



X



Amsterdam Banking Forum “Embedded Finance”

Embedded insurance: a threat or an
opportunity for banks?

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About me



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clubcollect



Insurance can **drive business value**, yet there is a gap between market expectations and what a traditional setup allows for

From

(traditional setup)

Complex

"We need to speak the language of the insurer and navigate a complex landscape"

Slow

"6 months to change an insurance product or create a new one"

Static

"One master policy that applies to all products"

Not having insurance on the radar

"I'm not sure it is relevant for me"



To

(market expectation)

Insurance as a service

"Focus on our business and customer with specialist support on insurance topics"



Speed

"We want fast implementation, product creation and real time iterations to boost performance"



Dynamic

"Customize offering, dynamic pricing and decide own commission"



Insurance top of mind as strategic value driver

"Leverage insurance as a way to boost topline, improve NPS and increase customer loyalty"

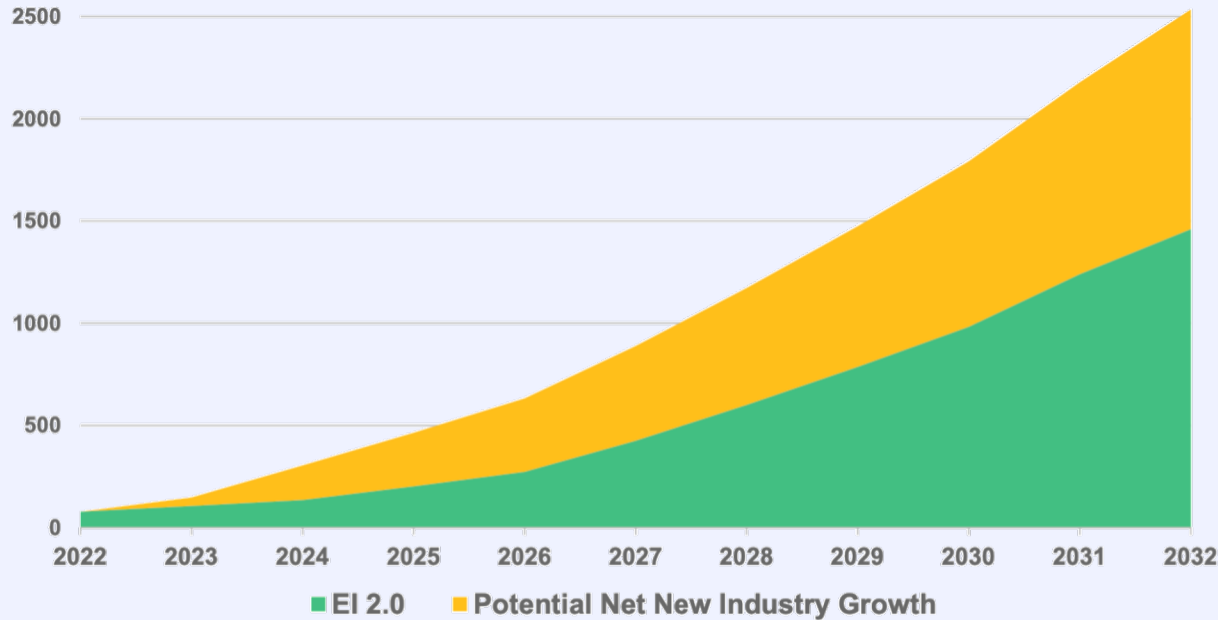


Fueled by customers that expect offers that are:

- On demand
- Relevant
- Personalized
- Simple to buy / use
- Easy to understand

Embedded insurance represents a **\$2.5 trillion global opportunity** that will cannibalize traditional insurance

Global GWP (\$Bn, Non-Life and Life insurance)



Net New Growth
(EI 2.0 enables greater insurance penetration of GDP)

