization, transforming a finance function is the one that is probably least understood.



# 01

## Outset: Do more for less

Fundamentally, CFOs and their peers are being asked to deliver more value and higher performance at lower cost and with fewer resources. It's not just day-to-day operations that are subject to time, resource and cost constraints; so too is the process of transformation itself.

To navigate this paradox, CFOs rightfully start by standardizing and automating manual processes. They also seek the right balance of reliance on internal shared service centers and support from third parties, both during transformation initiatives and for business-as-usual (BAU) operations.

Engaging partners for specialized services (e.g., insurance accounting) can provide internal resources the space they need to focus on transformation objectives and engaging the business. But no matter the sourcing model, efficiency and flexibility provide the foundation for delivering core services faster and cheaper while accommodating continuous change.

### What CFOs say

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The biggest challenge is having growth as a strategy on the one hand and cost management on the other hand. You can't have both easily.

“

It's a lot about process transformation but this is part of the overall strategy – grow our top line and reduce our costs.

# 02

## Offset: Innovate and protect

With insurers under huge pressure to innovate at greater pace and scale, finance functions are also pressured to enhance performance. And yet, in an uncertain world, it's never been more important for insurers to safeguard stakeholder trust.

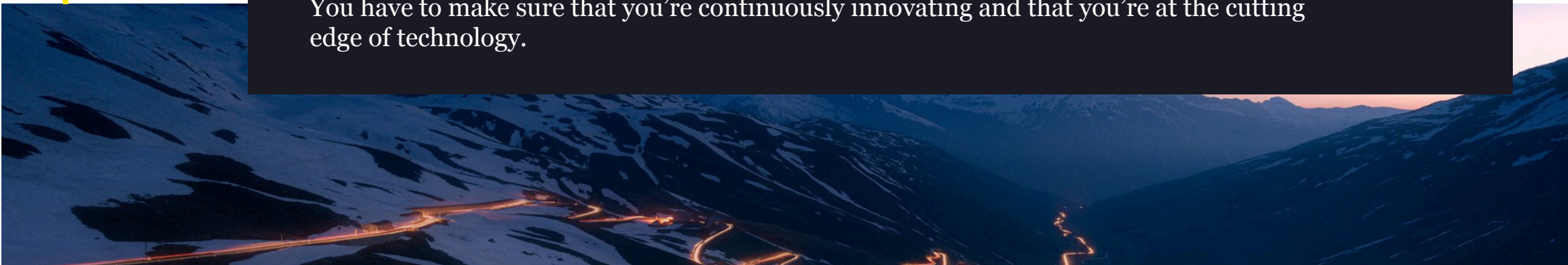
One practical challenge is to allocate sufficient finance expertise to the design and implementation of change initiatives (e.g., product innovation, ecosystem development) without disrupting or weakening vital in-flight activities (e.g., reporting).

Balancing innovation and growth with trust and compliance is vital because they are all necessary for long-term success. To find that balance, CFOs can design and adopt innovation-friendly governance frameworks, with clear risk limits and decision rights embedded directly into BAU operations. By innovating its own services (e.g., delivering more timely and actionable market insights and faster forecasting), finance can help facilitate innovation, as well as operational agility, across the business.

### What CFOs say

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You have to make sure that you're continuously innovating and that you're at the cutting edge of technology.



# 03

## Toolset: Upgrade and retain

Powerful technology is critical to both successful finance transformation and ongoing innovation and growth. But as important as new technology implementations are, interruptions to core systems are unacceptable because of the always-on nature of finance.

The overall complexity of IT environments in insurance and complicated data mapping between multiple general ledgers and core ERP platforms make it extremely challenging for CFOs to “fix the plane while flying it,” as the old saying goes.

