

DIGITAL PLATFORM ECOSYSTEMS IN INSURANCE:

Connecting with customers
in new ways

September 2024

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Connecting with customers in new ways

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The Geneva Association

The Geneva Association was created in 1973 and is the only global association of insurance companies; our members are insurance and reinsurance Chief Executive Officers (CEOs). Based on rigorous research conducted in collaboration with our members, academic institutions and multilateral organisations, our mission is to identify and investigate key trends that are likely to shape or impact the insurance industry in the future, highlighting what is at stake for the industry; develop recommendations for the industry and for policymakers; provide a platform to our members and other stakeholders to discuss these trends and recommendations; and reach out to global opinion leaders and influential organisations to highlight the positive contributions of insurance to better understanding risks and to building resilient and prosperous economies and societies, and thus a more sustainable world.

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Foreword

The rise of digital platform ecosystems is profoundly shifting the way companies organise, deliver services, and interact with consumers. Now prevalent in sectors such as retail, hospitality, and transportation, these ecosystems enable seamless integration across services, offering consumers a more comprehensive experience. They also create new opportunities for innovation, growth, and cross-industry collaboration.

In the insurance sector, digital platform ecosystems are playing an increasingly pivotal role. Unlike traditional points of insurance purchase, these ecosystems enable insurance to be embedded directly into a business' products or services. This model allows insurers to integrate their offerings into broader digital networks, providing consumers with a convenient, one-stop shopping experience. Market research firms forecast that by 2028–2029, the global digital insurance platform market will reach USD 156–329 billion in premium revenue, accounting for approximately 3–5% of global insurance premiums.

Through a survey of insurers as well as six company case studies, our research uncovered strong trends. First, over 80% of insurers surveyed are already engaging with technology companies to build such platforms. The report outlines three main strategies for insurers to embrace digital platform ecosystems: acting as orchestrator, co-developer, or partner.

Though each approach presents distinct opportunities and challenges, in all three models, while insurers can benefit from expanded customer access and improved engagement, they must also address challenges such as integrating legacy systems, managing data security and privacy, and navigating regulatory requirements. Larger insurers can develop their own platforms, whereas it makes more sense for smaller companies to collaborate with existing platforms to optimise resources and market reach.

With this report we hope to sensitise insurers to the importance of actively pursuing digital platform ecosystems, and to provide them with guidance on the best approaches to do so.



Jad Ariss
Managing Director

Executive summary

Digital platform ecosystems are changing the way insurance is delivered to customers.

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. Participants in 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 a house. Digital platform ecosystems are an alternative model, where insurance is integrated into a business's online products or service. 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, to expand their customer base and to engage with existing customers.

Digital platform ecosystems enable insurance to be embedded into the purchase of other products and services.

Insurance platform ecosystems

A (digital) insurance platform ecosystem consists of three components: 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 various services and products 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.

Ways of approaching digital platform ecosystems: 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 while participating in those developed by third parties.

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.

Interactions between insurers and customers are made quicker and easier by digital platforms.

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.

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 case studies conducted for this report reveal that the key benefits for customers are more convenient access to insurance, a one-stop shopping experience, and more affordable and customised products. Benefits for insurers include access to new customers and increased market reach, enhanced user engagement and customer loyalty, and accelerated innovation. Challenges and limitations primarily revolve around legacy technologies and operations.

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.

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.

Insurers should embrace the platform economy and engage with digital platform ecosystems now.

1

Introduction

Introduction

Customers increasingly use digital platforms to research and buy products and services.

1.1 Digital platform ecosystems

Digital technologies allow platforms to expand beyond the limitations of a conventional marketplace.¹ They reduce the marginal cost of adding suppliers and customers to almost zero,² enabling more efficient and larger markets that fully utilise economies of scale and scope.³

The COVID-19 pandemic accelerated the rise of digital platforms across the world.⁴ These platforms have reshaped customer behaviour, with individuals now relying on them for a broad spectrum of needs. In some markets, digital platforms are a 'go to' for customers for almost all products and services, including banking and insurance.

As platforms increasingly act as meta-organisers and become the dominant way of organising economic activity (even replacing the need for physical assets), the ecosystem notion has been added to the narrative.⁵ The convenience and efficiency of platforms have attracted large numbers of participants from both the supply and demand sides and led to the formation of self-contained platform ecosystems like Amazon, Apple and Alibaba – giant digital platform ecosystems with 'winner-takes-all' features and a natural oligopoly/monopoly market structure.⁶

Digital platform ecosystems have become the dominant business model in many industries.

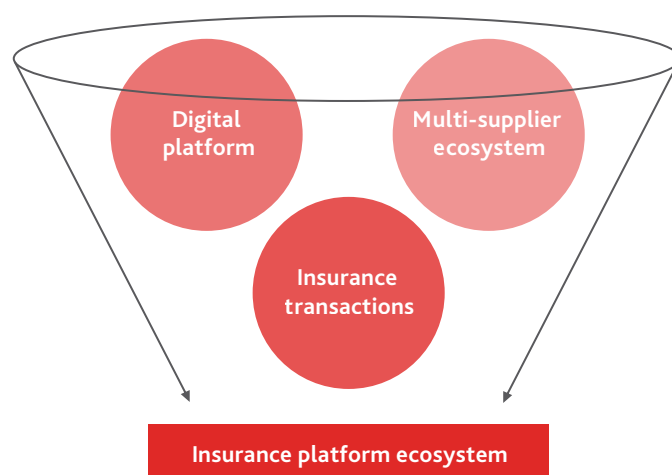
The platform economy has grown considerably over the past 15 years. In 2008, the five organisations with the largest market caps globally were non-platform-based, conventional corporations: ExxonMobil, PetroChina, General Electric, Gazprom and China Mobile. In 2023, by contrast, four of the top five were orchestrators of digital platform ecosystems: Microsoft, Apple, Saudi Arabian Oil, Alphabet (Google) and Amazon.⁷ McKinsey forecasts that ecosystems across traditional industry borders – and the digital platforms that often enable them – will generate USD 60 trillion in revenue by 2025.⁸

