

# The TPA Reckoning

Why the Next 24 Months Will Decide Which Third-Party Administrators Still Matter in an AI-Native Market



## PART I

**The Thesis:** The roll-up is dead. AI economics make “bigger” a liability.

## PART II

**The Discipline:** Why most TPAs will fail at AI for the same reasons carriers do — and what a six-stage execution lifecycle can fix.

## PART III

**The Lessons:** What every TPA, large and small, should actually do now — and the one strategic challenge each archetype must solve to stay relevant.

The analysis presented reflects current market observations and available data as of early 2026.

## PART I

### The Thesis: Bigger Is Now a Liability

Why the TPA playbook that built the last decade’s champions will kill the next generation.

#### THE TPA ILLUSION OF SCALE

For thirty years, the TPA industry has rewarded mass. Headcount was the moat. Scale was destiny. M&A deals proved the point:<sup>1</sup> the bigger you got, the more leverage you had over carriers, networks, and labor. That thesis is increasingly obsolete. When a carrier can automate a simple auto or workers’ comp claim in-house or buy that capability from an AI-native competitor at outcome-based pricing, every manual-labor full-time equivalent on a TPA’s P&L becomes a margin drag, not a moat. The acquirer’s playbook that built the industry’s current champions will not build the next decade’s winners. Something else will.



#### The Market the Numbers Describe

The public narrative is uniformly bullish. Market researchers forecast global third-party administration revenues growing from roughly \$468 billion in 2025 to between \$690 and \$886 billion by the early 2030s, a compounded rate of six to eight percent depending on which analyst you believe.<sup>2</sup> Health insurance and claims administration lead; travel and provider-network management are the fastest-growing slivers. In North America, TPAs still deliver a structural cost advantage over carrier-owned Administrative Services Only (ASO) arrangements. Recent benchmarking places TPA median medical costs roughly thirty percent below Blue Cross ASO comparables on a per-member-per-month basis.<sup>3</sup> On paper, this is a growth industry.

<sup>1</sup> Carlyle Group acquired majority ownership of Sedgwick in a 2018 transaction valued at approximately \$6.7 billion. Business Insurance, “Is merger of TPA giants a precursor of more consolidation?” (2019 contextual reporting).

<sup>2</sup> Mordor Intelligence, “Insurance Third Party Administrators Market Size, Share & Trends Analysis (2025–2031),” January 2026; Straits Research, “Insurance Third Party Administration Market Size, Share & Growth Forecast by 2033”; Research and Markets, “Insurance Third Party Administrators Market Outlook 2025–2030,” September 2025; The Insight Partners, “Insurance Third-Party Administrator Market Report,” September 2025.

<sup>3</sup> Sherlock Company, “Third-Party Administrator Benchmarking Results for 2025,” Sherlock Navigator, March 2026 (2024 calendar-year data; 1.1M combined members surveyed).

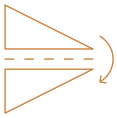
The numbers, however, are misleading because they measure a service model that is actively being disintermediated. Three forces converge in 2026, and none of them was meaningfully present when the current industry leaders were assembled:



**AI claims economics.** Independent analyses point to AI-driven cost reductions of up to twenty percent and cycle-time compression of up to fifty percent for well-scoped P&C claims workflows.<sup>4</sup> Allianz has reported that Project Nemo demonstrated in production that a multi-agent orchestration layer can take routine claims from days to hours with humans retained only for final payout authorization.<sup>5</sup> This creates a reference architecture any sophisticated carrier can now build or buy.