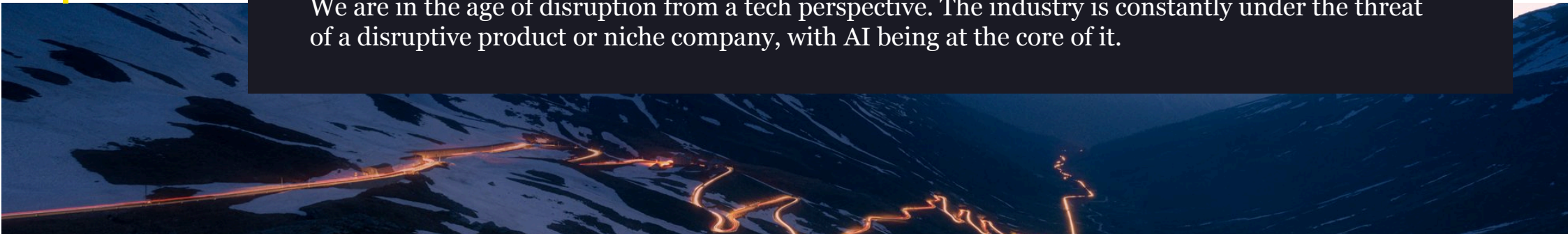
Beyond massive volumes of sensitive data, the huge number of policies, distribution channels and extent of agent relationships mean that upgrades are never easy.

A two-track approach has emerged as a leading practice for finance transformation because it protects mission-critical systems and harnesses the power of new technology. Ideally, new tools can add capabilities to existing systems and platforms via interfaces users are familiar with. Similarly, legacy technology can be “wrapped” with new features, functionality and AI-based user experiences where replacement is unrealistic.

### What CFOs say

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We are in the age of disruption from a tech perspective. The industry is constantly under the threat of a disruptive product or niche company, with AI being at the core of it.



# 04

## Dataset: Insight to foresight

Delivering actionable, forward-looking intelligence provides value to the business. However, the difficulties posed by inadequate data, and the problems of managing data across multiple sources, emerge time and again as key concerns for CFOs.

Providing historical data will always be part of finance's job. After all, that data provides the basis for future projections and, when paired with external data sets, predictive insights about market trends. But thriving in an uncertain future will require more adaptable financial planning and analytic capabilities.

Given the surprises and volatility of the last few years, CFOs will need to enrich scenario planning models that can project the profitability and capital impacts of a wider range of shocks and events than they've considered before. Decision-making processes for capital investment and resource allocation should incorporate more varied data sets and factors, while new data management practices can boost confidence in data quality, accuracy and timeliness.

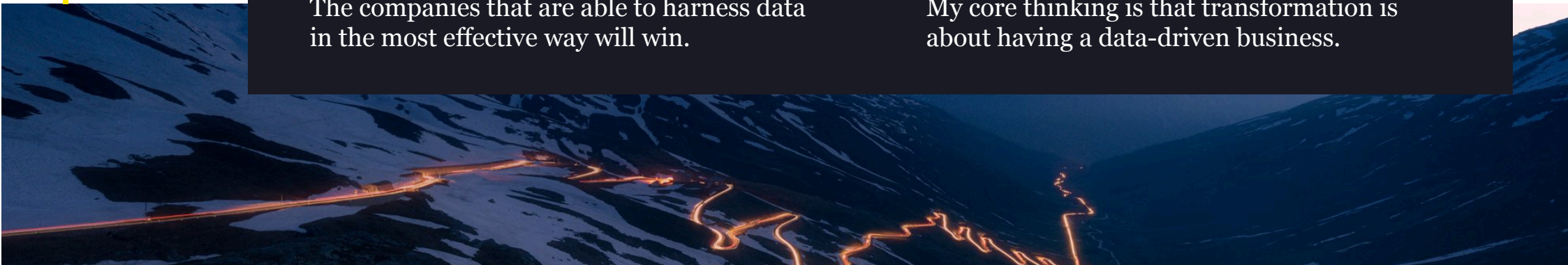
### What CFOs say

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The companies that are able to harness data in the most effective way will win.

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My core thinking is that transformation is about having a data-driven business.