1.2 Insurance platform ecosystems

Digital platform ecosystems are affecting the way insurance companies acquire and serve customers, and so it is becoming increasingly important for insurers to learn how to operate in this space. Against this backdrop, this report examines the various approaches that insurers are adopting to benefit from digital platform ecosystems.

-
- 1 A village marketplace is a conventional prototype of the platform ecosystem, which brings together sellers and buyers of various local goods and services. The marketplace reduces the search and transaction costs of customers by integrating multiple services and products in one site.
 - 2 Here we refer to the marginal technological costs of adding new customers. From a commercial perspective, customer acquisition costs can be substantial for many digital platforms.
 - 3 Economies of scale are cost advantages that occur when companies increase production. Economies of scope are cost advantages that occur when companies produce more types of products.
 - 4 Jahn and Bohnet-Joschko 2022.
 - 5 Kretschmer et al. 2020; Stricker et al. 2023.
 - 6 A natural oligopoly/monopoly in an industry with high barriers to entry and decreasing marginal costs that prevent potential rivals from competing.
 - 7 PwC 2021, 2024.
 - 8 McKinsey 2020.

FIGURE 1: WHAT IS AN INSURANCE DIGITAL PLATFORM ECOSYSTEM?



Source: The Geneva Association

The (digital) insurance platform ecosystems explored in this report are comprised of three components (Figure 1):

- A digital-technology-enabled platform that interacts with customers, for example a smartphone app or a website, which could be run by an insurer or a third party.
- A multi-supplier ecosystem that integrates a variety of services and products from different organisations or industries in one site (e.g. healthcare and travel services), through which information is exchanged and transactions are made.
- Insurance transactions, which are made via the digital platform and between participants in the ecosystem.

Insurance transactions are increasingly made via digital platform ecosystems.

Insurance transactions are increasingly made via digital platform ecosystems. Market research institutions forecast that by 2028–2029, the global digital insurance platform market will reach USD 156–329 billion in premium revenue,⁹ accounting for approximately 3–5% of global insurance premiums.

An insurance platform ecosystem can be viewed as a digital market with a large population of potential insurance customers. Most insurance platform ecosystems originated from a digital platform (e.g. Amazon), although some are also derived from non-digital ecosystems (e.g. Tesla) or an

insurance business (e.g. Ping An). Independent of the origin, they all converge to the business model shown in Figure 1.

Optimists believe that the first generation of successful ecosystems has turned potential into profit. They also expect that insurance platform ecosystems will become a prominent way for insurance players to connect with their customers over the next decade.¹⁰ Sceptics argue that insurance platform ecosystems are hard to establish and that there are more failures than successes; having said this, customers want ecosystems and insurers can employ them to differentiate themselves from their peers.¹¹

Against this backdrop, this report addresses the following questions:

1. Should incumbent insurers actively pursue digital platform ecosystem opportunities? If yes, how?
2. What are the merits of the different strategic approaches incumbent insurers can take?
3. How should incumbent insurers collaborate with third-party digital platform ecosystems, which increasingly mediate customers' daily activities?

Section 2 explores the characteristics of digital insurance platform ecosystems and compares them with insurance intermediaries. Section 3 delves into current insurance market practices and strategic considerations, based on a survey of 21 Geneva Association member companies. Section 4 analyses six business cases and identifies the key benefits and risks of insurance platform ecosystems for customers, insurers and platform providers. Section 5 concludes with recommendations for insurers.

⁹ Adroit Market Research 2023; MARKETSandMARKETS 2024; Mordor Intelligence 2024.

¹⁰ EY 2022.

¹¹ Dr Henrik Naujoks, Senior Partner, Bain.

The background is a dark blue-grey color with a grid of thin white lines. Scattered across the grid are several 3D cubes. Most cubes are translucent blue with a bright blue glow from within. One cube, located in the center of the image, is translucent green and also glows. This green cube is highlighted by a thin green circle. The cubes are arranged in a staggered pattern, with some appearing more prominent than others.

2

Functions and impacts of insurance platform ecosystems

Functions and impacts of insurance platform ecosystems

Platform ecosystems are being harnessed to drive innovation in insurance.