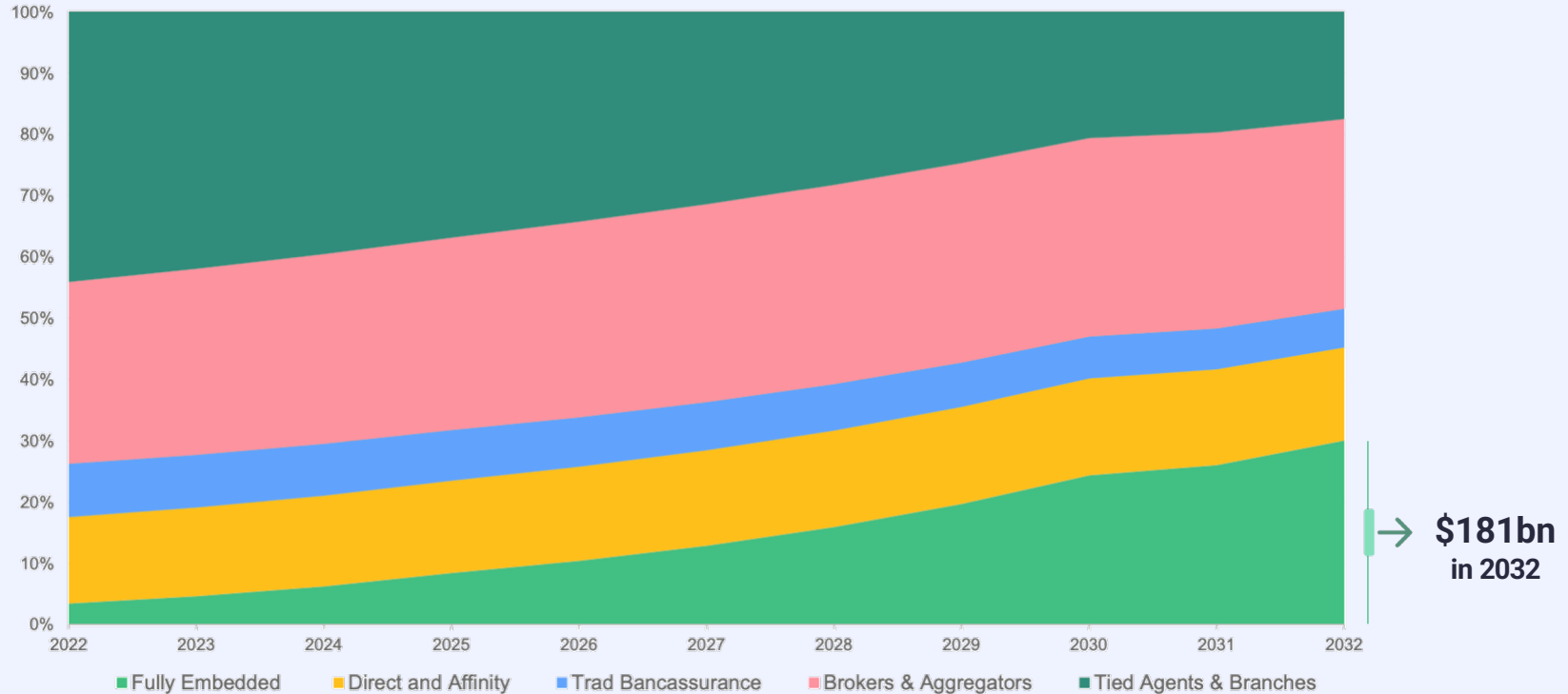
Value at Stake
(EI 2.0 takes share from existing distribution channels)

1% → 4% → 16%

Share of total global Insurance spend

For European P&C this translates into a \$181bn opportunity

Property & Casualty Insurance distribution – Advanced Europe
 Estimated market share of GWP, by different distribution method



Banks are uniquely positioned to pull 4 main levers critical for developing successful embedded insurance propositions



Deep dive on 4 real life use cases

1. Bring an existing product to the next level
2. Boost conversion through an omni-channel approach
3. Target new customer segments through innovative propositions
4. Avoid falling behind on competition

1 Bring an existing product to the next level

Fully digital and automated parametric flight delay and cancellation insurance

Distribution

Embedded insurance with purchase journey integrated into banking app

Coverage

Late departures or late arrivals
Policies from €1.99

Cover options

Kickstart after 15 minutes of delay - pro-active informing policyholders and/or doing payouts
€0.20 - €0.50 for every minute delayed
Up to €100 payout

Claim payment

Provided via wallet or directly integrated into partner payment platform

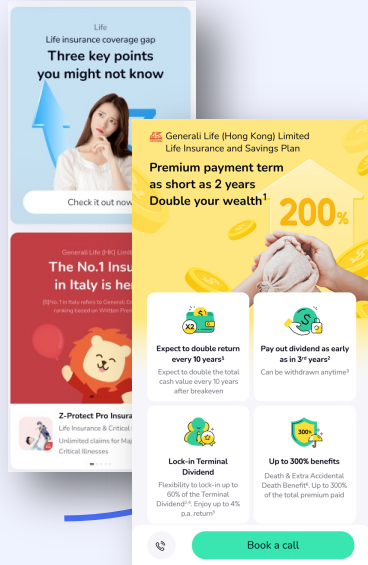


2 Boost conversion through an omni-channel approach

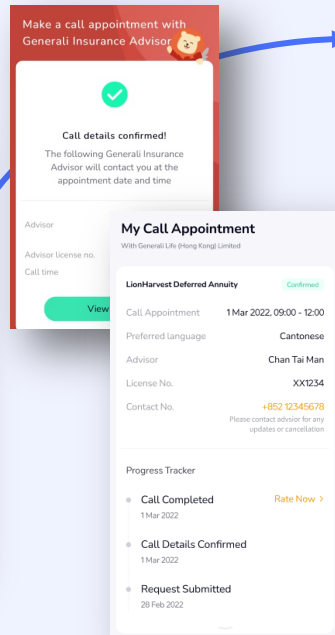
Online-to-offline-to-online journey for better conversion on more complex products

