

Navigating the Future of Commercial Insurance:

Trends, Challenges, and Data-Driven
Solutions with Veridion



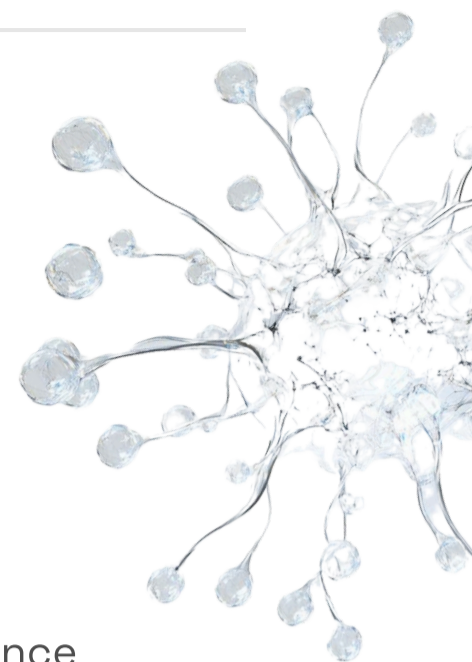
Introduction

The commercial insurance industry is entering a new era marked by rapid transformation, driven by technological innovation, regulatory pressures, and evolving customer expectations. For insurers, navigating these changes requires more than just operational agility—it demands a **commitment to building trust** with the customers and markets they serve.

According to 2022 Edelman Trust Barometer, only 54% of respondents trust the financial services sector, a significant 10 percentage points below the average for other industries. This trust deficit is particularly pressing as insurers face growing expectations to address global challenges, such as environmental, social, and governance (ESG) issues, while also adapting to emerging technologies like Artificial Intelligence (AI) and geopolitical risks.

In this analysis, **we explore the key trends reshaping the commercial insurance landscape in 2025**, from the integration of artificial intelligence (AI) and the rise of data-driven solutions to the increased focus on climate-conscious underwriting. Each trend brings unique challenges and opportunities, and this white-paper examines how insurers can leverage innovative strategies and data-driven insights, such as those provided by Veridion, to remain competitive and foster long-term trust in an evolving market.

5 Transformative Trends Shaping Commercial Insurance in 2025



1. Artificial Intelligence (AI) Becomes Integral to Insurance Operations

In 2025, artificial intelligence (AI) continues to redefine the insurance industry, transitioning from proof-of-concept to large-scale integration across **underwriting, claims management, and fraud detection**. Generative AI is particularly transformative, enabling real-time personalization, pricing optimization, and enhanced customer experiences.

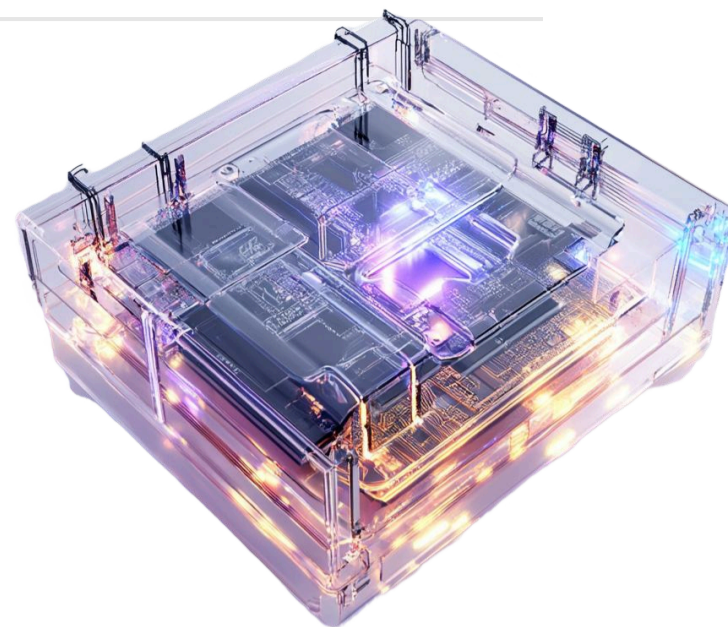
A [2024 Deloitte survey](#) of 200 U.S. insurance executives revealed that **76% of organizations have implemented generative AI in at least one business function**, signaling the maturity of AI adoption. Insurers leading the way are embedding AI-driven capabilities into their operations, particularly in **distribution, risk management, and claims handling**, to adapt quickly to market demands and deliver measurable value. These advancements have yielded improved efficiency, reduced costs, and higher customer satisfaction.