2.1 Functions

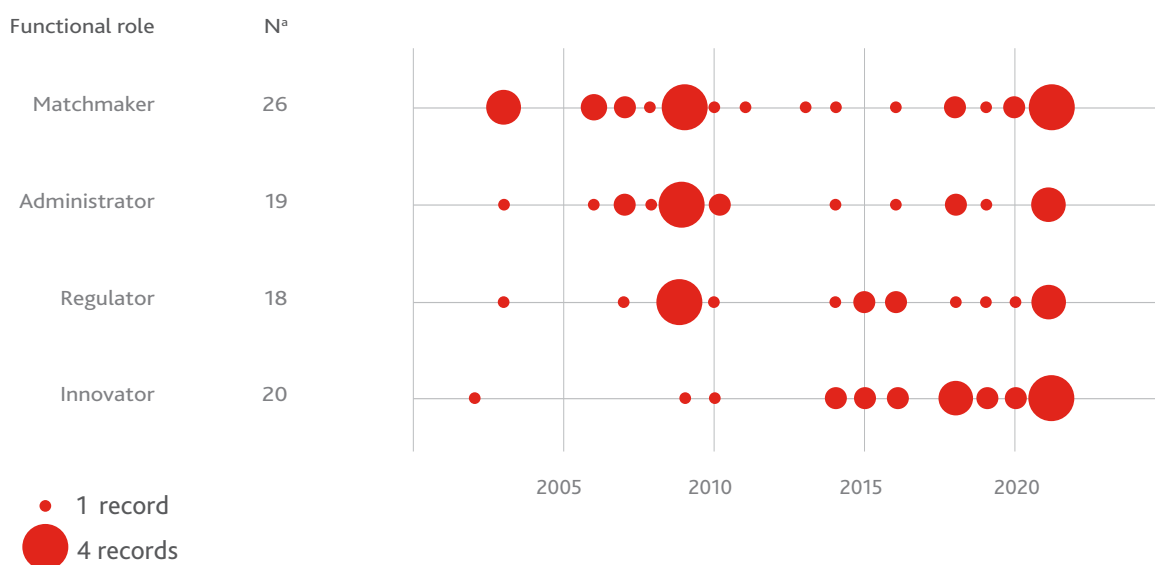
Insurance platform ecosystems have four major functions:¹²

- **Matchmaker:** They match and connect customers and insurers by reducing search and information costs.
- **Administrator:** They facilitate information exchange, transactions and payments by providing insurance infrastructure and reducing transaction costs.
- **'Regulator':** They ensure that participants fulfil contractual promises.
- **Innovator:** They develop improved insurance and risk management solutions.

Figure 2 shows that the matchmaker role receives the most attention in the academic literature. This is the original purpose of any platform ecosystem and has long been the primary function of insurance platform ecosystems. In terms of academic interest, the innovator role has overtaken the more conventional administrator and regulator roles in recent years. Successful innovations in an insurance platform ecosystem draw on the resources of multiple suppliers, i.e. beyond the confines of a single insurance firm and its supply chain.¹³

Digital platform ecosystems will assume a bigger role in insurance business models and change how insurance is delivered to customers.

FIGURE 2: FUNCTIONS OF INSURANCE PLATFORM ECOSYSTEMS CITED IN THE ACADEMIC LITERATURE



^a Number of academic publications that discuss a particular function.
Source: Adapted from Stricker et al.¹⁴

¹² Stricker et al. 2023.

¹³ Gawer and Cusumano 2014; Trabucchi and Buganza 2020.

¹⁴ Stricker et al. 2023.

Insurance platform ecosystems play a similar role to insurance intermediaries, yet the former have the significant advantage of reducing search and transactional costs as well as in collecting and using data.¹⁵ One may therefore expect that insurance intermediaries will face increased competition from digital platform ecosystems. Over time, insurance intermediaries will need to differentiate their value proposition (for example through advisory services) from what platform ecosystems offer, and/or digitalise their own operations. Intermediaries may offer quotes and products via platform ecosystems rather than being replaced by them. In this sense, platform ecosystems can also serve the intermediary market.¹⁶

"Platform ecosystems can apply to both intermediary markets (involvement of MGAs and brokers) and non-intermediary markets. The latter can have either a B2C approach or work with commercial partners (ancillary insurance intermediation). Anyhow, intermediation can be supplementary or competitive, but certainly has a role to play in the context of the platform ecosystem."

Alexander Lay, Munich Re

2.2 Impacts on the insurance value chain

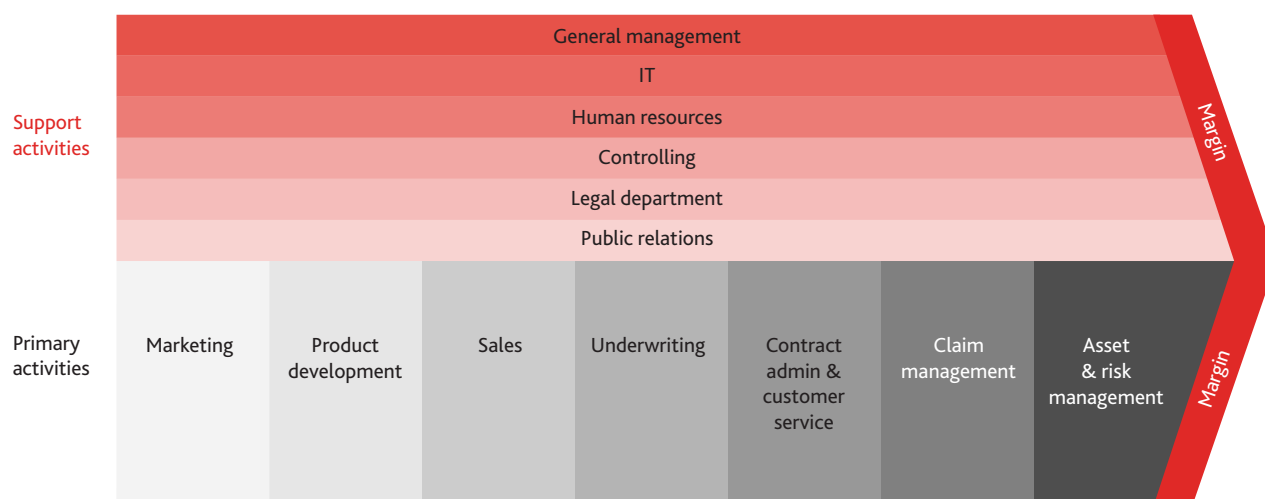
Digital platform ecosystems primarily transform the way insurance companies interact with their customers, i.e. the marketing, sales and customer service functions of the insurance value chain (Figure 3). Customers can directly compare products and prices on digital platforms; platforms may also use multi-media to explain products and deliver tailor-made advertisements to potential customers.¹⁷

