Decoding Insurance Distribution with Embedded Insurance

An ultimate guide to thriving in Insurtech

Contents

Embedded Insurance:
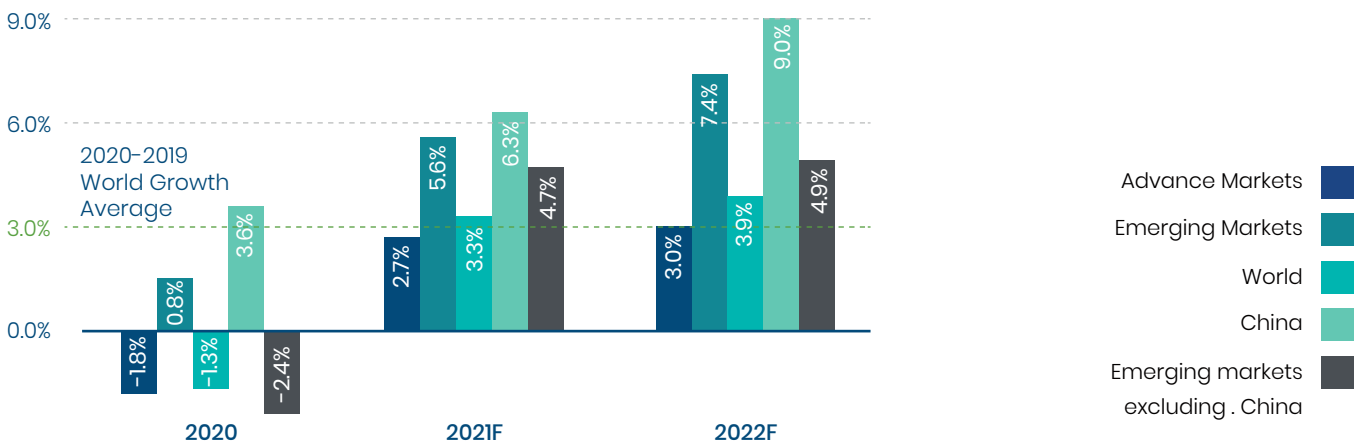## Infusing the phygital touch in the new age

In 2021, massive vaccine deployments and the lifting of pandemic-related limitations were the key catalysts in helping individuals and companies regain trust in the insurance industry while also boosting economic growth. However, the COVID-19 concerns, paired with cyber and climate shifts, and disruptive market dynamics, continue to remain uncertain. Despite the increase in regulations, rising inflation, decreasing interest rates, and changing consumer preferences, insurers anticipate a game-changing scenario in the insurance industry in the year 2022.

How buckled up insurers are in maintaining investments in people & technological innovations and swiftly switching from physical to phygital solutions like digital embedded insurance will determine a great deal.

With expectations of economic recovery followed by increased revenues in 2022 (Figure 1 below), insurance companies are looking for new ways to adopt digitalization while keeping a human touch infused and bolstering trust among all key stakeholders.

Global Insurance Market outlook foresees above-trend premium growth
Growth in premiums written (life and nonlife)

	2020	2021F	2022F
Advance Markets	-1.8%	2.7%	3.0%
Emerging Markets	0.8%	5.6%	7.4%
World	-1.3%	3.3%	3.9%
China	3.6%	6.3%	9.0%
Emerging markets excluding China	-2.4%	4.7%	4.9%

2020-2019 World Growth Average

Source: Swiss Re Institute, " IN 5 charts: World insurance outlook post-COVID-19, "July 14, 2021.
Deloitte Insights | deloitte.com/insights

Figure 1

Expanding under the umbrella of embedded finance, embedded insurance is gaining immense popularity among companies and consumers. This fintech solution provides insurance coverage by integrating an API-first approach into the customer journey.