**AI-native challengers.** Elysian has reported raising a \$6 million seed funding round in late 2025 specifically to build what it calls the “first AI-native TPA” for complex commercial lines.<sup>6</sup> Avallon raised \$4.6 million from Frontline Ventures and Y Combinator to automate adjuster workflows,<sup>7</sup> as the U.S. Bureau of Labor Statistics projects the industry will lose roughly 400,000 workers through attrition.<sup>8</sup> Corgi, at a \$630 million valuation, is reported to be building an AI-native full-stack carrier with embedded coverage —and is capable of absorbing adjudication work that today sits in a TPA contract.<sup>9</sup>



**Carrier insourcing economics have flipped.** For two decades, TPAs won on labor arbitrage: specialists processed claims cheaper than the carrier could do it itself. Agentic AI collapses that arbitrage. When the marginal cost of an adjudicated simple claim approaches zero, “we outsource because they’re cheaper” stops being a rational answer. The remaining question for the carrier CFO is: what complexity, what data, and what regulatory exposure do we actually want off our books?

**~20%**

AI-driven reduction in P&C claims processing cost

**50%**

Achievable compression of claims cycle time

**~400K**

U.S. insurance workers expected to leave by 2026 (BLS)

## Why Today’s Results Obscure Tomorrow’s Risk

The uncomfortable truth inside most TPA boardrooms is that EBITDA is still growing. Contracts are multi-year. Renewals are sticky. Sponsor-owned assets are on or near their hold-period exit windows. Incentives inside the industry are, almost perfectly, engineered against the urgency the moment demands.<sup>10</sup> The water is warming.

History is not kind to this pattern. Kodak and Nokia were profitable until they weren’t. BPO in commoditized verticals compressed faster than its own management teams forecast. The question for the TPA CEO is not whether AI will change the economics—that debate ended in 2024, but whether their organization will still be in the pool when the temperature spikes. The evidence suggests most will not feel the heat until contracts come up for renewal and a carrier RFP specifies outcome-based pricing against AI-native benchmarks. At that point, repositioning is too late.

<sup>4</sup> Agentech, “Insurance 2030: The Impact of AI on Claims Processing,” October 2025, citing industry studies on AI-driven claims cost reduction and cycle-time compression.

<sup>5</sup> Allianz, “When the Storm Clears, So Should the Claim Queue — Project Nemo,” November 2025. Seven specialized AI agents with human final-payout authorization.

<sup>6</sup> Elysian, “Elysian Raises \$6M Seed Round to Redefine Insurance Claims Services with AI-Native Platform,” 2025. Investors include American Family Ventures, Portage, and TenOneTen.

<sup>7</sup> BusinessWire, “Avallon Secures \$4.6 Million, Scales AI Agents to Automate Insurance Claims Operations,” November 6, 2025. Round led by Frontline Ventures with participation from Y Combinator, 1984, Liquid2, and Boom.

<sup>8</sup> U.S. Bureau of Labor Statistics, as cited in the Avallon funding announcement (Nov 2025): the insurance industry is projected to lose approximately 400,000 workers through attrition by 2026.

<sup>9</sup> Fintech Global, “AI-driven InsurTech Corgi lands \$108m funding round,” January 13, 2026; Axios (January 2026) reported the round at a \$630M valuation.

<sup>10</sup> A&M analysis. Sponsor-backed TPA hold periods (typically four to seven years) and incumbent-management compensation tied to current-year EBITDA structurally disincentivize multi-year operating-model overhauls during the critical 2026–2028 window



## The Three TPAs of 2028

A clean diagnostic emerges when TPAs are segmented not by size or line of business, but by their posture toward automation. Three archetypes are likely to define the industry by 2028.<sup>11</sup>

Archetype	Operating model	Likely fate
<b>LEGACY</b>	Manual-heavy claims handling. Headcount- or per-claim fee economics. RPA at the edges, no meaningful AI orchestration. Commodity reporting.	Margin compression followed by acquisition as a shell, bought for contracts and licenses, not capability. Viewed as pure cost centers by clients.
<b>SURVIVE</b>	Partial automation: intelligent document processing, triage models, fraud flags. Genuine strength in complex claims, regulated lines, or geography. Off-the-shelf tools bolted onto existing workflows.	Retains business on specialization and switching cost. Competes on price, not value. Never gains share. A respectable-but-shrinking annuity.
<b>THRIVE</b>	AI-native, agentic automation with high straight-through processing rates. Outcome-based pricing tied to client KPIs. Predictive analytics embedded as a product. Human judgment reserved for genuine complexity.	Wins on unit economics and insight. Can, in many cases, price below a carrier's build-it-in-house option. Takes share from both Legacy peers and carrier insourcing programs.