# 05

## Mindset: Change is constant

The amount and pace of change the industry has experienced in recent years have demonstrated the importance of organizational culture and leadership styles. Indeed, changing mindsets, behaviors and work environments is just as important as upgrading technology when it comes to finance transformation.

Finance functions have always had to adapt, thanks to changes in insurance accounting and reporting requirements. However, the need to maintain day-to-day reliability in key processes can create barriers to transformation (e.g., rigid hierarchies, inflexible decision-making).

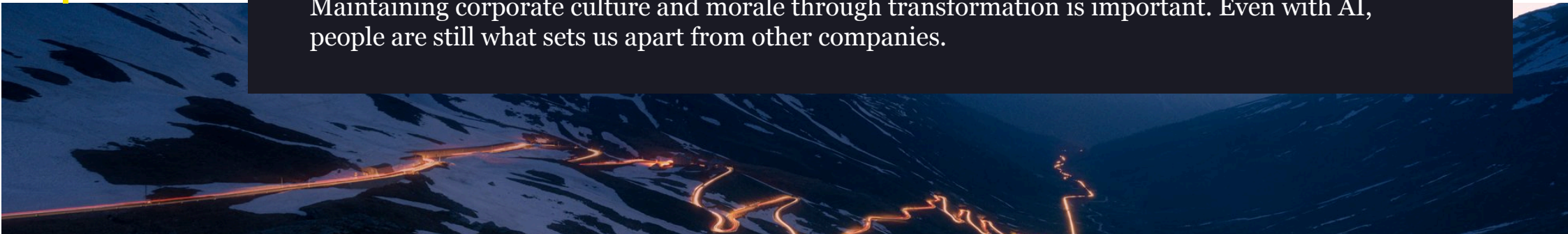
The challenge for CFOs is to encourage people to work adaptively, experiment creatively and think differently. People and teams may need convincing that continuous improvement is a requirement for long-term success and that the difficult process of change is worth the effort.

A compelling future vision can outline the benefits of change for individuals (e.g., more satisfying work, clearer career paths) while new incentives and metrics can reward behavioral change. Technology can play a role, too; embedding workflow management tools within familiar interfaces balances user familiarity with promoting new ways of working.

### What CFOs say

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Maintaining corporate culture and morale through transformation is important. Even with AI, people are still what sets us apart from other companies.



# 06

## Skillset: Upskill or stagnate

Even in the age of AI, people remain the greatest driver of success in finance. However, competition for insurance talent is more intense than ever. At the same time, labor costs are a perennial target in cost-optimization efforts.

Talent should be at the heart of future finance models and transformation efforts because it increases the chances of success. In fact, **EY research** shows companies that take people-centric approaches are twice as likely to succeed as those that don't.

The first steps for CFOs are to understand the skills they will need in the future and then create a plan to attain them, while still retaining expert talent in core areas.

Steering their teams through personnel changes and restructuring initiatives without harming morale or motivation is particularly challenging now. CFOs may need to address the widespread fears regarding AI's potential to replace jobs.

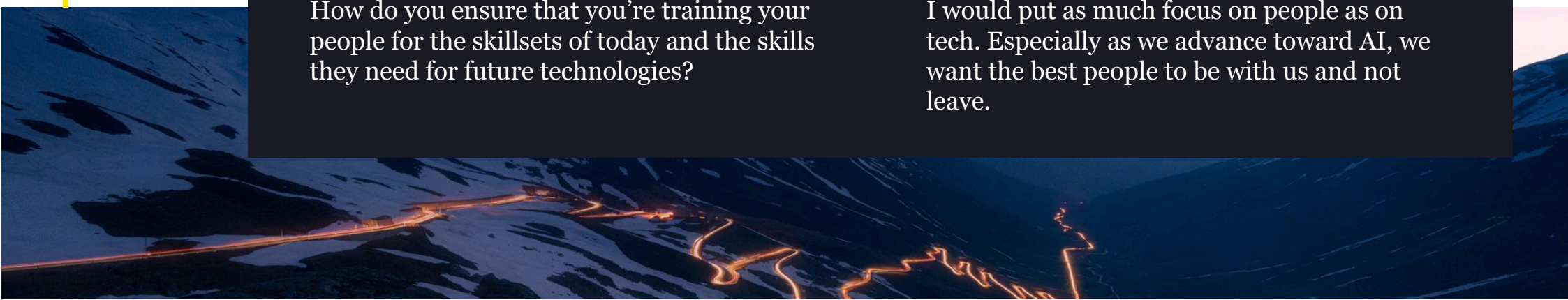
### What CFOs say

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How do you ensure that you're training your people for the skillsets of today and the skills they need for future technologies?

