

P&C insurers must decide their role in the embedded insurance market

Article

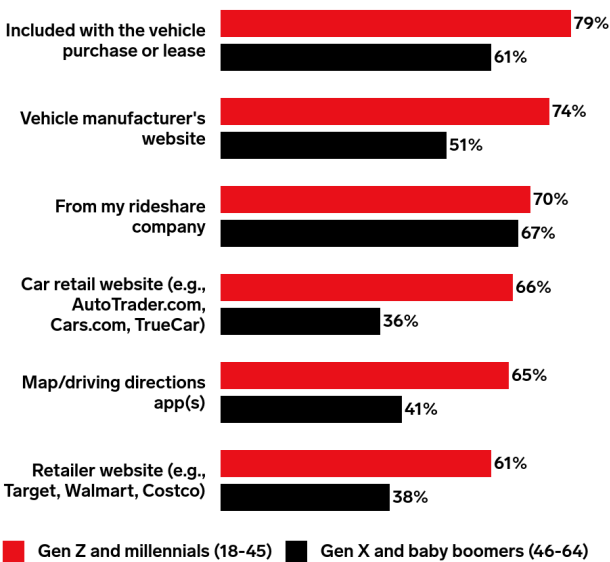
While only a small portion of the market today, embedded channels will make up more than 30% of all insurance transactions by 2028, per EY. Insurers who don't figure out now where

they fit into the ecosystem—and how to implement the necessary technology—may lose digital-first customers and younger demographics to competitors who do.

- **Personal property and casualty (P&C) insurance will be more disrupted by embedded offerings than other lines.** These simple products are easy to embed. EY already expects more than 30% of insurance transactions overall to be embedded in the next five years—but the percentage will be much higher in P&C.
- **Interest is particularly strong among younger consumers, who are becoming the primary insurance buyers.** Sixty-four percent of Gen Zers and millennials are interested in buying embedded financial products, versus just 42% of baby boomers, per an October 2021 Bond and Cornerstone survey. To get in on the ground floor of growing purchasing power, insurers must meet younger generations where they are now.
- **Embedded insurance will trigger a wave of insurance disruptors.** Embedded insurance startups raised \$1 billion in VC funding globally from 2021 to mid-2022, per dealroom.co. New entrants will provide faster, simpler, and more convenient insurance journeys—which incumbents must match to stay competitive.
- **Automakers are already encroaching on insurers' turf.** More will follow Tesla's lead and underwrite their own insurance policies to meet consumer demand: 79% of Gen Zers and millennials would be interested in insurance bundled with a vehicle, and 74% would buy it from an automaker's website, per an October 2022 Majesco survey. To avoid disintermediation, insurers must offer frictionless embedded insurance propositions to automakers.

Interest in Purchasing Auto Insurance Through Select Channels by US Adults, by Generation, Oct 2022

% of respondents in each group



Source: Majesco, "Enriching Customer Value, Digital Engagement, Financial Security and Loyalty by Rethinking Insurance," Jan 24, 2023

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Embedded P&C Insurance