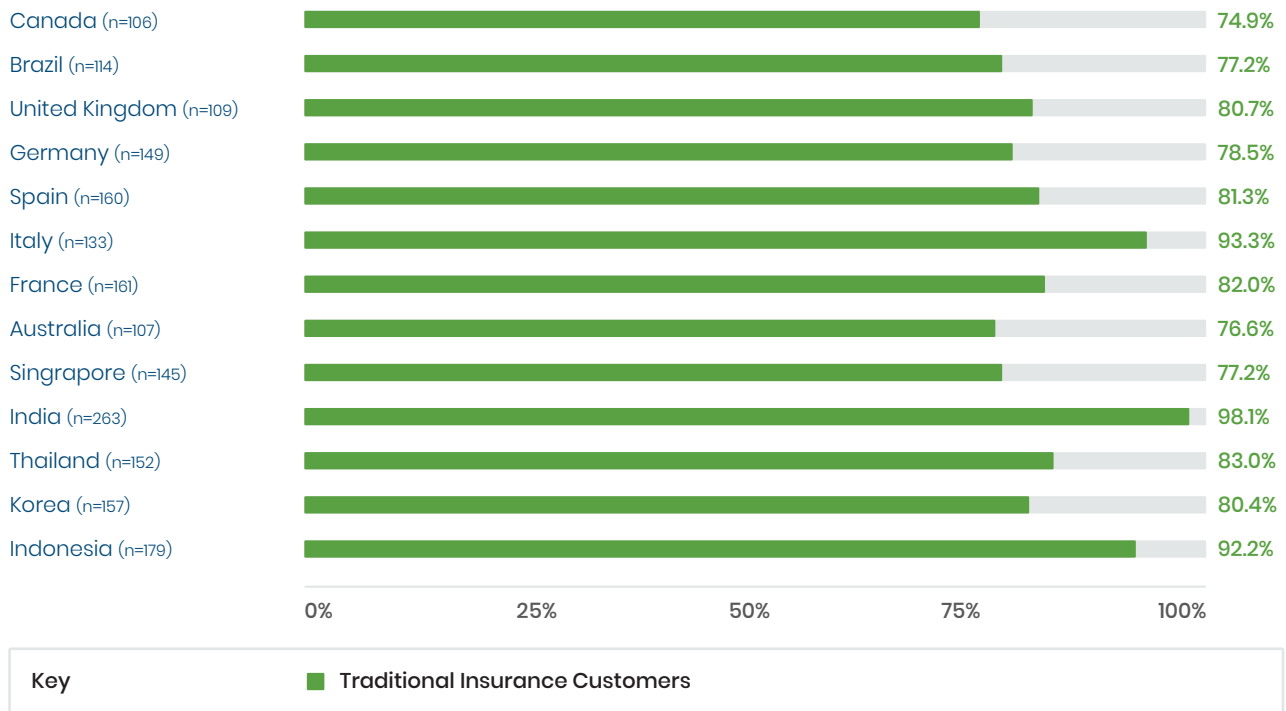## What is embedded **insurance?**

Embedded Insurance Definition

Embedded insurance is the real-time bundling of products, services, or solutions and insurance coverage, bringing insurance directly to the customers at the point of sale.

Embedded Insurance API

Digital embedded insurance and other fintech solutions are gaining popularity in the age of information. The coverage previously purchased as a stand-alone service from third parties is now available as a fully integrated insurance solution. Embedded insurance API integration enables the integration of financial services with unconventional products, platforms, and services. This allows customers to benefit from insurance as a built-in feature instead of an ad-hoc purchase, immensely adding to the enriching customer experience. Thus, changing the entire dimension of how your products are perceived as a whole. A car sharing membership, for instance, now covers mobility health coverage, and a smartphone purchase now covers theft and accidental damage protection.

Embedded Insurance API:
The Full Swing in Consumer Demand

Digital embedded insurance and other fintech solutions are gaining popularity in the age of information. The coverage previously purchased as a stand-alone service from third parties is now available as a fully integrated insurance solution. Embedded insurance API integration enables the integration of financial services with unconventional products, platforms, and services. This allows customers to benefit from insurance as a built-in feature instead of an ad-hoc purchase, immensely adding to the enriching customer experience. Thus, changing the entire dimension of how your products are perceived as a whole. A car sharing membership, for instance, now covers mobility health coverage, and a smartphone purchase now covers theft and accidental damage protection.

Country	Traditional Insurance Customers
Canada (n=106)	74.9%
Brazil (n=114)	77.2%
United Kingdom (n=109)	80.7%
Germany (n=149)	78.5%
Spain (n=160)	81.3%
Italy (n=133)	93.3%
France (n=161)	82.0%
Australia (n=107)	76.6%
Singrapore (n=145)	77.2%
India (n=263)	98.1%
Thailand (n=152)	83.0%
Korea (n=157)	80.4%
Indonesia (n=179)	92.2%

Key — ■ Traditional Insurance Customers

The shift in traditional consumer priorities towards bank-embedded insurance solutions post COVID-19, by country.
Source: Cover Genius

Figure 2

Embedded Insurance:
The Rising adoption by Tech Giants Across the World

Businesses have been tapping into this technology since the last decade, and embedded insurance has been evolving ever since. Apple launched AppleCare+ in 2011 as an accidental coverage, and other key players, marking new heights in insurance, such as PayPal, Airbnb, Tesla, Uber, Amazon, etc., have drastically changed the ways customers and clients now perceive products. Other industries, such as eCommerce, Retail, Social Media, Navigation, and others, follow suit (Figure 3). On the other hand, insurers are up against an ever-rising digital challenge. Angela Strange, a General Partner at Andreessen Horowitz, emphasizes this concept further by saying,

> **"In the not-too-distant future...every company, even those that have nothing to do with financial services, will have the opportunity to benefit from fintech for the first time."**
>
> **Angela Strange, General Partner, Andreessen Horowitz**

With expectations of economic recovery followed by increased revenues in 2022 (Figure 1), insurance companies are looking for new ways to adopt digitalization while keeping a human touch infused and bolstering trust among all key stakeholders.

