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Point of View

£20bn

Value Creation opportunity for Private Equity (PE) Firms

AI disintermediation in Insurance Distribution, Price Comparison, and the Fight for the Decision Layer



Introduction

Artificial intelligence (AI) is beginning to challenge one of the most economically powerful positions in insurance: Control of Distribution.

For years, insurers have competed for risk, pricing, and claims performance, while a significant portion of customer acquisition, particularly in the UK personal lines but also with the possibility of shaping the future of insurance distribution globally has been driven by intermediaries that sit at the front of the journey. **Price Comparison Websites (PCWs)** became central because they controlled discovery, ranking, and increasingly, the customer's path to purchase.

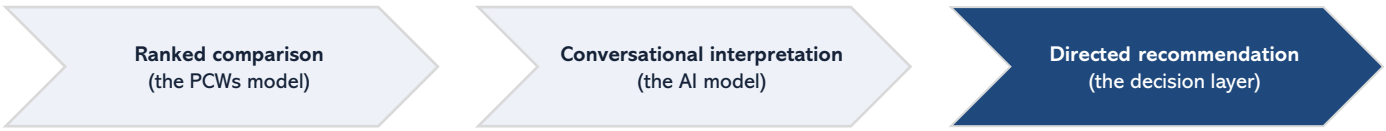
The **next-generation of insurance distribution market** evolution is likely to be defined by whether AI takes over that same role by disintermediating the status-quo, and if so, on what regulatory and economic terms.

This is not a speculative question. As of July 2026, AI-led insurance distribution is already emerging in early but clear commercial forms. Insurers have been piloting generative AI and agentic systems across customer service, claims, pricing, and operational workflows. Some have live production use cases; a smaller number are beginning to test where AI can influence the distribution journey itself.

The market is still early and worth the attention as it is already starting to move beyond experimentation. At ICAG, we expect there will be big movers and shakers in this market in the next five years.

The strategic question is no longer whether AI will affect distribution. It is whether AI becomes another tool within today's structure, or whether it rewires the structure altogether.

Why AI changes the equation?



AI matters because it is capable of moving distribution from comparison to interpretation. A conventional PCW presents a ranked list based on cost to buy and other preferences. A large language model can gather information, synthesise alternatives, explain trade-offs, narrow the field, and steer the customer toward one or two preferred outcomes. That is a fundamentally different type of influence. It is more personalised, more conversational, and more directionally powerful.

The closer a system moves to shaping a final recommendation, the harder it becomes to categorise it as a neutral intermediary. That is why AI creates such a consequential regulatory challenge. The issue is not that regulators will necessarily invent a wholly new framework overnight. More likely, they will apply existing principles to new interfaces. But the more an AI system behaves like an adviser, the more difficult it becomes to avoid advisory-like obligations in practice, whether around suitability, transparency, explainability, or consumer outcomes. Human-in-the-loop controls, as well, becomes a necessity for this model to work in the future.

This is the central issue for the Insurance industry.

AI does not merely improve distribution efficiency. It raises the possibility that the act of distribution itself becomes much more powerful and much more contested. The winner in that environment is not automatically the insurer, the incumbent intermediary, or the technology provider. It is whichever party controls the recommendation layer in a way that customers trust, firms can scale, and regulators can tolerate.

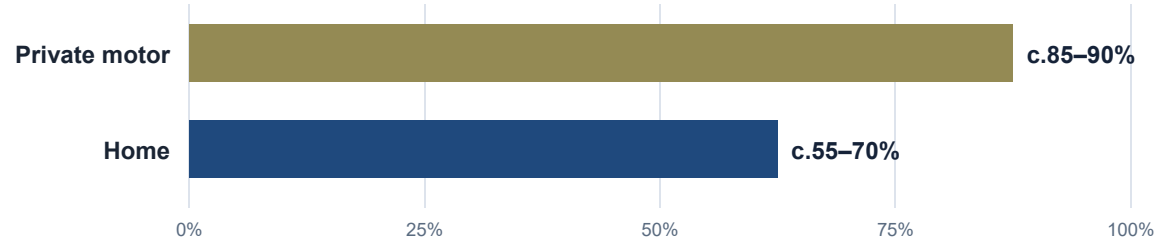
The strength and limitation of the current model

The UK provides a useful lens because it sits at the centre of the insurance distribution debate. PCWs already facilitate a large share of personal lines distribution[1] and have done so within a regulatory model that is powerful but imperfectly tailored to the way they operate. In formal terms, PCWs fall within the Financial Conduct Authority's (FCA) regulatory perimeter when they promote, arrange, or intermediate financial products. They are governed through financial promotion rules, intermediary conduct requirements of the FCA rulebooks such as ICOBS and CONC, and the broader obligations created by Consumer Duty regulation. There is no dedicated PCW regulatory regime. Instead, regulation applies by function.