Three observations should trouble any CEO reading this honestly. First, most of the industry, including names on every analyst's "Top 10 Global TPAs" list, sits in Legacy or early Survive today. Second, the gap between Survive and Thrive is not a technology gap. The technology is commercially available and declining in cost. The gap is an execution gap. Third, the Thrive archetype is not defined by spending more on AI; it is defined by rebuilding the operating model around what AI makes possible. That distinction matters enormously, and it is exactly where most incumbents fail.

### THE ONE-LINE THESIS

Being big is no longer an advantage. It is simply added cost. The next decade's TPA champion will be the first mover that credibly prices its AI-enabled service below the carrier's in-house build-or-buy alternative, and backs that price with outcome-linked accountability.

<sup>11</sup> A&M analysis. The Legacy / Survive / Thrive typology segments TPAs by AI-execution posture rather than by traditional dimensions of size, line of business, or geography.

## The Execution Gap That Will Separate Winners from the Rest

Why most TPAs will fail at AI for exactly the same reasons carriers do—and the six-stage discipline that distinguishes those who do not.

The problem is not how fast TPAs can adopt AI. It is whether they can remain in control as the system evolves around them. Every CEO reading this has an AI strategy slide. Few have an AI execution operating model. That distinction matters, because a recent MIT-backed analysis of enterprise AI adoption found that roughly ninety-five percent of generative AI pilots fail to scale.<sup>12</sup> In insurance specifically, Alvarez & Marsal’s March 2026 research with InsurTech NY, drawing on twenty in-depth interviews with senior transformation leaders at carriers of \$1 billion to \$20 billion-plus in gross written premium, alongside a survey of more than 120 insurtech founders,<sup>13</sup> concluded bluntly that technology is no longer the primary constraint. Execution is. North American insurers are set to spend an estimated \$10.5 billion on core IT modernization between 2024 and 2026,<sup>14</sup> and the base rate on transformation projects is sobering: roughly seventy percent fail to meet their goals, one European carrier wrote off more than half a billion dollars after an eight-year attempt, and another ran its claims platforming project five hundred percent over budget.<sup>15</sup>

Every one of those failure patterns applies, with no adjustment, to TPAs. In many respects, they apply more acutely because most TPAs are materially less mature than the carriers the A&M study profiled. The implication for the TPA CEO is that you will not be buying your way to Thrive status through an insurtech partnership. You will be executing your way there, or you will not get there at all.

### The Five Execution Barriers (and What They Look Like in a TPA)

The A&M–InsurTech NY research identified five structural barriers that consistently separate carriers who scale AI partnerships from those who do not<sup>16</sup>. Each of them maps cleanly to failure modes we observe inside TPAs today.