Digital platform ecosystems also affect product development, underwriting and claims management. More data can be obtained from digital platforms and shared by ecosystem participants, though effective utilisation of this data requires specific skills and expertise.

Insurers also need to reorganise and adapt their supporting activities and processes to the requirements of digital platform ecosystems, such as faster response times and willingness to collaborate with external partners. IT/digital technologies may no longer be just a supporting function but become a key business function that empowers all primary activities.

Box 1 describes how insurers can realise the opportunities offered by digital platform ecosystems.

FIGURE 3: THE INSURANCE VALUE CHAIN



Source: Porter and Rahlfs¹⁸

¹⁵ Stricker et al. 2023.

¹⁶ Ibid.

¹⁷ Eling and Lehmann 2018.

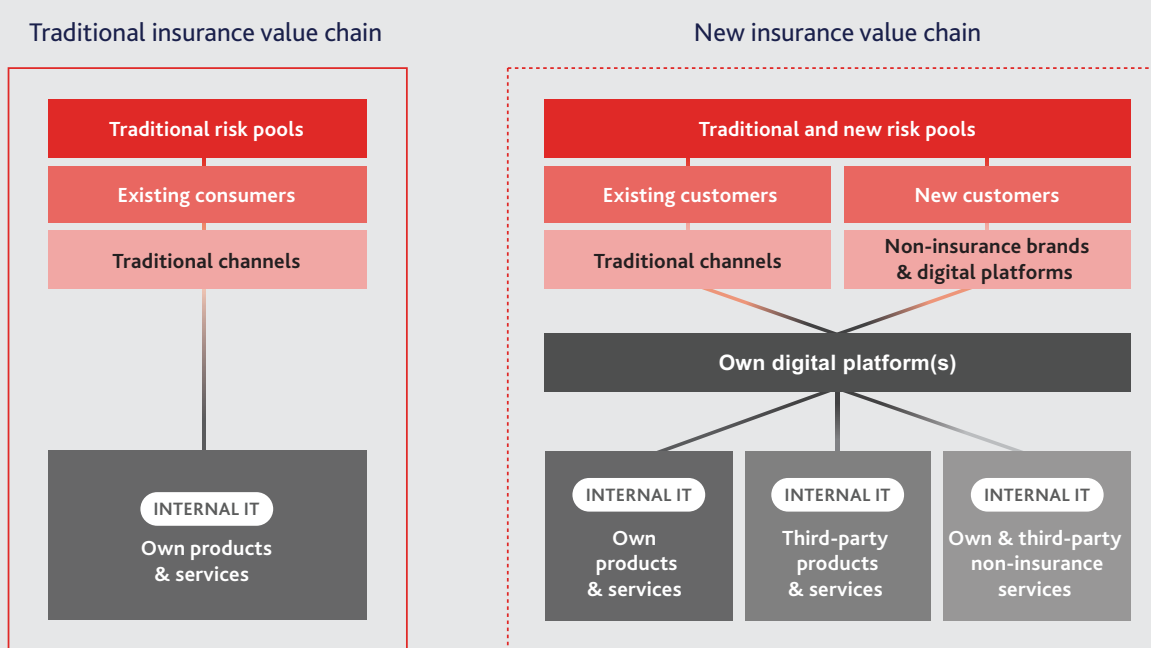
¹⁸ Porter 1985; Rahlfs 2007.

Box 1: Opportunities for insurers in a world of digital platforms and ecosystems

Today, most insurers operate a 'linear' business model: they produce their own products and sell them through channels to consumers whom they try to retain and up-sell. They incur all the costs of regulation, product innovation and development, distribution and claims.

By contrast, companies that operate 'platform-based' business models focus on using software to connect multiple producers of goods to multiple consumers in the most efficient way possible. Their aim is to facilitate high-value interactions and transactions between many parties, within an ecosystem that they orchestrate. They are 'asset light', have low marginal costs and are highly scalable due to 'network effects' (high-quality producers attract consumers, who attract more producers). Their margins are expected to be higher than the 'linear' business model.

FIGURE 4: HOW INSURERS CAN CREATE NEW VALUE CHAINS USING 'PLATFORM AND ECOSYSTEM' PRINCIPLES



Contributed by Simon Torrance, CEO of Embedded Finance & Insurance Strategies

2.3 Business model implications

Insurance can be embedded in and create value for other business activities in platform ecosystems, for example travel insurance on a travel platform. In such a model, the insurer is a partner, supplier and participant in an established platform ecosystem. This allows insurers to access customers of existing platform ecosystems with limited upfront capital expenditure, although the commission paid to platform operators can be substantial.