That functional approach has worked reasonably well up to a point. But it has also allowed an important market reality to emerge, PCWs do far more than passively display options. They generate demand, shape product visibility through ranking, influence customer selection through defaults and interface design, and capture commissions because they control the path to purchase. In that sense, they are not simply introducers or neutral comparison engines. They are the front-end distributors with growing influence over outcomes, even where they do not bear the full liability associated with regulated advice.

That distinction matters because distribution economics are driven not only by who underwrites risk, but by who controls the point of decision. Customers rarely review an entire field of options. They tend to buy from what they see first, or from what appears most inexpensive yet digestible and trustworthy. Once that is true, the ranking layer becomes more than a convenience feature. It becomes the source of market power driven by the PCWs as seen in the Exhibit below.

PCWs share of the UK personal lines new business



Other lines (travel, pet, life) sit in between; complex or advised products remain largely outside the PCW channel. (ICAG research and analysis – July 2026)

[1]Motor insurance is the clearest case; PCWs account for the large majority of new business sales, commonly estimated at around 85 - 90% of new private motor policies. Motor is near-perfectly suited to aggregation by agentic AI led business model, it is compulsory, largely commoditised, annually renewed, and price-sensitive.

Home insurance is lower but still substantial; roughly 55 - 70% of new business flows through PCWs, with more sold through banks, brokers, and direct channels, partly because home products are less standardised and often bundled.

Other lines (travel, pet, life) sit somewhere in between, while more complex or advised products remain largely outside the PCW channel.

(ICAG research and analysis – July 2026)

The market is moving, but not evenly

Insurance is already adopting AI, but adoption is uneven and function-specific. Customer service has been the most visible entry point, with chatbot use expanding quickly. Claims and operations are also moving, as firms test ways to automate or accelerate routine decisions and workflows. Underwriting and more complex front-end use cases remain less mature. Enterprise-wide scaling remains limited.

This unevenness reflects the operating reality of insurance. The further AI sits from high-liability, customer-outcome-sensitive decisions, the easier it is to implement. A chatbot that answers simple service questions is one thing. A system that narrows insurance options, influences product choice, and potentially gives bindable outcomes is quite another. That latter move is where regulation, liability, governance, and economics begin to converge.

For that reason, the evolution of AI in insurance distribution is unlikely to be abrupt. In ICAG's view, it is more likely to unfold in stages: first as workflow support, then as quoting and service augmentation, then as recommendation support, and finally as a direct part of the decision interface itself. The strategic importance rises sharply as the market moves along that curve.

95%

of UK insurance firms already use AI — the highest adoption of any financial services sector

75%

of all UK financial services firms use AI, with a further 10% planning to within three years

$5.1bn

Global Insurtech funding in 2025 (+19.5% YoY). 66% went to AI-centred firms

(Bank of England & FCA, Artificial Intelligence in UK Financial Services survey, 2024; Gallagher Re Global InsurTech Report, Q4 2025)

ICAG view: the staged evolution of AI in insurance distribution:



Economics will follow control, not technology alone

There is a tendency in AI discussions to assume that digital automation will naturally lower costs and compress margins. In insurance distribution, that assumption is too simplistic. AI may reduce friction, but it does not eliminate the economics of intermediation. It may simply move those economics to a new owner which leads to the opportunity for value creation.

The more useful framing is this: **whoever controls the customer decision point captures the value**. That principle already explains why PCWs are economically powerful today. It will also explain who benefits if AI systems become central to how customers choose coverage tomorrow. If insurers build or own AI-led interfaces that reduce dependency on external channels, they may improve acquisition economics and regain strategic leverage. If external AI platforms become the main route through which customers search, compare, and decide, those platforms may evolve into the next-generation of distributors and command economics similar to, or potentially stronger than, today's PCWs. For PEs, this creates an interesting of investment choices.

