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Digital technologies are changing how we manage our lives, from the way we find information to the way we shop and use financial services. Digital platforms, such as social media and online marketplaces, employ online infrastructure to facilitate interactions and transactions between parties, and are the dominant business model in the digital economy. These platforms can also connect and interact with others to create digital platform ecosystems.

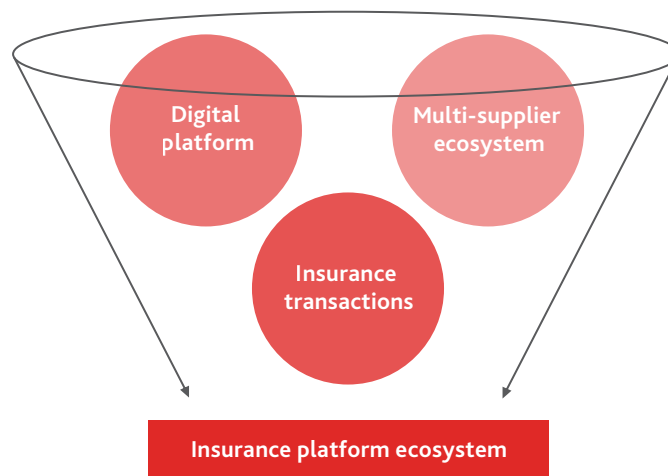
People mainly think about buying insurance in particular circumstances, for example when purchasing a car or house. Digital platform ecosystems are an alternative model, where insurance is integrated into a business's online products or services. The convenience of such a 'one-stop' shopping experience is becoming increasingly important for customers. Insurers are embracing digital platform ecosystems to meet these needs, expand their customer base and engage with existing customers.

Insurance platform ecosystems

A (digital) insurance platform ecosystem consists of three components (Figure 1): a digital-technology-enabled platform like a smartphone app or website, which could be run by the insurer or a third party; a multi-supplier ecosystem that consolidates products and services from different organisations and industries in one site (e.g. healthcare and travel services); and insurance transactions conducted on the digital platform among ecosystem participants.

The insurance platform ecosystem acts as a matchmaker that connects customers and insurers, an administrator that facilitates information exchange and payments, a 'regulator' that disciplines participants' behaviour, and an innovator in insurance product design.

FIGURE 1: WHAT IS AN INSURANCE PLATFORM ECOSYSTEM?



Source: The Geneva Association

Business models: Orchestrator, partner or co-developer

Broadly, there are three roles that insurers can play in digital platform ecosystems:

- **Orchestrator** – the insurer builds its own proprietary digital platform ecosystem.
- **Partner** – the insurer participates in an existing, third-party digital platform ecosystem.
- **Co-developer** – the insurer co-develops a digital platform ecosystem with a third party, i.e. a role in between orchestrator and partner.

Insurers can also pursue a dual strategy whereby they build proprietary digital platform ecosystems and participate in those developed by third parties.

The key success factor for the insurer-as-orchestrator model is to attract enough active platform users that can serve as potential insurance customers. This is achieved by providing extra services that create touchpoints with non-insurance value propositions, such as telemedicine, health monitoring, retirement services or automotive maintenance.

Ultimately though, this model may only be an option for large insurers due to the high costs involved. For most other insurers, partnering with existing digital platform ecosystems will be preferable in order to balance benefits with investments.