Barrier	How it shows up in a TPA	Cost of inaction
1 <b>Priority &amp; IT capacity fog</b>	Three parallel AI pilots (claims triage, subrogation, FNOL intake) each sponsored by a different line of business, none with a validated business case signed by the CFO. IT serves whoever shouts loudest.	Six months of delay per initiative; two to four strategic projects stalled at once.
2 <b>Budget–accountability misalignment</b>	Transformation budget lives in a central “innovation” line. Line-of-business P&Ls are measured on current-year margin. Nobody is on the hook for an AI-adjudication KPI target.	Six to twelve months of post-pilot limbo while funding for production hesitates.
3 <b>Authority ambiguity</b>	A promising document-AI pilot stalls because nobody can say whether Compliance, Claims Ops, IT Security, or the COO owns the go-live decision. Each waits for the others to move first.	Decision cycle times increase by forty to sixty percent; insurtech partner trust erodes.
4 <b>Orchestration gap</b>	The pilot ran on enthusiasm and a “special projects” team. When the same capability has to go live inside the claims organization, the team disbands and ownership fragments across four or five silos.	Initiatives fragment; AI partnerships are especially vulnerable.
5 <b>Control rigidity</b>	Risk, InfoSec, Legal, and Procurement are engaged late in a pilot and default to full production-stage review protocols, burying a six-week POC under months of documentation.	Governance review cycles balloon to several months; time-boxed experiments die in committee.

<sup>12</sup> MLQ.ai, State of AI in Business 2025 Report (2025), cited in A&M / InsurTech NY (March 2026), p.10.

<sup>13</sup> A&M / InsurTech NY (March 2026), Methodology section: 20 in-depth interviews with senior transformation leaders at carriers ranging from \$1B to \$20B+ in gross written premium, supplemented by a survey of more than 120 insurtech founders.i, State of AI in Business 2025 Report (2025), cited in A&M / InsurTech NY (March 2026), p.10.

<sup>14</sup> A&M / InsurTech NY, Executive Summary, p. 4: North American insurers estimated to spend \$10.5B on core IT modernization, 2024–2026.

<sup>15</sup> A&M / InsurTech NY, Executive Summary, p. 4. Supporting third-party research includes BCG, McKinsey, Gartner, and Genasys.

<sup>16</sup> A&M / InsurTech NY (March 2026), Section II, pp.14–17: Five Structural Execution Barriers — Priority & IT Capacity Fog; Budget–Accountability Misalignment; Authority Ambiguity; Orchestration Gap; Control Rigidity.

## The Six-Stage Lifecycle — Translated for TPAs

The A&M research frames a disciplined transformation accelerator for insurtech partnerships as a six-stage lifecycle.<sup>17</sup> The framework was built for carriers. It applies almost verbatim to TPAs — with a few sharp, TPA-specific translations that CEOs should make explicit.



<sup>17</sup> A&M / InsurTech NY (March 2026), Section III, pp.19–32: Six-Stage Lifecycle for Transformative Insurtech Partnerships — Problem Validation; Problem-Led Selection; Operator Empowerment; Decision Engine; Pre-Scale Commitment; Post-Launch Accountability.

<sup>18</sup> A&M / InsurTech NY (March 2026), Stage 4 — Decision Engine, p.27: one U.S. carrier reduced POC duration from six months to two by mapping every governance step in advance and running reviews in parallel.

<sup>19</sup> A&M / InsurTech NY, Stage 5 — Pre-Scale Commitment: outcome-based commercial structuring identified as the primary mechanism for binding partner incentives to client KPIs.

## THE EXECUTION DISCIPLINE THESIS

The TPA industry's AI spend over the next twenty-four months will be enormous. The returns will be extraordinarily concentrated. Two in ten TPAs will execute with discipline and capture outsized share. The rest will fund pilots, write scoping decks, celebrate small wins, and watch their renewal books erode, one RFP at a time.

### PART III

## Lessons Learned: What Every TPA Should Do Now

Practical moves for TPAs large and small, plus the one strategic challenge each archetype must solve to stay relevant.

The two preceding sections describe the shift and the execution discipline needed to navigate it. This section distills what actually works into a set of lessons that apply across the industry, with the large-versus-small contrast called out where it genuinely matters. The counsel is compressed deliberately: long strategy documents are part of the reason TPAs are slow.<sup>20</sup>

### Ten Lessons for TPAs, Large and Small

1



#### Rebuild the operating model around AI. Do not bolt AI onto the existing one.

The most consistent failure pattern inside TPAs today is treating AI as a productivity add-on to an unchanged workflow. The current TPAs use AI to write financial reports faster, but the license-administration and adjuster-deployment processes underneath look identical to 2015.<sup>21</sup> Genuine leverage comes from redesigning the process around what AI makes possible, deploying adjusters dynamically based on complexity rather than provisioning licenses for every seat. This is an operating-model change, not a technology project.