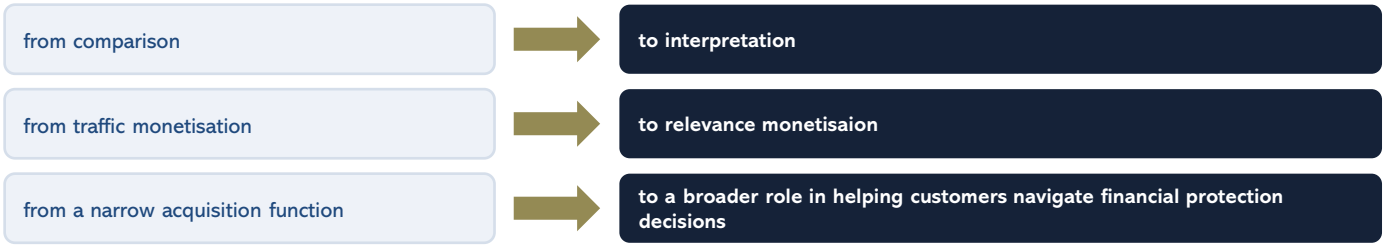
That also means AI is not inherently margin-destructive for the sector. It is margin-reallocative. The financial outcome depends on who owns the customer relationship, who shapes the recommendation, and who can translate technical capability into a compliant, trusted, commercially adopted distribution model.

The challenge for PCWs: from comparison to decision intelligence

For PCWs, AI is not just another efficiency tool. It is a direct challenge to the logic of list-based intermediation. If customers increasingly prefer interfaces that can understand context, explain relevance, and simplify complexity, a business model built primarily on ranked results pages becomes more vulnerable.

That does not mean PCWs disappear. But it does mean they need to evolve. The strongest route forward is likely to be a shift from simple price comparison toward a broader model of decision intelligence. That means understanding the customer more deeply, making recommendations more context-aware, and expanding from transactional switching journeys into a wider financial protection role.

The strategic transition is clear enough. PCWs need to move:



Those that succeed could remain highly valuable. Those that do not may find that AI makes their most important function, i.e., organising and ranking choice, easier for someone else to replicate.

A structured AI defensibility approach

Survival for PCWs will not come from brand and switching habits alone; it requires a structured AI defensibility approach, evidenced rather than aspirational. In ICAG's view, that means building across four fronts simultaneously:

1. A proprietary data and behavioural-trust moat that generic AI assistants cannot easily replicate;
2. Migration of the ranking engine itself into an agentic recommendation layer before AI-native entrants build it first;
3. Governance, auditability, and explainability embedded as a commercial capability rather than a compliance afterthought; and
4. Diversification of revenue away from pure click and lead monetisation toward advice-adjacent, relationship-based income.

In ICAG's view, a Private Equity sponsor underwriting a PCW transition need exactly this kind of checklist to separate a defensible thesis from a growth story attached to a ranked list of offering.

The Governance dimension deserves particular weight, because it is where AI defensibility and offence converge. A PCW that can demonstrate auditable, explainable AI decisioning is not just protecting itself from regulatory and reputational risk under Consumer Duty; it is positioning itself as the trusted infrastructure layer insurers will need as they push AI deeper into distribution. That capability overlaps directly with the insurer-side AI governance and compliance enablement opportunity sized elsewhere in this POV, meaning a well-executed defensibility strategy does not merely help a PCW hold its ground, it opens a second, adjacent value pool. For PE sponsors or owners, that reframes the disintermediation risk such as, the same discipline that defends the core comparison business can be packaged and sold as a governance layer to the wider market, turning a defensive investment into an additional growth vector.

The challenge for insurers: AI as distribution strategy

For insurers, the right response is not simply to treat AI as an operational capability. It should be viewed as a distribution strategy.

The long-term prize is greater ownership of customer interaction and customer decision-making. If insurers can use AI to improve direct engagement, reduce channel dependency, and better interpret customer needs, they may be able to reclaim part of the economics currently given way to intermediaries including to the PCWs. They may also gain a better information base from which to refine pricing, service, and product design.

But ambition must be matched by discipline. **Any insurer deploying AI in the distribution journey will need strong AI governance, clear accountability, auditability, version control, compliance oversight, and human escalation paths.** In a high-frequency retail market, small failures can quickly become systemic ones. Concentrated error at scale is not just a technical issue. It is a regulatory and reputational one.

That is why the near-term future is likely to be hybrid rather than fully autonomous. Insurers may combine AI-led journeys with existing channel structures, test proprietary interfaces in selected use cases, and gradually increase control over recommendation and interaction without immediately attempting to automate the entire decision chain.