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I would put as much focus on people as on tech. Especially as we advance toward AI, we want the best people to be with us and not leave.



**Transformation  
target:  
a future-fit finance  
operating model**



# Transformation target: a future-fit finance operating model

These six paradoxes frame the significant challenges CFOs face as they try to modernize their systems and enhance their capabilities for the future. That's why finance transformation plans should address them directly and holistically. The following multi-dimensional target operating model for finance in the insurance industry provides a roadmap for navigating these challenges.

Drawn from our work with all types of insurers around the world, the operating model reflects the interconnected nature of insurance operations. Better service delivery needs better processes, which require powerful systems and rich data, with talented people and well-designed controls ensuring effective, efficient and compliant performance.

While the elements of the target operating model can be viewed individually, finance transformation strategies should address them holistically, with the goal of establishing highly integrated and intelligent operations closely aligned to the most urgent needs of the business.



## Service delivery model

How finance services are delivered



## Technology and systems

How tech enables processes and functions



## People

How people are organized, managed and developed



## Data and reporting

How data is used and leveraged from source to report



## Process

How processes work and connect



## Governance and controls

How oversight and risks are managed

# Service delivery model

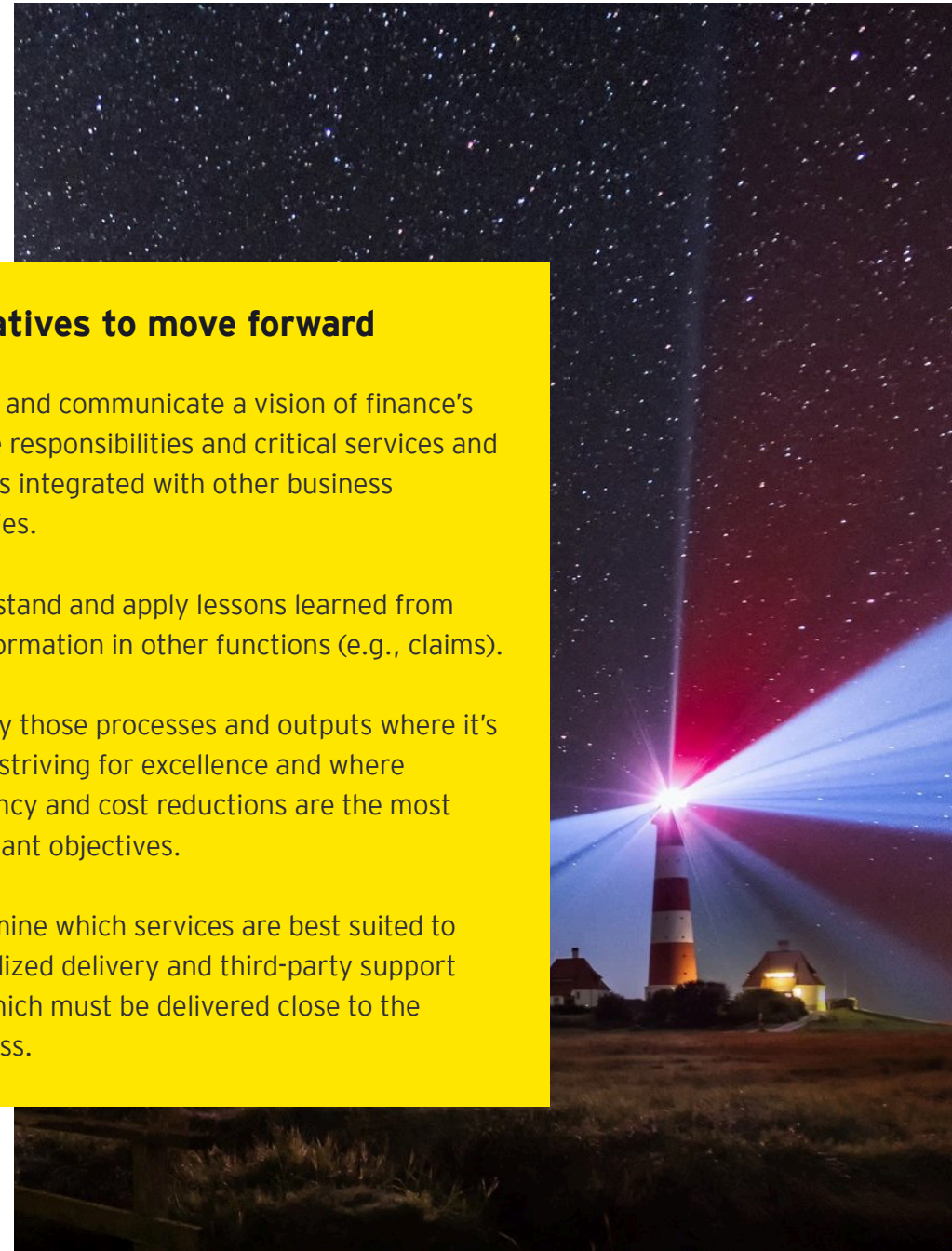
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Successful finance transformation programs typically aim for agile, adaptable and scalable service delivery models that are responsive to business needs and able to deliver forward-looking and high-value services (e.g., scenario planning, predictive analytics). High-performing finance functions typically combine sourcing options, balancing localized support and centralization through shared service centers and centers of excellence. Similarly, insurers embrace offshoring and outsourcing to varying degrees.