Lucrative Opportunities across B2B2C Industries

Transforming into customer-centric businesses, insurers are pursuing lucrative innovation and cross-sector B2B2C alliances. Such partnerships will address the mounting issues like cost reduction, new revenue streams, and cashing in on current platforms while tapping into consumers' already established confidence in your brand. Some of the value additions to the industry include the following:

E-Commerce/Retail

Amazon offers additional extensions to insured items, Amazon rewards cards, and NEXT insurance collaborations for sellers.
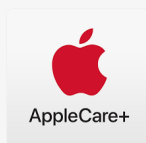
Social Media

TikTok partners with Shopify to promote in-app purchases.

Technology

Apple provided an extended warranty coverage via AppleCare+

Navigation

Waze partners with Allstate to provide roadside assistance

Real-Estate

Zillow (owning Trulia, StreetEasy, and RealEstate.com) further extends to the insurance, banking, and real estate sectors

Travel

Airbnb launches tailored travel insurance

Automotive

Amazon offers additional extensions to insured items, Amazon rewards cards, and NEXT insurance collaborations for sellers.

Financial Services

PayPal provides remittance insurance for online transactions.
QuickBooks offers employee insurance coverage for SMEs.

(Figure 3: Industries and emerging technologies embedding insurance as part of service or product)

Why is Digital Embedded Insurance Solution Essential?

A sound embedded insurance solution lays the foundation for a number of factors at the point of sale. It either drives an increase or a decrease in the customer purchase. Customers can trust the brands more confidently who take accountability and offer a safe backup for their investments right from the start of the buying journey. Providing an exceptional buying experience only adds to it. Some of these product or service features include transparency, budget-friendly, and personalized solutions, among others (Figure 4).

Key Features of Digital Embedded Insurance Solution

Data-driven	Seamless	Cost-effective
Personalized	Transparent	Flexible

[Figure 4: Product or Service features driving increased purchase]

Benefits for Customers and Insurers

Digital embedded insurance solution services bundle tremendous benefits for customers as well as insurance companies, all of which are available through the results-driven digital experience. [Figure 5]

Benefits for Customers and Insurers

Benefits for customers	Benefits for Insurers
More informed decisions	Higher conversion rates
Usage-based and on-demand protection	Closing protection gaps expand coverage to underserved customers
Integrated experience	Increased customer retention
Confidence in the insurer	Higher customer loyalty
Relevant & Customized insurance offers	Real-time insurance data analytics

[Figure 5: How embedded insurance elevates the digital experience for customers and benefits insurers]

Future-Proofing Digital **Embedded Insurance**

A comprehensive embedded insurance solution powered by consistent API integration and cloud-based infrastructure enables clients to instantly access insurance policies on the system and offer an all-inclusive solution to customers. Insurance companies can further ensure reliable coverage by leveraging extensive embedded insurance models:

Insurance as a Service (IaaS)

Packaging Insurance as a Service (IaaS) is one of the most effective embedded insurance strategies. A value-generating and customizable SaaS business platform that expedites real-time product and service customization with the partner's ecosystem using modernized API integration. As a result, insurers can offer cutting-edge products and tailor services across native mobile apps, web apps, online sites, and other virtual platforms at the right point in the new customer journey experience.

Plug and Play Digital Platform

The Insurance as a Service (IaaS) model lays the groundwork for a plug-and-play digital platform. Non-insurers can seamlessly incorporate pre-built insurance products and services into their current APIs, without reforming or changing their internal ecosystems, and develop production-ready apps, making the process extremely simple [Figure 6].