The Rise of Data Products

A [key trend](#) shaping the future of insurance is the **development of data products** which means establishing a data environment to support use cases such as pricing optimization, fraud detection, segmentation, churn, and lifetime value. Modern **data mesh architectures** are enabling insurers to transition from cumbersome, monolithic data warehouses to modular, flexible systems. This shift facilitates **targeted and agile AI implementations**, empowering underwriters with actionable insights that drive better decision-making and business outcomes.

1.1. Emerging Challenges

Balancing AI Adoption with Transparency and Fairness



As AI is applied to a wider range of insurance activities, questions about the ethics of its use have intensified. A critical concern is the **fairness of AI-driven decisions**. Biases inherent in training datasets can lead to adverse outcomes for certain customer groups, exposing insurers to reputational damage and regulatory non-compliance. Such issues are especially significant under frameworks like the Financial Conduct Authority (FCA) rules.

01 Transparency and Regulatory Compliance:

The more data collected and AI systems employed, the greater the regulatory risks and ethical questions that arise. Decisions such as premium calculations or claim approvals require clear justifications to build trust and meet strict requirements set by frameworks like the [EU AI Act](#) and [NIST AI Risk Management Framework](#). Insufficient transparency can erode customer confidence and invite heightened regulatory oversight.

02 Legacy Systems:

Many insurers are still reliant on outdated legacy systems that cannot handle real-time data or support flexible architectures like data meshes. These limitations hinder the ability to scale AI effectively across underwriting, pricing, and risk segmentation, leaving underwriters without the actionable insights they need for optimal decision-making.

1.2. Emerging Opportunities



Redefining Underwriting with Accurate, Reliable, and Actionable Data

Underwriting is the cornerstone of commercial insurance, as profitability depends on selecting the right risks. However, modernization efforts are often hindered by **outdated systems and a lack of high-quality, accessible data**. Even with extensive data lakes, many insurers struggle to transform this resource into actionable insights due to legacy processes.

Among the three pillars of underwriting—risk assessment, pricing, and exposure (policy terms)—risk assessment is the most critical. It forms the foundation for accurate pricing and policy decisions and now relies on analyzing hundreds of data points for a single risk.

To remain competitive, insurers are prioritizing investments to explore new ways of enhancing traditional risk assessment techniques.

How can Veridion help?



Veridion simplifies and enhances underwriting by providing accurate, reliable, and actionable data designed for the fast-paced demands of today's insurance landscape. Here's how Veridion supports risk assessment:

1. Delivering high-quality, decision-grade data:

- **Global Firmographic Granular Data:** Detailed profiles for over **123 million companies** worldwide, including legal identifiers, geolocation data, and operational attributes, with a focus on **small and medium-sized businesses (SMBs)** often overlooked by traditional providers. This ensures underwriters can evaluate risks with precision.

- **Up-to-date Business Descriptions:** Veridion generates detailed business descriptions that uncover critical aspects of a company's operations. These insights go beyond traditional policy considerations, revealing risk factors that underwriters may not even be aware of. By automating these descriptions, Veridion saves underwriters up to **20 minutes per evaluation**, streamlining workflows and reducing time to decision.
- **Comprehensive Industry Classifications:** Advanced multi-code classification systems (NAICS, SIC, ISIC, and insurance-specific codes) reduce misclassification risks, ensuring accurate business profiling.
- **Weekly Updates for Real-Time Accuracy:** Veridion ensures underwriters have the most current data, updated on a weekly basis. This includes changes in company operations, risk exposures, and financial health, enabling informed decision-making.