Effective sourcing relationships with external partners can assume many different forms. They may feature high-efficiency transaction processing and administrative services, focus on discrete functional activities (e.g., reporting, actuarial modeling) or provide access to specialized expertise and advanced technology. The key is to understand the benefits and drawbacks of each approach relative to specific processes, weighing efficiency gains and cost reductions against potential loss of institutional knowledge.

## Imperatives to move forward

- Define and communicate a vision of finance's unique responsibilities and critical services and how it's integrated with other business activities.
- Understand and apply lessons learned from transformation in other functions (e.g., claims).
- Identify those processes and outputs where it's worth striving for excellence and where efficiency and cost reductions are the most important objectives.
- Determine which services are best suited to centralized delivery and third-party support and which must be delivered close to the business.



# People

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Maximizing human capabilities is necessary to move finance from a role focused on reporting and stewardship to one centred on strategic partnership and value creation. The most effective finance teams of the future will be notable for a mix of skills and talent – core accounting and actuarial expertise, data science, strategy, technology, data analytics and market intelligence. Diverse groups will work together more collaboratively and creatively, engaging directly with business leaders to provide insights and tailored guidance, all in pursuit of growth, innovation and higher performance.

Recruiting and hiring are not the only variables in the talent equation. Managing people and teams for greater engagement, increased collaboration and long-term development are other priorities, and may necessitate closer collaboration between finance and HR leaders.

## Imperatives to move forward

- Map how finance staff will use technology and data to advise the business, influence decision-making and contribute value.
- Define re-skilling needs for specific roles, empower workers with tools and training, and motivate them to evolve from process expertise to strategic skills.
- Redesign the employee experience and work environment to foster collaboration, creative experimentation and fresh thinking.
- Link training and development programs to career progression.
- Create new compensation and incentive models aligned to new behaviors and ways of working.
- Adjust leadership styles to reflect AI's growing role in finance positions.



