

Insurers chase embedded user experiences and better data analytics to fend off tech disruption

Article

Trendspotting: Incumbents are playing catch-up with insurtechs to meet policyholders' evolving demands, like 24/7, multichannel access to services and data-driven preemptive

coverage, per Capgemini's and Efma's "World InsurTech [Report](#) 2021."

Two key findings:

As incumbents miss the mark on changing customer expectations, insurtechs have emerged as serious competitive threats.

- **Customer intent to buy insurance rose by 7%** since the pandemic began, but incumbents' shortcomings—like limited digital capabilities and a dearth of proactive outreach—harmed customer relationships.
- The pandemic created the right conditions for innovative tech firms to rise up as viable alternatives: **50% of customers are now open to getting coverage from insurtech startups or Big Tech.**
- And Insurers risk being removed entirely from the value chain as insurtechs like [Pie Insurance](#) in the US and insurtech unicorn [Marshmallow](#) in the UK become carriers.

In response, insurers have accepted they need to work with insurtechs.

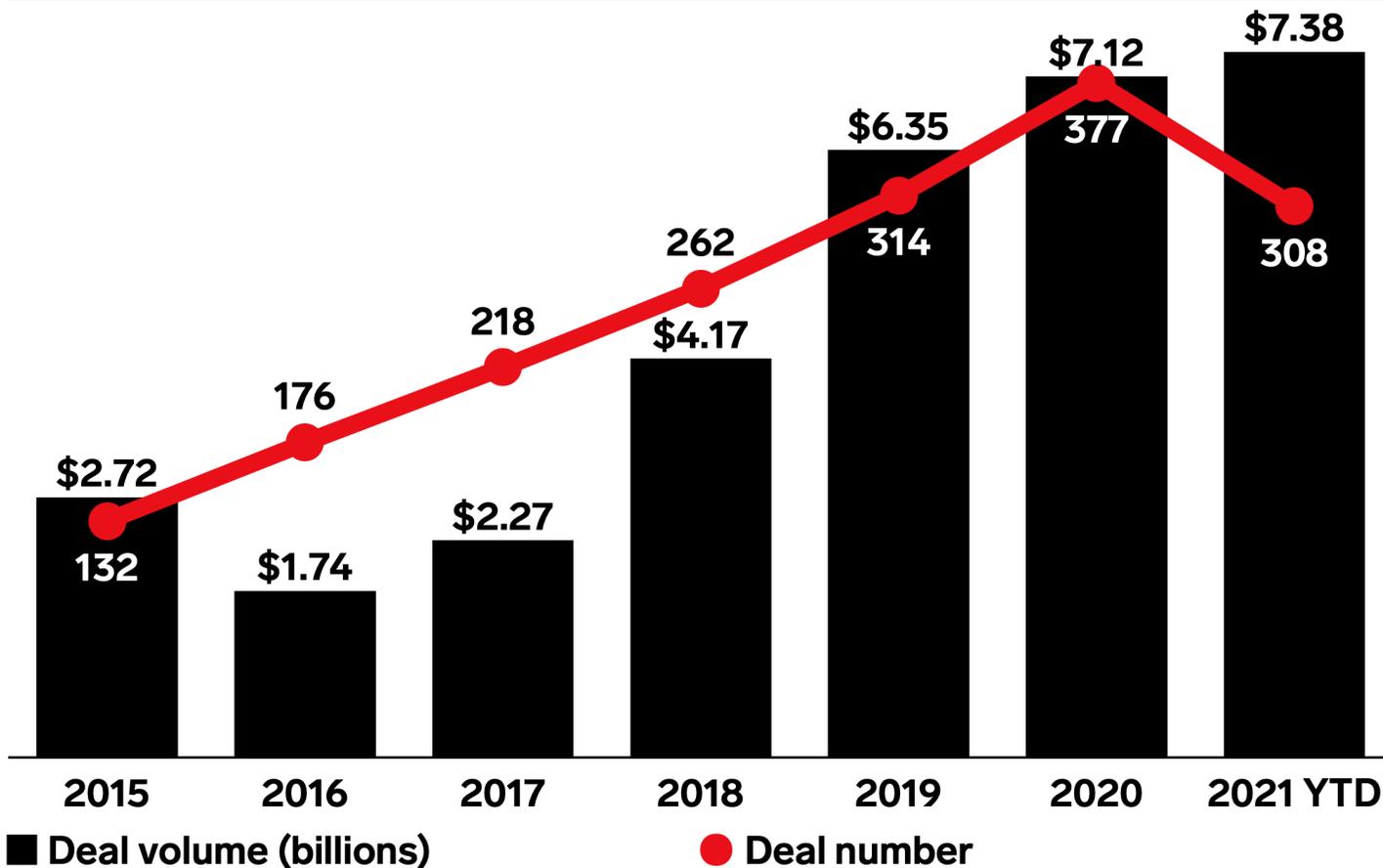
- **Global insurtech funding has already reached [\\$7.38 billion](#) in H1**— fueled in part by insurers looking to boost their digital capabilities.
- Incumbents are also increasingly securing strategic partnerships to integrate tech into their operations. UK-based [Tractable](#) has partnered with 20 auto insurers globally to enhance their claims management with AI.

Looking ahead: Incumbents will seek to address their shortcomings by widening distribution through third-party platforms—albeit while surrendering direct customer relationships—and offering more preemptive insurance products.

- **Embedded insurance.** In line with our [expectations](#), the Capgemini/Efma report said embedding coverage at third-party points-of-sale was key to boosting sales. Already, the likes of [Ikea](#) and [Toyota](#) offer superior personalized journeys through such integrations.
- **Shift to predict-and-prevent proposition.** Insurtechs are disrupting numerous insurance lines [with](#) preemptive solutions that mitigate costly claims and help customers avoid damages—home insurtech [Hippo's](#) policies come with smart home monitoring devices to identify issues like water leaks before they cause more damage. These solutions would help fix customer relationships harmed after many insurers [refused](#) to react to claims caused by the pandemic.

Want more? [Click here](#) for a deeper dive into why customer satisfaction with incumbent insurers is falling.

Annual Global Insurtech Funding



Source: Willis Towers Watson, "Quarterly InsurTech Briefing Q2 2021," July 29, 2021
Methodology: This data is reported quarterly by Willis Towers Watson.

1030441991679

[InsiderIntelligence.com](https://www.insiderintelligence.com)