A more ambitious strategy for insurers is to orchestrate their own digital platform ecosystems. In such a case, the orchestrating insurer typically develops its own platform,

controls access to potential customers and defines the rules of the ecosystem. The insurer also acts as the connecting hub, facilitating and encouraging customer interaction and managing the network of partner organisations.¹⁹

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

The background of the entire image is a dense, abstract field of vertical bars of varying heights and colors. The colors range from deep blues and purples to bright pinks and oranges, creating a vibrant, digital, or data-like aesthetic. The bars are packed closely together, giving the impression of a large-scale data visualization or a stylized forest of light.

3

**Insights from
a survey of
re/insurers**

Insights from a survey of re/insurers

Most insurers are pursuing digital platform ecosystems, primarily to expand access to customers and improve the customer experience.

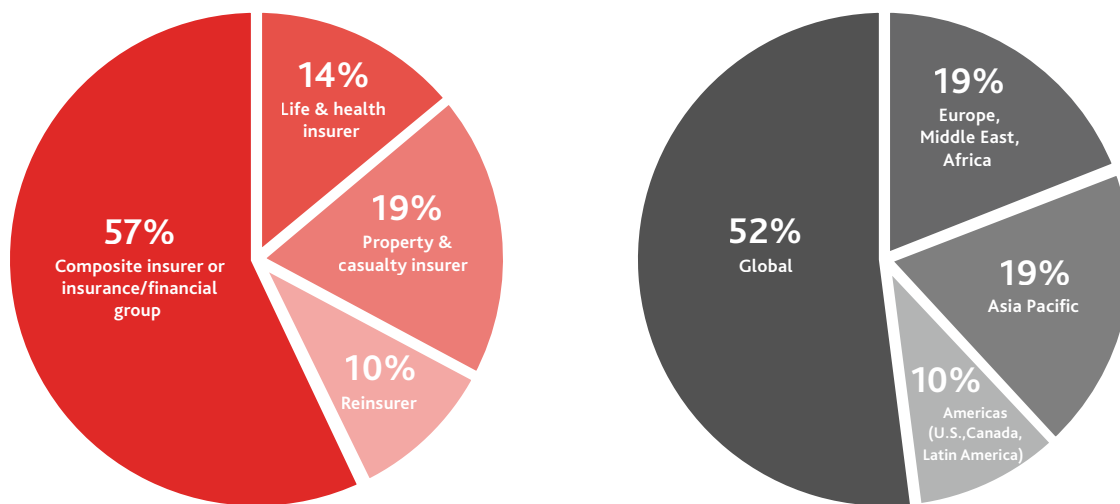
To learn more about how insurers are engaging with digital platform ecosystems, The Geneva Association conducted a survey of its member companies to explore 1) whether and how companies are leveraging digital platform ecosystems and 2) the motivations behind, prospects of and potential challenges with their platform ecosystem strategies.

The survey was conducted online in Q4 2023 and responses were received from 21 large re/insurance

companies from around the world, capturing over USD 550 billion insurance premiums worldwide in 2023.²⁰ The respondents are executives and experts from digital/innovation and/or strategic planning functions.

As shown in Figure 5, most surveyed firms are composite insurers, i.e. engaged in both life and non-life businesses, and have a global presence.

FIGURE 5: SURVEYED INSURERS – LINES OF BUSINESS AND GEOGRAPHICAL DISTRIBUTION



Source: The Geneva Association

²⁰ The following companies participated in the survey: Achmea, AIA Group, AXA, China Taiping, Chubb, Convex Insurance, Dai-ichi Life, Discovery, Generali, Global Atlantic, Liberty Mutual, MAPFRE, Munich Re, Grupo Sancor Seguros, Suramericana, Swiss Re, Tokio Marine, UnipolSai, VidaCaixa, Vittoria Assicurazioni and ZhongAn.