Online

Content nurturing & in-time promotion by Bank on insurance offerings



Prospects are assigned to the best-matching insurance agents (lead allocation and management system in place)



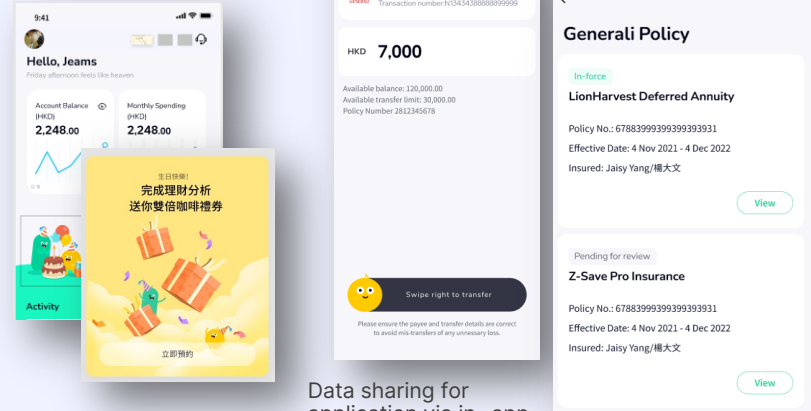
Offline



Consultations taken offline in many forms (calls, chat, face-to-face) with individual insurance agents or physical events

Prospected are qualified and pushed along the sales funnel by agents, tracked by a Leads Management App / Advisor App

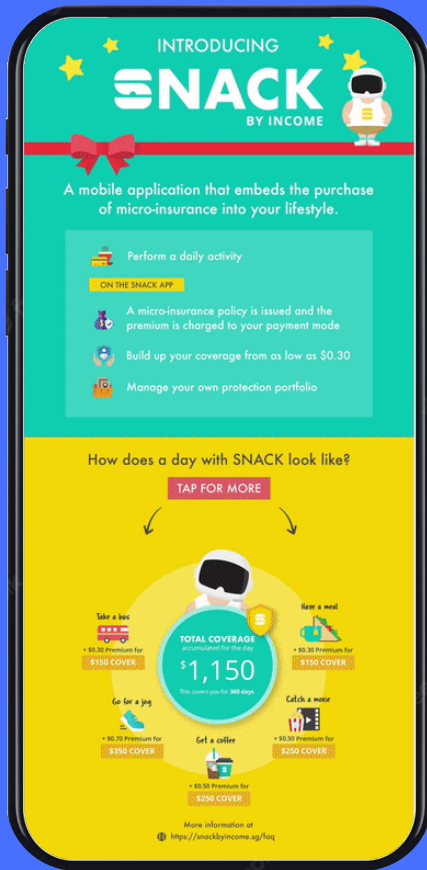
Online



Birthday coupons to create urgency

Data sharing for application via in-app approval, as well as integrated payment

Policy 360 & renewal reminder in bank app



Animation not visible in PDF

3 Target new customer segments through innovative propositions

SNACK: Lifestyle micro insurance ecosystem

App embedding insurance (life, accident, critical illness, investments) into customer's lifestyle – creating tailored protection portfolio

Accumulation of sizeable insurance coverage through bite-sized contributions

Policy triggered by completing pre-defined activities (e.g. step count), via data integration with other apps

Large partner ecosystem (online and offline) to drive traffic, offer 'free' coverage (linked to purchases) and other discounts

Key outcomes

- 90K+ active users, and millions of policies issued to date
- Average user age <30, significantly lower than typical life insurance
- 45+ ecosystem partners to drive traffic and engagement

4 Avoid falling behind on digital banks

Majority provides insurance as a native part of their service towards customers and/or as add-on. Typically included in specific banking package customer is using.

For some, the transaction needs to go through the bank in order to be covered.

Products in scope include:

- Purchase protection
- Refund protection
- Ticket cancellation
- Personal liability
- Travel insurance: Cancellation, medical emergency, travel documents, luggage, valuable goods, wintersports, ...



Next step: Build, buy or partner?



Build

... innovation is hard,
esp. in a large corporate and
for non-core capabilities

Buy

... need to buy the
right assets...
... at the right price ...
... and ensure they can
continue to operate
as intended

Partner

... partner needs to be
sufficiently proven and
financially stable ...
... but not too much as it
may then mean that you
are behind on innovation

Irrespective of the chosen path: in order to succeed there needs to be a deliberate strategic decision with full operational support

Thank you.



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