- **Large TPAs:** The legacy systems landscape is the single biggest obstacle. Expect a three-year reset across core platforms, with ruthless sequencing.
- **Small TPAs:** The advantage is a clean-sheet option. The risk is under-investment in the data plumbing that makes AI work at all.

2



#### Reprice from inputs to outputs.

Every commercial contract should migrate, over the next two renewal cycles, from per-claim and per-life economics toward outcome-based terms tied to cycle time, leakage, closure rates, and client SLA attainment.<sup>22</sup> This is the single most effective defense against carrier insourcing: when a TPA shares unit-cost upside with the client, the client's CFO has nothing to gain from building the capability in-house.

- **Large TPAs:** Pilot outcome-based pricing with the top five clients first; the data and scale exist to stand behind the guarantees.
- **Small TPAs:** Use outcome pricing as a wedge to displace Legacy incumbents — a clean SLA guarantee is a sharper sales tool than a feature matrix.

<sup>20</sup> A&M Analysis: Consistent with execution-velocity findings in A&M / InsurTech NY (March 2026), pp.14–17.

<sup>21</sup> A&M Analysis: Based on operating-model observations through 2025; consistent with the “bolt-on automation” failure pattern documented in A&M / InsurTech NY (March 2026), pp.14–17

<sup>22</sup> A&M / InsurTech NY (March 2026), Stage 5 — Pre-Scale Commitment, on outcome-linked commercial terms tied to cycle time, leakage, closure rates, and SLA attainment.

3



### Pick the three problems that matter. Kill everything else.

The A&M research is categorical: portfolios of ten-to-fifteen simultaneous transformation initiatives produce nothing scalable.<sup>23</sup> Leading organizations cut two in ten initiatives in their first portfolio review.<sup>24</sup> Pick three AI initiatives tied to validated client economics, staff them, fund them, and stop doing everything else.

4



### Name one operator. Back them publicly.

The A&M interviews point to a single predictor of scaled AI success: one empowered, cross-functionally credible operator owning the initiative end-to-end with visible C-suite sponsorship.<sup>25</sup> In most TPAs, this role is effectively a committee. Replace the committee with a person. Put their scorecard on the CEO's wall.

5



### Cap every POC at sixty days.

POCs running past ninety days are a signal that ownership, scope, or KPIs were never clear. Map every governance step in advance and run reviews in parallel. One carrier compressed its POC timeline by two thirds using this approach.<sup>26</sup> Small TPAs have an unfair advantage here—less governance to parallelize, and should exploit it.

6



### Sequence governance. Do not dilute it.

The most common reason TPA pilots die is that Legal, Risk, and InfoSec are engaged late and default to production-stage review protocols. Split pilot-stage controls from production-stage controls explicitly, and publish a sequenced governance playbook with SLAs per review function.<sup>27</sup> This is not lowering standards; it is applying them in the right order.

7



### Treat your claims data as the strategic asset it is.

The most durable moat in an AI-driven TPA is structured, cleaned, labeled, and governed proprietary claims data. TPAs that have decades of claims history in unstructured PDFs and legacy platform exports are sitting on a latent advantage they cannot yet use. Investing in the data foundation is not glamorous and it does not produce a near-term demo. It is nonetheless the prerequisite for everything that follows. Large TPAs have more data and more mess; small TPAs have less data but a shorter path to a usable corpus.