2. Overcoming Legacy System Limitations

Legacy systems often lack the flexibility and speed required to support real-time data needs, constraining insurers' ability to deploy effective AI models. Veridion bridges this gap with:

- **Scalable and Flexible Delivery Options:** Veridion integrates seamlessly into existing workflows through **real-time APIs, batch file delivery, and marketplace platforms** like Snowflake, adapting effortlessly to your existing processes. Veridion's data is also available through established partners like Insillion, Cytora, and Experian. This ensures underwriters can access the data they need in formats compatible with both traditional systems and cutting-edge technologies.
- **Real-Time Data Access:** Veridion delivers **80+ essential data points** in under **2 seconds**, ensuring underwriters and AI models work with the most current information, even in high-volume environments.

3. Redefining Underwriting: Veridion's solutions at a glance:

- **Enriched Business Profiles – Gain Better Understanding of the Business**
Veridion's Normalization & Enrichment Service ensures high-quality data by cleansing, standardizing, de-duplicating, and enriching business records.

This ensures insurers have access to accurate, verified, and comprehensive profiles, significantly improving workflow efficiency. With this service, underwriters can save an average of 20 minutes per case, reduce manual data validation efforts, and ensure no critical claims risks are overlooked due to incomplete or inaccurate policyholder data. The enriched profiles not only enhance decision-making but also improve the accuracy of risk evaluation, enabling insurers to make confident, data-driven underwriting decisions.

■ Enhanced Risk Assessment - Identify Hidden Risks

Veridion's Search Service scans companies' online presence to identify changes in business risk exposures, such as involvement with hazardous materials or high-risk activities. Our robust search functionality uncovers hidden risks by analyzing locations, products, services, and operational models, enabling underwriters to conduct thorough risk assessments and tailor coverage more precisely. This proactive approach leads to accurate premium calculations and better customer outcomes, ultimately enhancing satisfaction.

2. Climate-Conscious Underwriting

The growing complexity of climate risks and heightened regulatory scrutiny are reshaping the insurance landscape. Swiss Re estimates that up to \$183 billion in premiums could be generated globally by 2040 due to climate change. This reflects increasing exposure to catastrophes such as floods, earthquakes, and extreme weather events.

Key Drivers of

Climate-Conscious Underwriting:

- ➔ **Evolving Climate Risks:** Insurers are increasingly recognizing the rise of smaller, widespread disasters that are extending into regions once considered low risk. In 2024, insured losses surpassed \$100 billion globally, while the protection gap reached \$262 billion, prompting the industry to explore ways to mitigate financial strain on uninsured communities.



- ➔ **Regulatory Pressures:** With growing regulatory expectations, insurers are exploring ways to enhance transparency in managing climate risks. Frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD), Corporate Sustainability Reporting Directive (CSRD), and proposed Securities and Exchange Commission (SEC) rules encourage insurers to align underwriting and investment practices with climate goals. Companies like AXA, for example, are leading by committing to phase out underwriting for coal projects while increasing investments in renewable energy.
- ➔ **Innovation in Coverage Models:** Insurers are actively adopting innovative solutions such as parametric insurance and encouraging clients to embrace **circular economies**. For instance, Allianz supports using recycled auto parts in auto repairs as part of their sustainability initiatives.