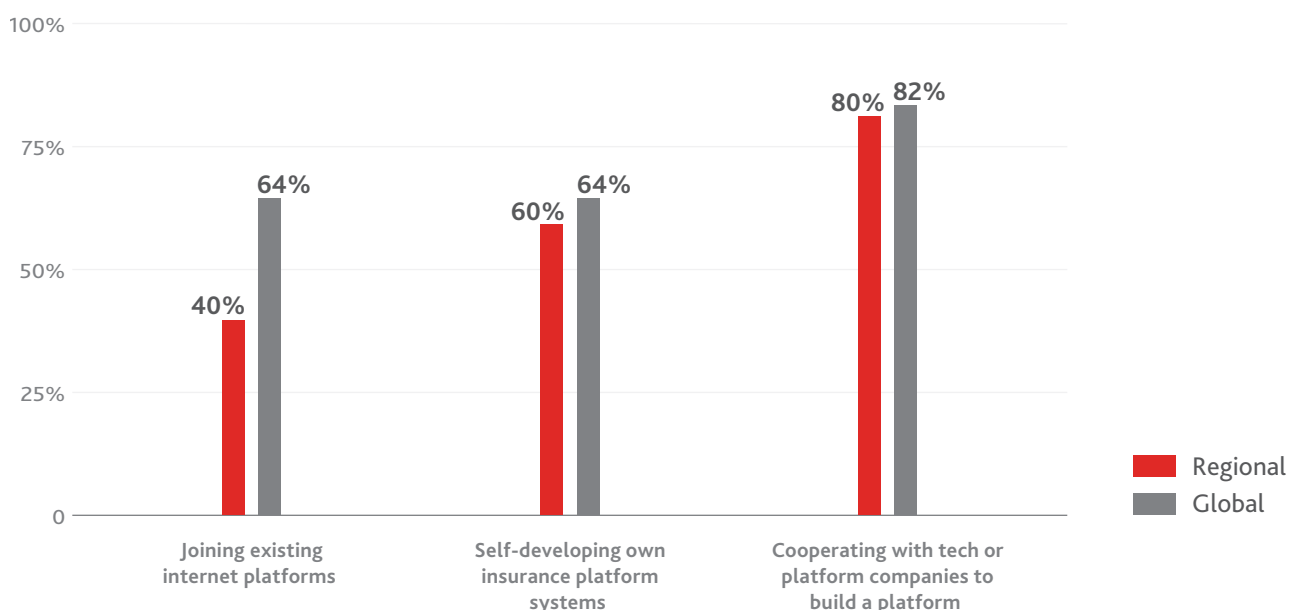
3.1 Business models

Over 80% (Figure 6) of surveyed insurers have established corporate partnerships with tech or platform companies to develop a digital platform, highlighting the advantages of the co-developer model. More than 60% of respondents are also self-developing proprietary digital platform ecosystems, showing a strong inclination towards maintaining control and fostering ecosystems internally. The lowest share of respondents pursues a 'partner only' strategy.

"We believe that insurance partnerships in the future will require headless distribution and service capabilities, i.e. the ability to transact business on partner sites and apps. We have both built and partnered on these capabilities, which are integrated into platforms."

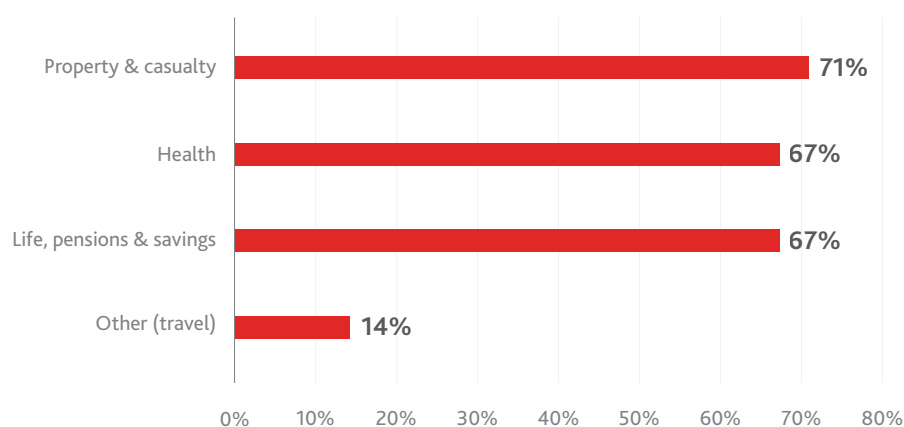
Dan Bernstein, Liberty Mutual

FIGURE 6: BUSINESS MODELS FOR INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association

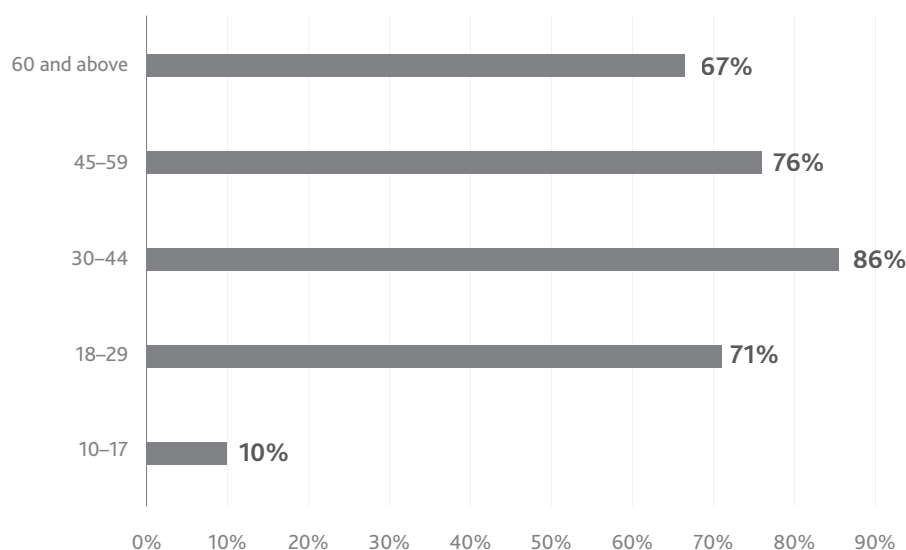
FIGURE 7: INVOLVEMENT IN INSURANCE PLATFORM ECOSYSTEMS BY LINE OF BUSINESS



Source: The Geneva Association

Digital platform ecosystems are equally adopted by P&C, health, and life & pension insurers (Figure 7). Insurers are using platform ecosystems to target all adult age groups, including the elderly (Figure 8).