8



### Win the talent battle — but for judgment, not for volume.

In a world where everyone can automate high-volume, low-complexity claims, differentiation comes from human judgment on the genuinely complex work.<sup>28</sup> Retention economics should shift accordingly: compensation, career paths, and incentives designed around the senior adjusters and subject-matter experts whose judgment AI cannot replicate. Large TPAs can afford the retention premium; small TPAs should specialize aggressively enough that their talent base cannot be easily replicated.

<sup>23</sup> A&M / InsurTech NY (March 2026), Section II — Priority & IT Capacity Fog, pp. 14–15: portfolio-fragmentation findings from carrier transformation interviews.

<sup>24</sup> A&M / InsurTech NY, Stage 1 — Problem Validation: leading organizations rationalize portfolios by eliminating approximately two in ten initiatives at the first review gate.

<sup>25</sup> A&M / InsurTech NY, Stage 3 — Operator Empowerment: an empowered cross-functional operator was identified across the interview sample as the strongest single predictor of scaled AI deployment.

<sup>26</sup> A&M / InsurTech NY, Stage 4 — Decision Engine, p. 27 (same case study referenced in note 18): a U.S. carrier reduced POC duration from six months to two by mapping every governance step in advance and running reviews in parallel.

<sup>27</sup> A&M / InsurTech NY (March 2026), Stage 4 — Decision Engine, on parallel governance review and the pilot-versus-production control split.

<sup>28</sup> A&M Analysis Author analysis; consistent with talent-strategy findings in A&M / InsurTech NY (March 2026) on the shift from volume-based to judgment-based adjuster economics in AI-enabled claims operations.

9



### Stop hiding behind “we’re regulated.”

Regulation is a real constraint. It is also, inside most TPAs, the all-purpose justification for moving slowly. Carriers operating under identical and often stricter regulatory regimes are deploying agentic AI into claims workflows in production today. Regulation is not the reason your POC is in month seven. Execution discipline is.

10



### Accept that “be acquired” is a legitimate strategy.

For a sub-scale Legacy TPA with good contracts, a credible specialty book, and weak technology, the rational outcome may be acquisition into a Thrive platform rather than a three-year internal transformation that ends in failure anyway. That is not defeat. It is capital allocation. The CEO and board should have this conversation explicitly and early, before the renewal cycle forces it.<sup>29</sup>

## The One Strategic Challenge Each Archetype Must Solve

Each of the three archetypes faces a different existential question. The difference between those who stay relevant and those who do not will come down, in nearly every case, to how honestly and how quickly leadership answers its archetype’s specific challenge.

### LEGACY TPAS — THE RELEVANCE CHALLENGE

#### How do we remain relevant at all?

Legacy TPAs face a binary choice inside the next twenty-four months.

- **Option A:** Acquire or be acquired into a Thrive-capable platform, trading independence for survival of the client book.
- **Option B:** Pick one line of business, one client segment, or one regulatory niche and transform it with unusual speed, accepting significant contraction elsewhere.

**What does not work:** incremental AI tooling layered onto an unchanged model, funded by whatever EBITDA can spare. That path ends in margin compression, client attrition, and eventual distressed sale.

**The challenge:** admit this honestly, choose deliberately, and move inside four quarters, not eight.

<sup>29</sup> Alvarez & Marsal, “More Than an Administrator: An Investor’s Guide to TPA Value Capture in 2025,” March 3, 2025 — A&M FSIG Insurance thought-leadership series.

## SURVIVE TPAS — THE DIFFERENTIATION CHALLENGE

### How do we stop competing only on price?

Survive TPAs have the hardest strategic position of the three. Their automation is good enough to defend current contracts but not good enough to take share. Every renewal cycle becomes a price negotiation they win by giving margin back.

**The trap is comfortable:** EBITDA holds, clients stay, the board is not alarmed. And it ends with the firm sliding into Legacy as peers move to Thrive.

Breaking out requires choosing a sharp differentiator the market will pay for:

- Deep data analytics in a specific line
- Outcome guarantees on a specific KPI
- Ecosystem integration with a specific client platform

Generic “digital transformation” messaging is not a differentiator.

