Insurance Third Party Administrators - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 180 pages | Mordor Intelligence

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Report description:

The Insurance Third Party Administrators Market size is estimated at USD 486.08 billion in 2024, and is expected to reach USD 677.57 billion by 2029, growing at a CAGR of 6.87% during the forecast period (2024-2029).

Third-party administrators (TPAs) provide claims administrative services to insurance underwriting businesses. Many serve mid-sized or large companies that have opted to self-insure a portion of their liability, commercial property, or workers' compensation risks. They may also administer claims for businesses that have self-funded their health, dental, or other benefit plans. The business scope for TPAs varies from developed markets like the United States, where they play an auxiliary role in the insurance landscape, to developing economies like Malaysia, Vietnam, and Thailand, where TPAs/MBOs have a predominant hold on deciding the fee for doctors, etc. and stand as an intermediate before transforming themselves into a health insurance underwriter over the years.

The COVID-19 pandemic impacted the insurance industry in multiple ways, from employee and business continuity issues to client service considerations to the financial outlook. Insurers responded to the COVID-19 outbreak on multiple fronts as claims payers, employers, and capital managers. In this scenario, outsourcing players and TPAs were handy to the insurance industry.

Some TPAs built requisite capabilities in talent, technologies, and data to address the changing needs of the insurance industry, but most TPAs need to catch up. The Y-o-Y revenue growth slowed down for most TPAs in the United States. Due to the pandemic, this decline may continue in the current year.

While the TPA industry has multiple drivers, such as service expansions and carrier outsourcing, several impending challenges restrict growth opportunities. Most of the digital-led use cases implemented by TPAs are less sophisticated than those implemented by insurance IT providers or business process outsourcing providers.

Insurance Third Party Administrators Market Trends

The US Insurance Third-party Administrator Market is Growing

The US insurance third-party administrators market has a low concentration and high fragmentation. The primary negative factor affecting the US industry is increased competition, while the primary positive factor is low revenue volatility. Currently, as of base year H1, there are 349,400 claims adjuster jobs in the United States. With increasing disposable income levels, consumers are buying cars, homes, and other assets that need insurance. Higher per capita disposable income enables individuals and households to expand coverage as they can afford better health, life, property, and casualty insurance premiums.

Market Trends of Health Insurance TPAs in the GCC Region

Third-party administrators are prominent players in the healthcare industry and have the expertise and capability to administer all or a portion of the claims process. In GCC, mandatory health insurance law was applied. Health insurance is mandatory in Dubai and Abu Dhabi, creating a significant business opportunity for the TPA industry. Many small insurers in GCC are increasingly opting for TPA support. Smaller insurance companies have a traditional way of operating and have TPAs fill in the gap by providing the support required to digitize, per DHA norms. About 98% of health insurers in the region outsource to TPAs. Among the 23 TPAs in Dubai, seven companies control most of the business, i.e., about 90% as of the base year.

Insurance Third Party Administrators Industry Overview

The report includes an overview of third-party insurance administrators operating across the world. The report details the profiling of companies, covering the services offered, digital adoption levels, regulations governing them, headquarters, financial performance metrics, and general pros and cons.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION
1.1 Study Assumptions and Market Definition
1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS
4.1 Market Overview
4.2 Digital Adoption and its Significance in TPAs
4.3 Regulatory Landscape Shaping the Business Ecosystem
4.4 Market Drivers
4.5 Market Restraints

4.6 Porter's Five Forces Analysis
4.6.1 Threat of New Entrants
4.6.2 Bargaining Power of Buyers/Consumers
4.6.3 Bargaining Power of Suppliers
4.6.4 Threat of Substitute Products
4.6.5 Intensity of Competitive Rivalry
4.7 Impact of COVID-19 on the Market

5 MARKET SEGMENTATION
5.1 By Insurance Type
5.1.1 Healthcare Providers
5.1.2 Retirement Plans
5.1.3 Commercial General Liability Insurance
5.1.4 Others Insurance Types (Motor Insurance)
5.2 By Geography
5.2.1 North America
5.2.1.1 United States
5.2.1.2 Canada
5.2.2 Europe
5.2.2.1 United Kingdom
5.2.2.2 Germany
5.2.2.3 Rest of Europe
5.2.3 Asia-Pacific
5.2.3.1 China
5.2.3.2 India
5.2.3.3 Rest of Asia-Pacific
5.2.4 Latin America
5.2.5 Middle East and Africa
5.2.5.1 United Arab Emirates
5.2.5.2 Saudi Arabia
5.2.5.3 South Africa
5.2.5.4 Rest of Middle East and Africa

6 COMPETITIVE LANDSCAPE
6.1 Market Concentration Overview (M&A Deals)
6.2 Company Profiles
6.2.1 Sedgwick Claims Management Services Inc.
6.2.2 UMR Inc.
6.2.3 Crawford & Company
6.2.4 Gallagher Bassett Services Inc.
6.2.5 CorVel Corporation
6.2.6 Helmsman Management Services LLC
6.2.7 ESIS Inc.
6.2.8 Healthscope Benefits
6.2.9 Maritain Health*

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

8 DISCLAIMER

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