# Process

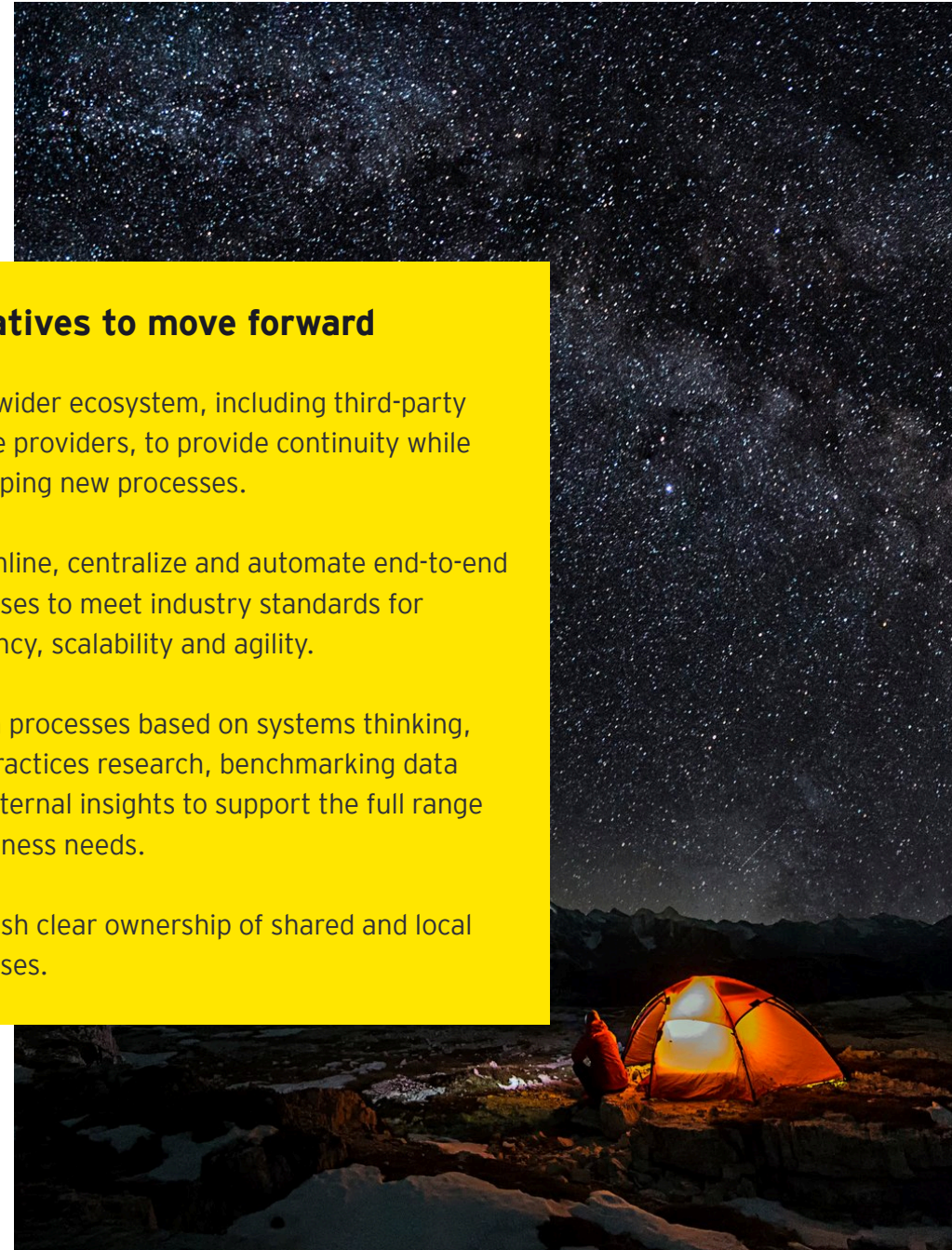
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To transform service delivery and create more strategic links to the business, finance processes must be made leaner, faster and more integrated. Automating repetitive activities and eliminating manual work will enable teams to focus on high-value services and analytical tasks. The good news is that these steps can amplify returns on investments in technology and data.