2.1. Emerging Challenges

Managing Climate Risks Under Increasing Scrutiny



The intersection of climate-conscious underwriting and regulatory demands presents insurers with opportunities to navigate complex challenges:

- 01 Dynamic Risk Landscapes:** Insurers are exploring ways to recalibrate traditional risk assessment models to keep pace with shifting climate risks.
- 02 Meeting ESG Compliance:** Aligning with regulatory requirements such as CSRD and SEC rules involves significant efforts in data collection, reporting, and operational adjustments. Many insurers are actively investing in these areas to enhance transparency and meet evolving standards.
- 03 Reputation and Competitive Differentiation:** Addressing climate risks proactively is increasingly viewed as a way to strengthen reputation and differentiate in the market. While the extent of reputational impact varies by market and stakeholder expectations, insurers are aiming to position themselves as leaders in climate-conscious practices.

2.2. Emerging Opportunities

Bridge The Protection Gap through Innovative Products



Showcasing measurable ESG actions and results is on the 2025 agenda of commercial insurers. To remain competitive and transparent, they are looking to embed ESG principles at the core of their strategies, demonstrating a commitment to social responsibility alongside business objectives.

Climate risks are a driving force for this shift, with 85% of global insurers predicting ESG considerations will impact all functional areas of their business. Since the commercial insurance industry is grappling with rising claims and reduced coverage options due to climate-related risks, **the need for ESG decision grade data becomes an essential component in the underwriting process.**

Furthermore, the growing climate risks presents a significant opportunity to **expand their market and bridge the protection gap through innovative products and services.** However, it also underscores the need for insurers to adapt and evolve to effectively reach underinsured customers with relevant coverage options.

How can Veridion help?



The First Step Toward Climate Conscious Underwriting is leveraging real-time, comprehensive ESG insights that move beyond static reports and limited datasets.

Veridion uses proprietary machine learning models to extract data from global and local news sources and companies' digital presence, including linked reports where specific ESG metrics such as GHG emissions and energy use can be found. The data is updated weekly to ensure the most current and relevant information. The collected data from both news sources and website is classified using a rigorous ESG taxonomy, organized into Pillars, Themes, and Risks, ensuring consistency and providing an organized view that enhances understanding and analysis.

[Explore Veridion's 4-Step Approach on ESG data to find out more.](#)

**With Veridion's ESG Insights,
commercial insurers will:**

1. Improve Risk Assessment and Pricing

Veridion equips insurers with granular ESG data to better evaluate and price risks associated with environmental, social, and governance factors.

- **Refine Risk Models:** Overlay granular location data with climate maps (e.g., flood zones, wildfire risks) to identify high-risk areas and tailor coverage.
- **Enhance ESG Risk Evaluation:** Uncover vulnerabilities in insured businesses, aligning with sustainability priorities and regulatory expectations.
- **Drive Precision in Pricing:** Incorporate evolving climate risks into underwriting models, ensuring premiums accurately reflect exposure.

2. Enable Product Innovation

Access to real-time, accurate ESG data allows insurers to identify businesses actively embracing sustainable practices, such as renewable energy adoption, carbon reduction initiatives, or climate-resilient. This approach strengthens insurers' market positioning as proactive, sustainability-focused partners.

By supporting environmentally responsible businesses, insurers can contribute to long-term resilience while unlocking new opportunities in a growing market. With Veridion's ESG data, insurers can:

- **Tailor Coverage:** Design customized policies that address the unique needs of sustainability-focused businesses. For example, Veridion's unique insights into small and medium businesses (SMBs) allow insurers to create flexible, affordable products, addressing underserved markets and closing the protection gap.
- **Offer Premium Discounts:** Incentivize businesses to adopt and maintain eco-friendly practices by rewarding them with reduced premiums.

3. Strengthen ESG Compliance

Regulatory landscapes are evolving, with increasing focus on ESG disclosure and compliance. Veridion's data helps insurers navigate these complexities by supporting:

- **Accurate ESG Reporting:** Facilitate compliance with frameworks such as the EU Taxonomy, CSRD, and CS3D.
- **Green Asset Ratio Analysis:** Provide data for banks to calculate environmentally sustainable assets as mandated by European regulators.
- **Alignment with Sustainability Goals:** Ensure underwriting practices align with regulatory standards and investor expectations.