Figure 6: An expanded Insurance Value Landscape
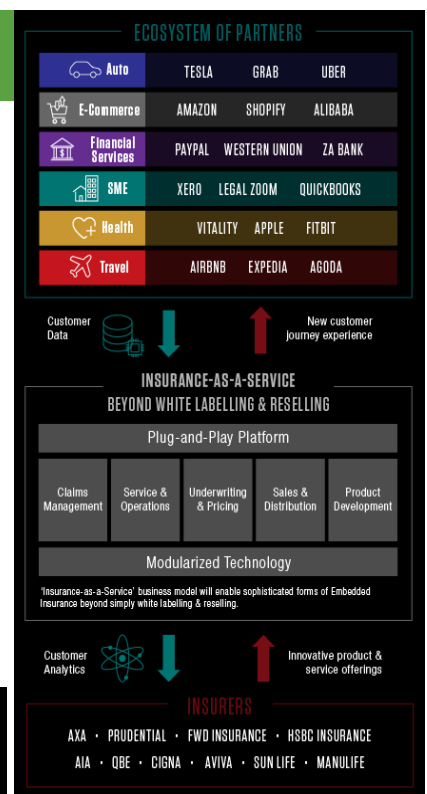
Value Addition for Insurers

A **single source of truth** for consumer insights	**Insurance data analytics** across all digital touchpoints	**Engagement Analytics** with high-impact partner ecosystems	Supports the use of **open APIs**	Supports **Insurance-as-a-Service (IaaS)** model	Augmented **Customer Service** and **Network Effects**

Value addition for Ecosystem Partners

Increased capacity to cater to broader customer needs	**Personalization** adds value to partners' product or service offerings	**Seamless API integration** across the customer journey	Leveraging partner capabilities for **complex problem solving**

How can Evvox Help You Achieve that?

Implementing an embedded insurance strategy is more than obtaining insurance analytics software development capabilities. A proper setup requires underpinning technologies and techniques. Here are some of these value differentiators

Evvox Differentiators

Future-Proof API Integration

- Clearly versioned APIs.
- Complete API documentation.
- Consistent customer experience across all touchpoints.

Adaptive Digital Strategy

- Framework for integrating flexible digital strategies with partner ecosystems.
- Swift industry adaptation while supporting business priorities.

Cloud-Native Solution

- Ability to access, monitor, forecast, and examine relevant data.
- Provide real-time risk assessment and pricing adjustments.
- Embed products in virtual places that involve risk.

Customer Centricity and Growth Prospects

- 360-degree view of customer interactions.
- The cloud-native solution provides AI/ML-Driven Customer Segmentation.
- Allow customers to directly modify their policies.
- Allow carriers to recast customer relationships and enrich engagement and growth prospects.

End-to-End Seamless & Contextual Customer Experience

- Ability to access, monitor, forecast, and examine relevant data.
- Provide real-time risk assessment and pricing adjustments.
- Embed products in virtual places that involve risk.

Closing Protection Gaps

- Natively embedded insurance products provide pre-built protection for customers against uninsured losses.
- Minimal to zero involvement is required from customers.

How Evvox's Embedded Insurances Enhance Your Customer Experience

World-Class Delivery

We approach technology delivery as a combination of high-value consulting and deep domain expertise. Our differentiated value proposition consists of transformational technology delivery services and end-to-end support for insurance analytics software packages.

Deep Domain Expertise

The Evvox team works with the some of the largest insurers in the USA today. With our experienced insurance consultants and overall experience in the industry, we provide unmatched value to our customers and ecosystem partners that help them stay ahead of their competition.

Seamless Technology Adoption

Disruption-free adoption and integration of technology to help you accelerate a consistent and future-proof embedded insurance adoption

Guaranteed Compliance

Our compliance solutions accurately verify hundreds of business rules and regulatory standards in moments.

What's Next

Whether you're looking for a powerful embedded insurance solution or exploring alternative appropriate insurance analytics software on your own, Evvox can help you simplify your embedded insurance implementation strategy and improve the digital customer experience.
Get in touch with our experts.

Sales@visionet.com | www.evoxx.ai

About Evvox

The Evvox insurance platform is built on over 25 years of experience in data integrations and industry knowledge at Visionet. The highly awarded Visionet Team – Microsoft Partner of the Year Finalist and EY Entrepreneur of the Year Award – has put together the most critical aspects seen over years of business and put them in an easily manageable product format.

Evvox works at the convergence of technology and business by leveraging unsurpassed market knowledge and modernized technologies to deliver end-to-end data-driven embedded insurance solutions to insurers and carriers. We design cloud-native and API-driven digital initiatives to cater to a broad spectrum of customer needs for companies across all industries. With our value propositions, we aim to build long-term strategic partnerships that promote trust and collaboration.

We help you assess your insurance risks, compare current capabilities, identify loopholes, as well as narrow down protection gaps, and propose the optimal approach for your existing ecosystem. Our experts help devise a streamlined embedded insurance framework and accelerate your journey to an all-inclusive insurance implementation, all while enriching your digital customer interactions without any compromise.

EVVOX
A Visionet Solution

www.evvox.ai