Opportunities for the Private Equity Firms

If AI is repricing the economics of distribution, it is also repricing the assets that sit within it. For Private Equity (PE) firms, AI disintermediation risk and value creation investment opportunity are two sides of the same event. Public markets are already reacting in early 2026, shares in Mony Group (owner of MoneySuperMarket) and Future plc (owner of GoCompare) fell sharply on investor fears that AI-native shopping tools would bypass PCWs altogether. At the same time, Canada Pension Plan Investment Board has been reported to be exploring a sale of its stake in BGL Group, owner of Compare the Market, in a deal that could value the business at more than £4bn, or up to roughly 15 times earnings. Depressed public valuations sitting alongside continued appetite for scaled distribution assets is precisely the kind of dislocation PEs are built to utilise. **ICAG estimates a £20bn value creation and value transfer opportunities for the private equity firms over the next 5 – 10 years in this market[2].**

The market is already voting — evidence from early 2026:

−13.8%

one-day fall in Mony Group shares — a 13-year low — after Insurify launched car insurance comparison inside ChatGPT

c.£4.5bn

implied valuation of Compare the Market (c.15x earnings) in CPPIB's reported stake-sale process

Live now

AI-native distribution is operational: ChatGPT car insurance comparison (Insurify) and in-chat home quotes (Tuio)

(Public reports, October 2024 – January 2026: Sky News, City AM, Morgan Stanley / Stifel broker notes)

The c.£20bn PEs opportunity composition *(ICAG estimate, 5–10 years)*



Total: c.£20bn

- Value transfer — buyouts & take-privates of repriced PCW assets
- Growth capital — AI-native distribution challengers
- Roll-ups — data, pricing & underwriting infrastructure
- Insurer-side AI governance & compliance enablement

[2] **Value transfer — buyouts and take-privates of repriced PCW assets c.£8bn.** Basis: BGL Group/Compare the Market reportedly valued at over £4bn (c.15x earnings) in CPPIB's stake sale process; Mony Group (MoneySupermarket) market capitalisation of c.£0.9bn plus a typical 30–40% control premium; an implied value for Future plc's GoCompare segment; and RVU/Confused.com re-rated from its 2021 £508m precedent transaction. This is value transfer: capital moving from public shareholders marking down AI-disruption risk to a control buyer willing to underwrite the transition.

Growth capital - value creation into AI-native distribution challengers c.£4bn deployed over 5–10 years. Basis: global insurtech funding of c.$5bn in 2025, of which roughly two-thirds was AI-focused, with UK/Europe historically capturing 20–25% of flows.

Roll-ups - value creation through data, pricing and underwriting infrastructure modernisation using agentic AI c.£5bn. Basis: 2025's largest insurtech rounds (CyberCube, ICEYE, Federato, Nirvana, Creditas) totalled over $660m in Q4 alone, reflecting investor preference for infrastructure over consumer brands; scaled to a multi-year UK/Europe-relevant consolidation thesis.

Insurer-side AI governance and compliance enablement – value creation of c.£3bn. Basis: UK general insurance GWP of c.£75bn, typical technology spends of 2–3% of GWP per year, and an AI governance/explainability layer estimated to reach a 10–15% share of that spend by 2030.

Total: circa £20bn across value transfer and value creation consistent with ICAG's headline estimate of approximately £20bn over the next 5–10 years.

(ICAG estimate and analysis – July 2026. Illustrative sizing based on public company disclosures, reported deal values, and published InsurTech funding data; not a precise market forecast.)

Opportunity runs across four parts of the value chain

01 The first is a take-private or buyout thesis on listed or legacy PCWs, where public market pricing may already be discounting an AI disruption scenario faster than the underlying business is actually deteriorating thus creating room for a control buyer to fund the shift from ranked comparison to genuine decision intelligence away from the scrutiny of quarterly earnings.

02 The second is growth investment in AI-native challengers building the recommendation layer itself, before incumbents can respond.

03 The third is a roll-up of the data, pricing, and analytics infrastructure that feeds both underwriting and AI-led distribution, a thesis already visible in the market, where roughly two-thirds of the $5bn invested in Insurtech during 2025 went to AI-focused businesses, with the largest rounds concentrated in infrastructure rather than consumer-facing brands.

04 The fourth is insurer-side enablement; AI governance, auditability, and explainability tooling that insurers will need to deploy AI safely in the distribution journey responsibly, which is as much a regulatory-compliance investment as a technology one.

Opportunities for the Private Equity Firms (continued)

None of this is a one-way bet. The same forces that create entry points can just as easily turn them into value traps. A PCW bought on the assumption that its brand and customer base can carry it through the transition to decision intelligence is only a good investment if that transition is executable and defensible, not merely aspirational. Diligence therefore needs to test capability and scalability with AI tools, not narrative - does the target actually control a proprietary data or trust advantage that AI cannot easily replicate or is it simply a ranked list with a growth story attached to it.

Timing matters as much as thesis. As regulation often lags the market before promulgating later in the decade, the window between now and the early 2030s is when structure, ownership, and category leadership in AI-led insurance distribution are most likely to be set, and when private equity capital, deployed with the right underwriting discipline, has the greatest room to shape outcomes rather than simply react to them and thereby enjoy the largest value creation delta.