3. Shifting Towards Embedded Insurance Models

Commercial lines have historically been considered too complex for embedded insurance, primarily due to the diversity of risks, tailored requirements, and operational complexities involved. However, the landscape is changing due to technological advancements and evolving customer behaviors.

APIs and digital ecosystems now allow insurers to integrate seamlessly into third-party platforms used by businesses.

Platforms like accounting software, payroll systems, and e-commerce solutions enable embedding insurance into workflows that are already integral to micro, small, and medium-sized enterprises (MSMEs).

In 2023, 30% of new embedded insurance partnerships targeted MSMEs, which makes MSMEs the second largest target market for embedded insurance after motor and mobility.

3.1. Emerging Challenges for Commercial Insurers in the Embedded Insurance Transition

Despite its potential, embedded insurance in commercial lines faces several challenges:

01 Classification challenges

Commercial lines cover a vast array of industries and business sizes, from sole proprietors to enterprises with multiple locations, which makes identifying the risk profile a complex task. Also, classification challenges arise because businesses within the same category often have significantly different risk levels. For instance, the category “Building” in the U.S. includes 30 business types, while Italy’s “Commercio” encompasses 525.

02 Data Limitations

Risk assessment is hindered by insufficient or unstructured data from MSMEs, including financial and operational insights. Furthermore, many MSMEs lack standardized documentation, making underwriting difficult.

03 Cost and Scalability Issues

Creating tailored solutions for a highly segmented market can be costly and many insurers struggle to achieve scalability in providing personalized insurance offerings.

04 Customer Experience Gaps

Traditional insurance processes - from quote generation to claims handling - are often fragmented and time-consuming for MSMEs, leading to low conversion rates.

3.2. Emerging Opportunities

01 New Distribution Channels:

New Distribution Channels: Embedded insurance leverages existing digital platforms used by MSMEs, reducing acquisition costs and broadening market access. For instance, partnerships with platforms like Shopify and QuickBooks allow insurers to offer tailored coverage directly within operational workflows.

02 Personalization Through Data

Embedded insurance models provide access to rich datasets from partner platforms, enabling accurate underwriting and risk assessment. For example, payroll data from platforms like Gusto allows for real-time calculation of workers' compensation premiums.

03 Streamlined Customer Journeys

Integrating insurance into MSMEs' daily workflows simplifies the purchase process, improving conversion rates and customer satisfaction. Aon's partnership with PayPal exemplifies this, enabling MSMEs to purchase tailored insurance in just a few clicks.

04 Innovative Product Offerings

Modular and personalized insurance products can address the unique needs of diverse commercial clients. Solutions like cyber insurance, liability coverage, and trade credit insurance can be embedded into relevant digital ecosystems.

How Veridion's Data Can Accelerate the Transition



Embedded insurance operate on speed and personalization - customers expect tailored quotes and coverage in seconds. Veridion's data capabilities align perfectly with this shift by enabling insurers to streamline the quote-to-bind process,

Veridion's comprehensive data solutions address many of the challenges commercial insurers face when transitioning to embedded models. By leveraging Veridion's advanced tools and datasets, insurers can overcome barriers and unlock the full potential of embedded insurance:

01 Accurate Business Classification

Veridion employs proprietary machine learning models to categorize businesses into over 200 industries and 600 business categories, including precise NAICS, SIC, and ISIC classifications. This accuracy reduces misclassifications and improves underwriting precision.

02 Business Validation and Risk Exposure Insights

Veridion's extensive data on active SMBs enables insurers to quickly validate new policy submissions and renewals. Real-time data on location, industry, and operational specifics ensures insurers can assess risk exposure more effectively.