Operational models can be designed to maintain reliable and efficient service delivery, leveraging the features and functionality of advanced systems. External benchmarking can help set targets for speed, accuracy and productivity of standard processes. Further, centralized processes should be linked with local ones and those overseen by external partners. Business users and other stakeholders can contribute to initial process design, as well as ongoing modifications, so finance services meet their needs and timelines.

## Imperatives to move forward

- Use a wider ecosystem, including third-party service providers, to provide continuity while developing new processes.
- Streamline, centralize and automate end-to-end processes to meet industry standards for efficiency, scalability and agility.
- Design processes based on systems thinking, best practices research, benchmarking data and external insights to support the full range of business needs.
- Establish clear ownership of shared and local processes.



# Technology and systems

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Technology underpins service delivery models and core processes, providing the foundation for operational excellence and freeing people to focus on high-value tasks. Modernized systems provide many advantages - automating low-value tasks, user-friendly features that accelerate adoption, rapid integration of AI tools, instant support for complex finance tasks and flexibility for evolving market demands and regulatory requirements. They also shorten the path to integrating acquisitions and launching new products.

The IT environment must allow for standardization, secure connectivity and modular adaptation. Merging duplicative systems on core platforms can add stability and strengthen protections for customer data and other valuable assets. Such platforms facilitate safe, seamless connectivity to third-party systems and external data sources. Legacy systems that are costly to support (e.g., policy administration) can be retired or wrapped with new capabilities to retain access to business-critical data and functionalities.

## Imperatives to move forward

- Chart a roadmap to a rationalized and renewed IT environment, based on cost, user experience and enterprise integration considerations.
- Build momentum by integrating AI tools with existing systems, and modeling how AI can transform core processes.
- Prioritize centralization and standardization for finance systems, maintaining connectivity with core ERP/EPM systems.
- Explore the full range of sourcing options, including managed services, to access advanced technology and manage IT budgets.



# Data and reporting

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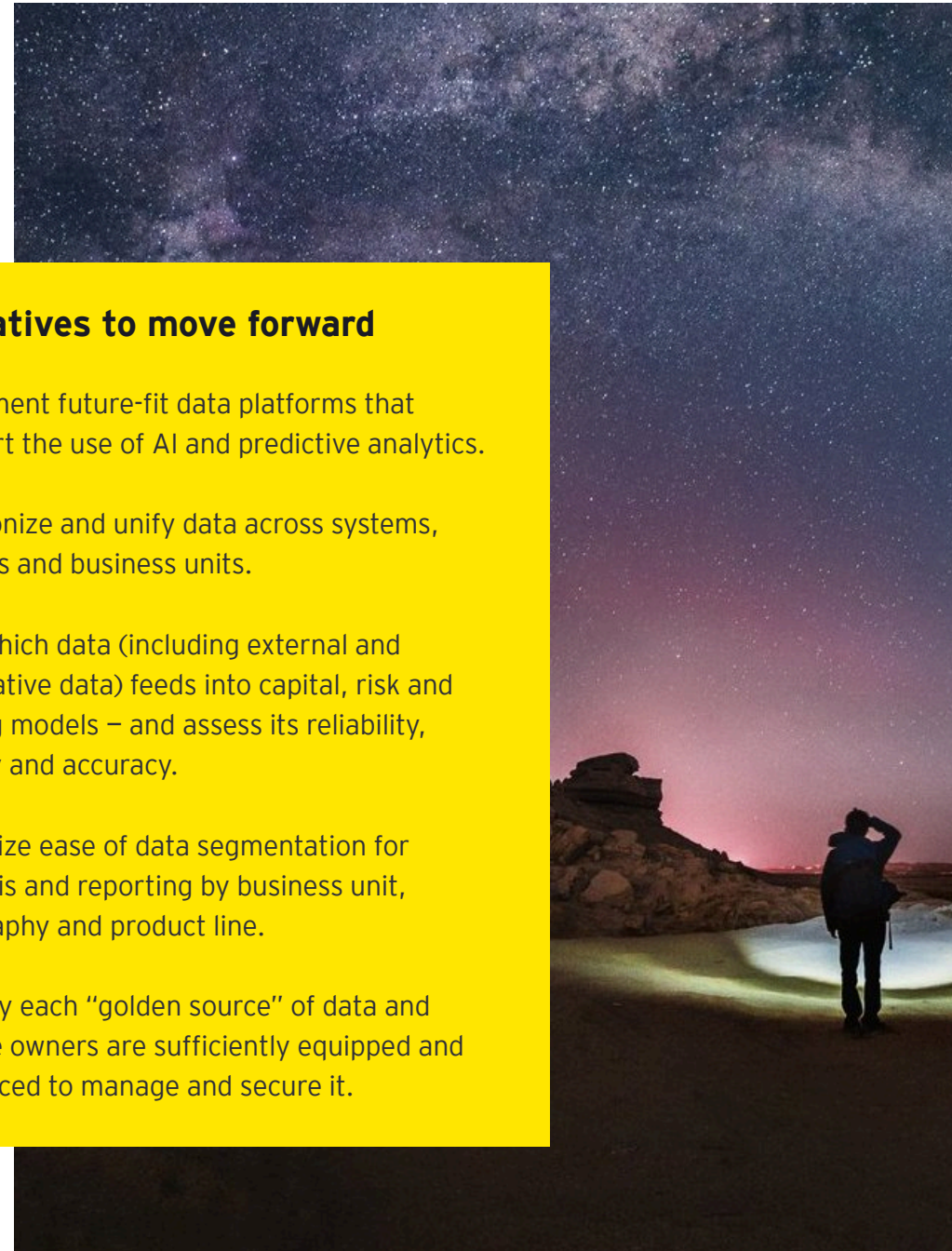
Data - ranging from raw information to structured reports and analytical insights – remains the finance function's stock in trade. Without it, financial reporting, regulatory compliance and actuarial projections are impossible.