FIGURE 8: TARGETED AGE GROUPS



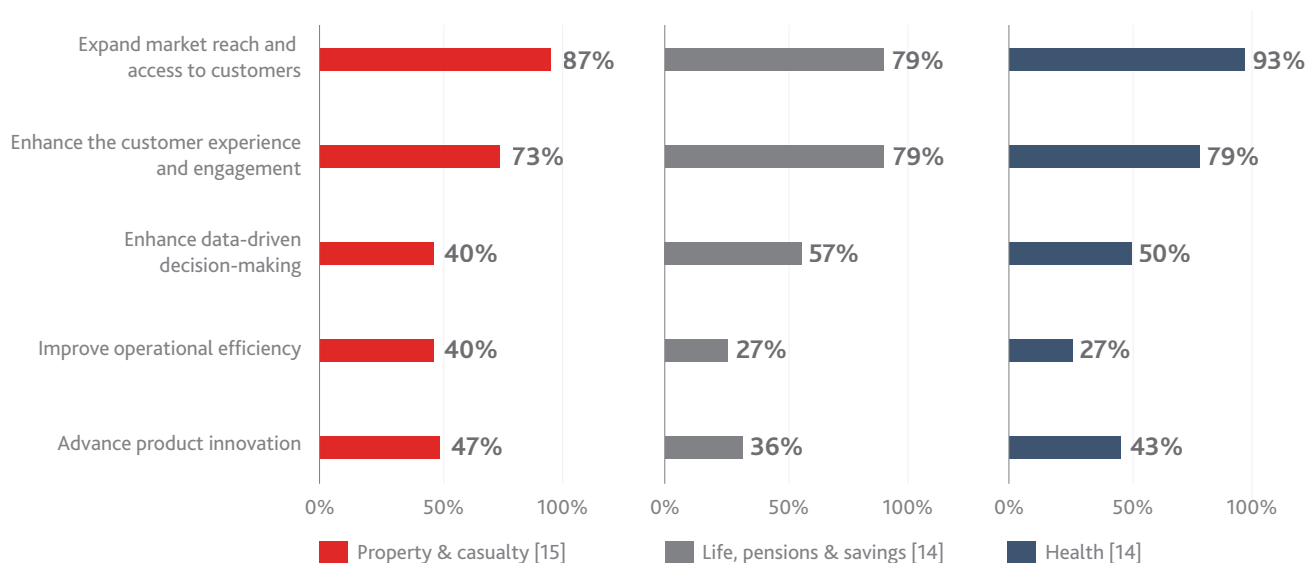
Source: The Geneva Association

3.2 Motivations

The predominant motivations for engaging in an insurance platform ecosystem are to expand market reach and access to customers, and to enhance the customer experience and engagement (Figure 9). This suggests that digital platform ecosystems are a cornerstone of future growth strategies and reflects insurers' proactive response to customers' growing expectations for better accessibility, improved experience and more personalised interactions. These motivations apply equally to P&C, life & pension, and health insurers.

Expanding access to customers and enhancing the customer experience are the top reasons for pursuing digital platform ecosystems.

FIGURE 9: MOTIVATIONS FOR PURSUING INSURANCE PLATFORM ECOSYSTEMS



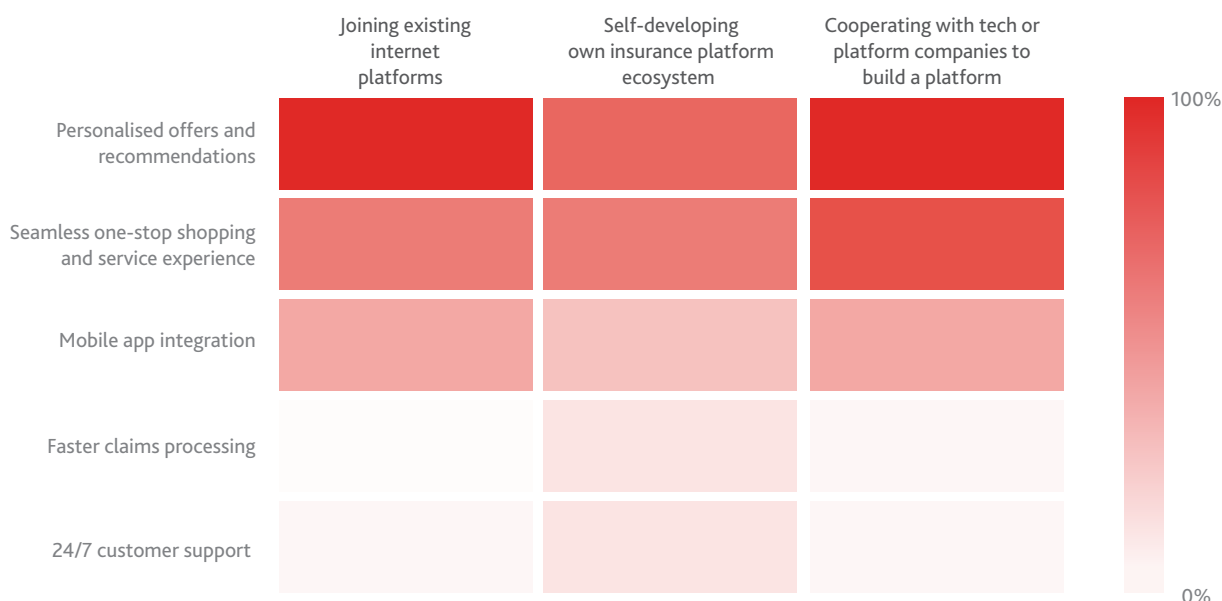
Note: Respondents were asked to select all line(s) of business they are involved in. Among the 21 surveyed insurers, 15 operate in P&C lines, 14 in life, pensions & savings, and 14 in health

Source: The Geneva Association

Figure 10 shows that, independent of the chosen business model, insurers' plans to enhance the customer experience and engagement focus on front-end sales processes, including 'personalised offers and recommendations' and 'seamless one-stop shopping and service experience'. Personalisation is seen as a key differentiator that enables insurers to stand out by catering to individual preferences and needs. The drive to improve customer access and enhance the customer experience is closely tied to the recognition that digital platform ecosystems could break down traditional market barriers and allow insurers to offer new choices.