The Diligence Test Behind the Decision-Layer Thesis

"Control of the decision layer" only means something economically if it's backed by a moat a competitor can't just copy. Owning the decision layer only creates value if that ownership is defensible. The test is not whether a business uses AI well — it is **which of these moats it actually controls** :

01 **Proprietary data** — claims history, quote-to-bind, and query data captured at the point of recommendation — a real data advantage AI can't replicate.

02 **Data flywheels** — every interaction at the recommendation layer sharpens the next one — how early movers like Insurify and Tuio could compound an edge, not just capture a one-time volume bump.

03 **Workflow & distribution lock-in** — being embedded in the customer's existing channel, e.g. in-chat quotes, raises switching costs beyond closing a tab: leaving means leaving the workflow itself.

04 **Brand and trust** — central to ICAG's own definition of the winner: customer access, recommendation power, trusted interface design, and regulatory credibility — what matters most where AI outputs carry real financial risk.

05 **Regulatory & compliance moats** — building auditable, explainable AI ahead of the 2030–32 hardening window is slow and costly for challengers to retrofit — and is PE opportunity 04 (pg. 7) in its own right.

06 **Talent and execution speed** — the timing argument is an execution-speed thesis: the window to set category leadership closes by the early 2030s, so moving first is itself the moat.

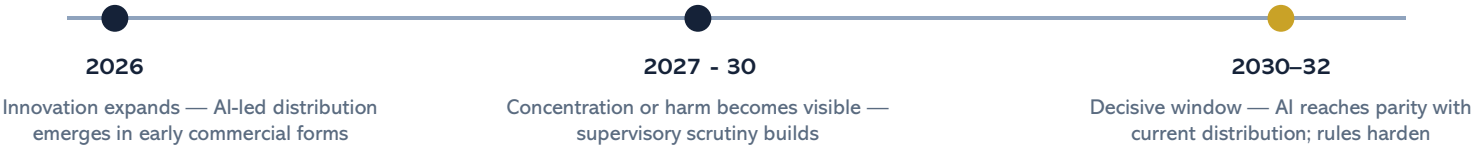
07 **Network effects** — today this is a funnel (one customer, one recommendation), not a multi-sided marketplace. It could emerge if enough insurers plug live pricing into one AI layer — worth watching for in diligence, but not yet real.

We expect that Regulation will lag the market, then accelerate

Perhaps the clearest lesson from other digital sectors is that regulation tends to follow market development rather than precede it. Insurance is unlikely to be different. Current FCA frameworks already impose meaningful obligations through consumer duty, conduct rules, and financial promotion requirements. But they were not enforced with fully agentic, end-to-end distribution models in mind.

Once AI systems begin to span multiple stages of the insurance value chain i.e., the customer interaction, recommendation, policy generation, claims support, even disbursement; regulators will face more explicit questions around governance and accountability, transparency, span of control and channel definition. Who exactly is distributing the product? Who is responsible for a recommendation? How should firms evidence fairness and explainability when multiple AI systems interact across the chain? Those questions remain open.

The most plausible path is not immediate regulatory redesign, but a familiar sequence; innovation expands, growth gets delivered, market concentration or harm becomes visible, and rules are then enforced. On the directional view, ICAG estimates the period from 2030 to 2032 could be the decisive window in which AI reaches genuine parity with current distribution models and regulatory response begins in earnest.



Whether the exact timing proves right matters less than the broader point: regulation is unlikely to stop the transition, but it will shape the winners once the transition becomes systemically important.

Endnote: A new contest for control and value creation

The future of insurance distribution will not be determined solely by underwriting capability, nor solely by AI or technical sophistication. It will be shaped by who can combine customer access, recommendation power, trusted interface design, and regulatory credibility.

That is why the emergence of AI in distribution should be taken seriously now. It is not just another digital layer. It is a challenge to the ownership of the decision itself.

For PCWs, the implication is stark: evolve from comparison engines into decision platforms, or risk being bypassed. For insurers, the message is equally clear: AI is not just a back-office productivity tool; it is a potential route to reclaiming strategic control over distribution. For regulators, the upcoming task will be to encompass the existing principle-based supervision of existing models to a more explicit understanding of how AI shapes consumer outcomes in real time. For PEs, this brings a perfect risk vs. reward value creation opportunity.

The end state is not yet visible in full. But the direction of travel is. The next battle in insurance will be fought less over who manufactures the product, and more over who owns the interface through which the customer decides.

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