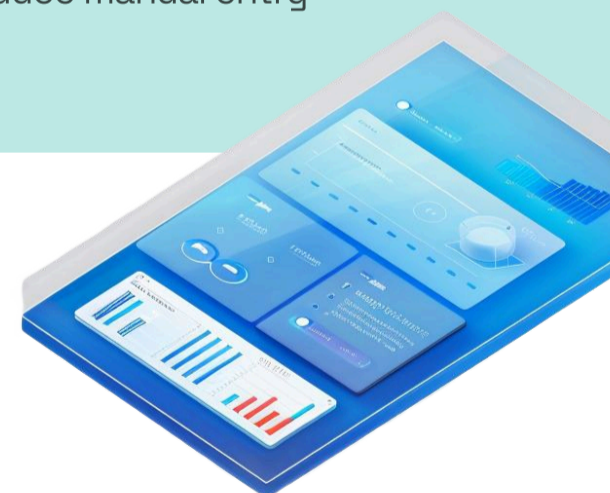
03 Comprehensive Data Enrichment

With a database of over 129 million companies, Veridion provides enriched profiles that include financials, operational details, and product offerings. This depth of information supports the creation of tailored insurance products that align with specific client needs.

04 Improved Customer Experience with Pre-Fill Solutions

Veridion's data integration capabilities streamline customer onboarding processes. By pre-filling application forms with verified business data, insurers reduce manual entry errors and speed up the quoting process.

4. The Growing Importance of Geopolitical Risk Management in Insurance



Geopolitical tensions are reshaping the risk landscape for insurers in 2025. Conflicts in Europe and heightened instability in the Middle East are amplifying exposures across multiple domains. These dynamics are driving demand for sophisticated risk assessment and underwriting strategies to address emerging geopolitical risks.

Key areas of impact include:

- **Cyber Threats:** Global supply chains and port infrastructures face heightened vulnerabilities to ransomware and state-sponsored cyberattacks, increasing the demand for robust cyber insurance solutions.
- **Political Risk Insurance Growth:** As firms seek protection against losses due to expropriation, currency volatility, and market disruptions, political risk insurance inquiries have surged by 25%, according to [Marsh McLennan](#).
- **Marine Liabilities:** Trade routes near conflict zones face higher risks of piracy, sabotage, and disruptions, requiring more comprehensive liability coverage.

4.1. Emerging Challenges

Data Gaps in Risk Assessment: Legacy systems and insufficient access to granular, real-time data hinder insurers' ability to adapt quickly to geopolitical changes, leaving gaps in risk evaluation and policy offerings.

4.2. Emerging Opportunities

Enhancing Risk Assessment in Geopolitical Contexts

How can Veridion help?



In the context of escalating geopolitical risks, insurers face heightened challenges in assessing vulnerabilities across their portfolios, including physical, operational, and cyber exposures. Veridion addresses these challenges by providing three key data sets:

01 Location Data for Geopolitical Exposure

Veridion's location insights provide insurers with real-time information about company operations near conflict zones, critical trade routes, or politically unstable regions. This allows insurers to:

- Assess exposure to supply chain disruptions, marine liability risks, and geopolitical conflicts.
- Refine underwriting models and accurately price policies for businesses operating in high-risk areas.

Example: Insurers can use this data to identify firms located near contested shipping lanes, ensuring marine liability policies are priced to reflect potential geopolitical disruptions.

02 Comprehensive Firmographics for Political Risk Assessment

Understanding a company's operational footprint is critical for evaluating risks in politically volatile markets. Veridion delivers verified business profiles, including firmographics, industry classifications, and operational data, enabling insurers to:

- Identify dependencies on volatile markets or sectors.
- Confidently underwrite risks in regions with fluctuating political and economic stability.

Example: Insurers can evaluate a manufacturing company's reliance on suppliers in politically unstable regions, offering coverage tailored to mitigate these risks.

03 Technographics for Enhanced Cyber Risk Profiling

In the face of rising geopolitical tensions, cyber vulnerabilities have become a critical concern. Veridion's technographic data provides detailed insights into the technologies companies use on their websites, enabling insurers to:

- **Identify Vulnerable Technologies:** Veridion reveals specific technologies, such as WordPress or HubSpot, that a company deploys. Historical data shows that companies relying on certain technologies have faced increased susceptibility to breaches and cyberattacks.