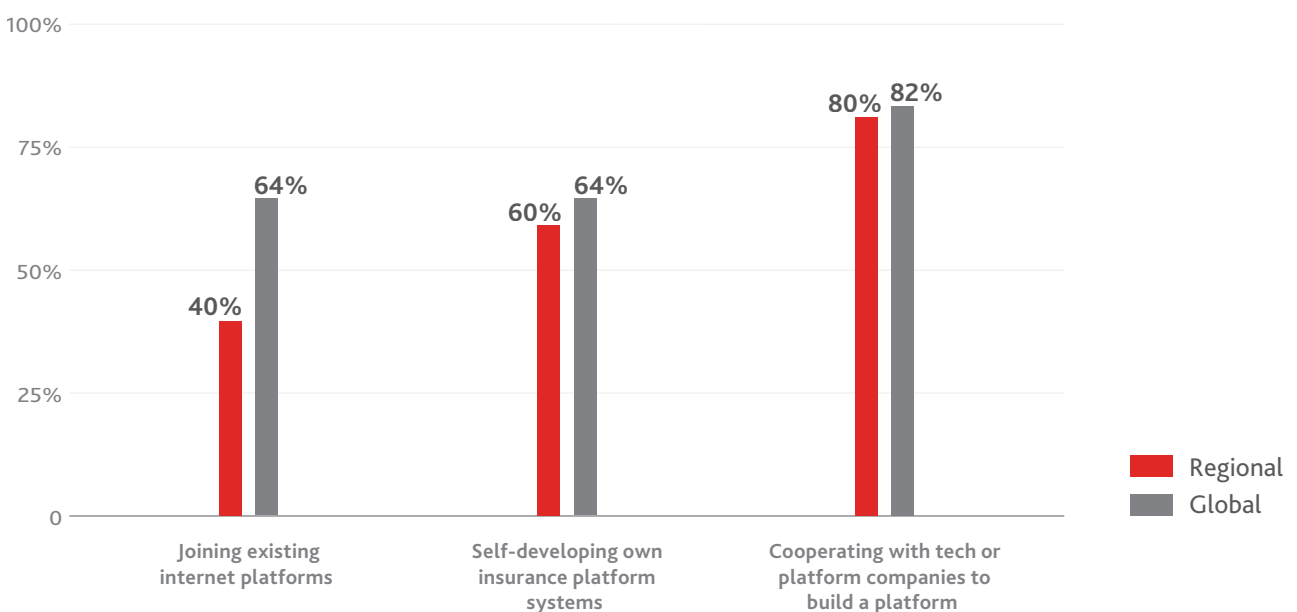
Insights from a survey of re/insurers

To better understand how insurers are approaching digital platform ecosystems, the Geneva Association conducted a survey of 21 major re/insurance companies, capturing over USD 550 billion insurance premiums worldwide in 2023.

The results reveal that digital platform ecosystems are playing an increasingly important role in the insurance industry, transforming insurance practices and driving innovation. They are also fostering collaboration and integration between various product and service providers, allowing insurers to reach customers more frequently and efficiently.

Over 80% of surveyed insurers have established partnerships with tech or platform companies to develop a digital platform (Figure 2). More than 60% of respondents are developing their own, showing a strong inclination towards maintaining control over the platform. The lowest share of respondents is pursuing a 'partner only' strategy.

FIGURE 2: BUSINESS MODELS FOR INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association

The primary motivations for engaging in digital platform ecosystems are to expand market reach, strengthen relationships with customers and improve the customer experience. Enhancements to the customer experience chiefly target front-end sales processes, with a focus on personalised offers and seamless service. When it comes to selecting collaborating partners, technological expertise is the top consideration for insurers. This is followed by the complementarity of products or services provided by potential partners.

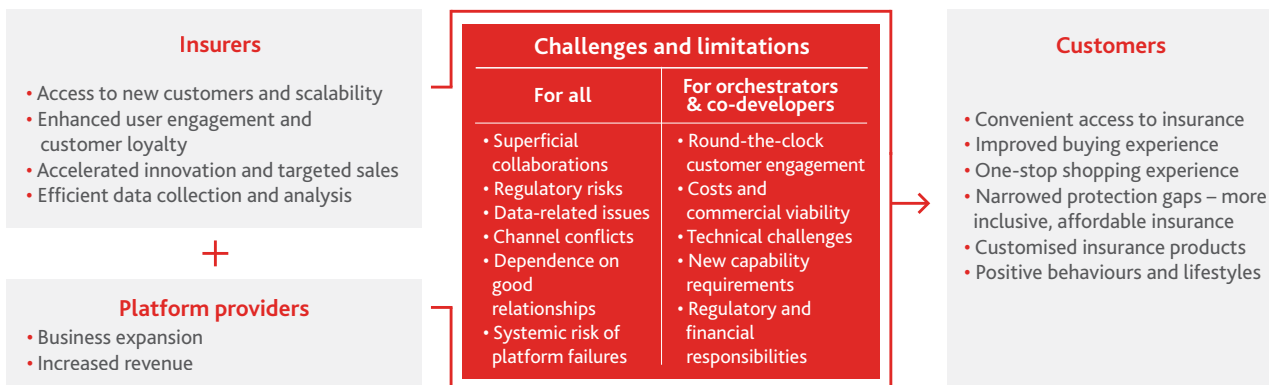
Benefits and challenges of insurance platform ecosystems

A successful insurance platform ecosystem requires a balanced value-sharing model between customers, insurers and platform providers (where relevant).

The key benefits for customers are more convenient access to insurance, a one-stop shopping experience, more affordable and customised products, and incentives to improve their behaviours and lifestyle. Benefits for insurers include access to new customers and increased market reach, enhanced user engagement and customer loyalty, accelerated innovation and efficient data usage. The benefits for platform providers include business expansion into the insurance sector and increased revenue from commission.

Challenges and limitations primarily revolve around legacy technologies and operations, i.e. integrating new platforms with their existing systems. Customers are also able to access digital platforms round the clock, so insurers that choose the orchestrator or co-developer model may face challenges related to continuous engagement with customers.

FIGURE 3: BENEFITS AND CHALLENGES OF INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association

Future trends and recommendations

Digital platform ecosystems will continue to assume a bigger role in insurance business models and progressively change how insurance products and services are delivered to customers, including those who have limited, inappropriate or no protection today.

Embedded insurance will become more prevalent and non-insurance players may gain in importance in the insurance playing field. Insurance intermediaries face strong competition from digitally empowered platform ecosystems due to function overlaps.

Incumbent insurers should proactively embrace the platform economy and engage with digital platform ecosystems now. For the largest insurers, it makes sense to develop proprietary digital platform ecosystems, either via the orchestrator or co-developer model. Partnering with existing digital platform ecosystems, which requires a lower initial investment and provides quicker – if less impressive – returns, is a more realistic approach for most other insurers.

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