**The challenge:** pick one bet, invest ahead of the revenue, and abandon the illusion that gradual improvement across the board will be enough.

## THRIVE TPAS — THE SPEED-TO-MOAT CHALLENGE

### How do we compound our lead before the market catches up?

Thrive TPAs, whether AI-native challengers or incumbents that have genuinely rebuilt their operating model, have an eighteen-to-thirty-six-month window before their advantage becomes table stakes. The underlying technology commoditizes quickly.

The strategic challenge is to convert the current lead into a structural moat before the catch-up cycle closes.

That means:

- Lock in outcome-based contracts that reprice the market against peers
- Accumulate and structure claims data faster than competitors
- Use pricing power to take share aggressively from Legacy and Survive TPAs before their own positioning solidifies
- Build the second and third AI-native capabilities now, while the first is still generating the cash to fund them

**Hesitation here is fatal.** Every quarter not spent compounding is a quarter a better-funded competitor spends catching up.

## The 100-Day Plan for the TPA CEO

Adapted from A&M’s carrier-focused readiness framework and calibrated to TPA-specific pressure points.

The A&M research includes a 100-day readiness plan for carrier CEOs preparing to scale insurtech partnerships.<sup>30</sup> The same logic applies directly to TPA CEOs, with adaptations for the tighter competitive window and narrower margin of error the TPA industry faces. What follows is that plan, rewritten for a TPA operating context.

Weeks	Priority	Deliverable	Owner
1–3	Portfolio reality check. Kill two in ten current initiatives by value.	Rationalized portfolio mapped to validated KPIs, CFO baselines, and named sponsors.	COO / Chief Transformation Officer
3–5	AI capacity and client-contract transparency. Identify top ten contracts at greatest automation-disintermediation risk.	Demand-vs.-capacity map plus revenue-at-risk quantification by client and line of business.	CIO / CRO / Client Leadership
5–8	Decision rights reset. Name single owners for top three AI initiatives.	Published decision-rights matrix with escalation paths, approved by ExCo.	CEO / COO
8–10	Pricing architecture review. Draft outcome-based commercial templates for top ten contracts.	New contract template library plus renewal calendar mapped to AI-capability readiness.	Chief Commercial Officer / CFO
8–12	Governance velocity test. Map pilot-stage vs. production-stage controls.	Sequenced governance playbook with SLAs per review function.	General Counsel / CRO
12–15	Talent repositioning. Identify and empower the cross-functional operator(s) who will run the Thrive transformation.	Named execution leaders with C-suite sponsorship and ExCo reporting cadence.	CEO / CHRO

### Closing Provocation

The TPA industry has, for three decades, been a quietly excellent business. It has produced durable cash flows, rewarded operational discipline, and made a generation of sponsor-backed operators wealthy. That era is not ending because anyone made a mistake. It is ending because the underlying economics of claims adjudication—the core labor-arbitrage premise the industry was built on—is being dissolved by a technology curve that did not exist when the current champions were assembled.

Legacy TPAs will be acquired for their contract books and licenses. Survive TPAs will persist on specialization and switching cost. Thrive TPAs will be built by operators who, in the next twenty-four months, do three unusually hard things: they will rebuild their operating models around AI rather than bolting AI onto existing workflows; they will price their services against outcomes rather than inputs; and they will execute with the kind of disciplined, time-boxed, cross-functional operator empowerment that A&M’s research shows separates organizations that scale transformation from those that merely announce it.

<sup>30</sup> A&M / InsurTech NY (March 2026), InsurTech NY (March 2026), 100-Day Readiness Plan for Carrier CEOs preparing to scale insurtech partnerships.



## THE FINAL LINE

The old mantra was acquire or be acquired. The new mantra is thrive or try to survive. The difference, for the CEO and the board alike, is measured in the next four quarters, not the next four years.

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