For example, in 2019, 94% of successful cyberattacks against CMS-powered websites targeted WordPress sites.

03 Technographics for Enhanced Cyber Risk Profiling

In the face of rising geopolitical tensions, cyber vulnerabilities have become a critical concern. Veridion's technographic data provides detailed insights into the technologies companies use on their websites, enabling insurers to:

- **Analyze Portfolio Trends:** While a single company's technology stack provides limited insight, analyzing technographic data across multiple insured entities enables insurers to detect patterns. For example, if a significant number of companies using a particular technology have suffered breaches, it indicates a higher risk associated with that technology. This trend analysis informs more accurate risk assessments and underwriting decisions.
- **Proactively Mitigate Risks:** Insurers can use this data to advise clients on potential vulnerabilities, reducing the likelihood of incidents and strengthening client trust.

Example: An analysis might reveal that a significant percentage of insured businesses using outdated CMS platforms are at higher risk of cyberattacks. Insurers can act on this insight to adjust premiums or recommend preventive measures.

5. The Rising need of AI Talent in Insurance

The rapid adoption of AI technologies is reshaping the insurance sector, placing a premium on skilled professionals who can develop, manage, and optimize AI systems. In 2025, insurers are prioritizing AI talent strategies to address the growing demand for expertise in AI, machine learning, and data science.

This trend reflects a shift beyond basic upskilling initiatives seen in 2024. Insurers are now establishing dedicated programs, such as AI academies, and competing for talent from the tech sector to build in-house capabilities. For example, Zurich is creating AI-focused training programs to upskill employees in advanced analytics.



The industry's challenge lies not just in acquiring technical talent but also in balancing these skills with human-centric capabilities, such as empathy, creativity, and ethical decision-making.

5.1. Emerging Challenges

Talent Gaps

A Deloitte survey found that 76% of insurance executives believe their organizations are underprepared in terms of AI talent. This gap hinders the sector's ability to implement advanced AI systems effectively.

01 Retooling Existing Workforce

Many insurers lack the infrastructure or expertise to upskill their workforce in AI. Training programs, while valuable, require significant time and resources to deliver measurable outcomes.

02 Balancing Technical and Human-Centric Skills

As AI systems become integral to underwriting and claims management, insurers need professionals who can ensure these tools operate ethically and align with customer-centric objectives.

03 Navigating Ethical Considerations

AI-driven decisions, especially in underwriting, raise concerns about fairness and explainability. Insurers must develop talent capable of addressing these challenges while maintaining transparency and compliance.

5.2. Emerging Opportunities

Data as a Strategic Asset

Insurers will need to attract and retain top talent, adapt to new work practices, and continuously invest in upskilling their employees to thrive in the insurance ecosystem of the future.

This includes developing technical skills such as data analytics and artificial intelligence, as well as soft skills like collaboration and creativity.

How can Veridion help?



Veridion focuses on delivering high-quality, real-time data to support underwriting, risk assessment, and operational efficiency. While it does not directly address the talent shortage, Veridion simplifies underwriting workflows, enabling insurers to make better use of their existing resources and enhance the effectiveness of AI implementations.

Data as a Strategic Asset: By providing clean, decision-grade data, Veridion reduces the reliance on manual data preparation and validation. This allows insurers to allocate their AI talent to higher-value tasks, maximizing both efficiency and impact.



Get in touch with us

Riyaz Nakhooda

Vice President,
Customer Solutions

riyaz.nakhooda@veridion.com

Chad Moore

Director of Sales

chad.moore@veridion.com

Caroline Schweppe

Insurance Tech Adoption
Consultant

caroline.schweppe@veridion.com

Ahmet Dalyan

Senior Procurement Industry
Advisor

ahmet.dalyan@veridion.com