Data-centric finance functions are best positioned to generate value through analysis and foresight. The more granular and actionable the insights, the better; while it's useful to know if a product is profitable, it's even more valuable to understand why it is more profitable in some markets and how to make it attractive to certain types of customers.

Finance can deliver such insights, provided strong data management practices are in place. These capabilities provide a foundation for a culture of analytical thinking and data-driven decision-making in the service of innovation, growth and improved performance.

## Imperatives to move forward

- Implement future-fit data platforms that support the use of AI and predictive analytics.
- Harmonize and unify data across systems, regions and business units.
- Map which data (including external and alternative data) feeds into capital, risk and pricing models – and assess its reliability, quality and accuracy.
- Prioritize ease of data segmentation for analysis and reporting by business unit, geography and product line.
- Identify each “golden source” of data and ensure owners are sufficiently equipped and resourced to manage and secure it.



# Governance and controls



CFOs know that effective governance and controls are vital to protecting the business from all sorts of risk (e.g., data loss, reputational harm, non-compliance). Reporting errors can lead to lower confidence among investors, as well as regulatory fines.

However, the need to embrace new technology, adopt new ways of working and accelerate innovation can be difficult to reconcile with rigid frameworks and controls. The ideal state is a clear, simple governance framework that's well understood and embraced by the entire business, including all product lines, regions and jurisdictions. That vision is becoming a baseline necessity for insurers and will only become more important in the future as insurers:

- Face intensifying competition from non-traditional and more nimble rivals.
- Adopt AI more deeply and extensively across the business.
- Build a broader finance ecosystem, with more strategic partners, managed services providers and other third parties.

## Imperatives to move forward

- Harness system-automated controls and testing, including AI-powered analytics tools, to provide a control baseline.
- Subject AI development to appropriate governance, especially around performance evaluation and the use of training data.
- Apply the governance techniques of disruptors and start-ups (e.g., establishing ring-fenced environments with innovation-friendly governance and controls).
- Establish clearly documented ownership and responsibility for static data, mobile data and reporting processes.

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