Customer support (post-sales and claims) features less prominently in insurers' plans, even though the quality of post-sales and claims services influences overall customer experience and satisfaction.

FIGURE 10: PLANS TO IMPROVE THE CUSTOMER EXPERIENCE AND ENGAGEMENT

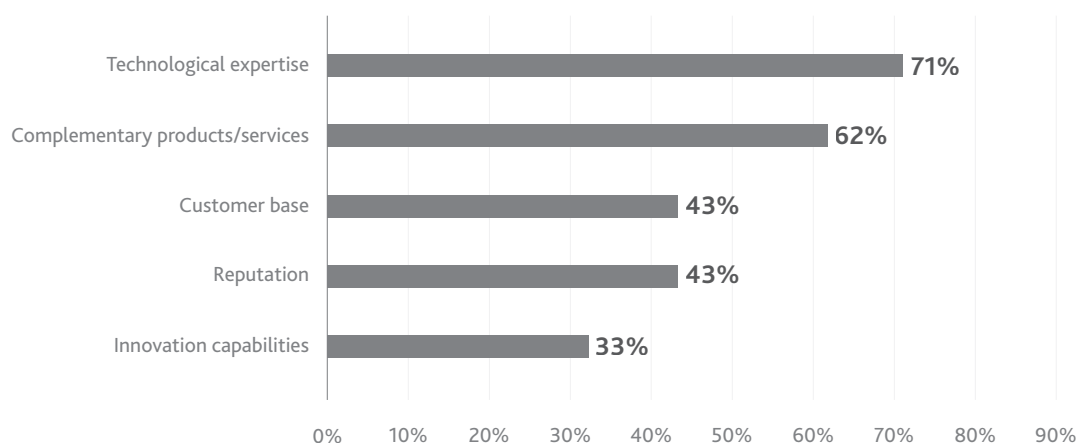


Source: The Geneva Association

3.3 Selecting collaborating partners

When it comes to selecting collaborating partners (Figure 11), technological expertise is a key consideration for insurers. This is followed by the complementarity of products or services provided by potential partners. The latter is particularly pertinent for smaller insurers with narrower business scopes.

FIGURE 11: CRITERIA FOR SELECTING COLLABORATING PARTNERS

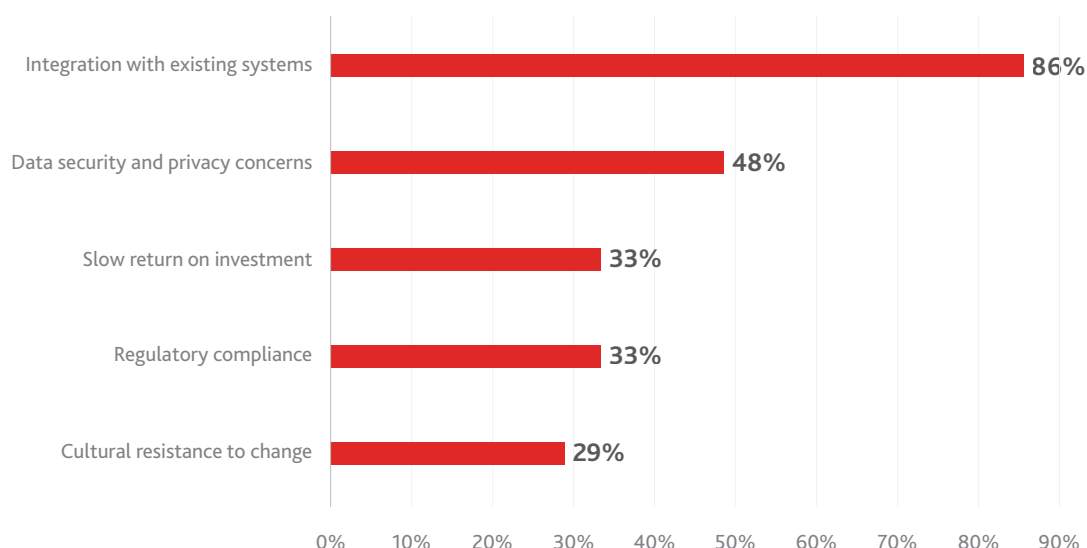


Source: The Geneva Association

3.4 Challenges

Engaging in digital platform ecosystems also comes with challenges. Hurdles reported by surveyed insurers primarily revolve around legacy systems and operations (Figure 12), i.e. integrating new platforms with existing systems. The transition from old operations to new platform ecosystems is intricate and demands substantial resources and technical expertise.

FIGURE 12: CHALLENGES ASSOCIATED WITH INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association

Data security and privacy concerns also rank highly (50% of surveyed insurers), particularly considering increasing cyber threats and the sensitive nature of personal insurance data. Regulatory compliance also stands out as a relevant issue (33% of surveyed insurers). Digital platforms introduce new complexities in maintaining compliance with existing and emerging regulations. The main regulatory hurdles faced centre around data usage, data geolocation and protocols for working with third parties.

Over 85% of insurers faced challenges integrating new digital platforms with their existing IT systems.

4

Business cases

4. Business cases

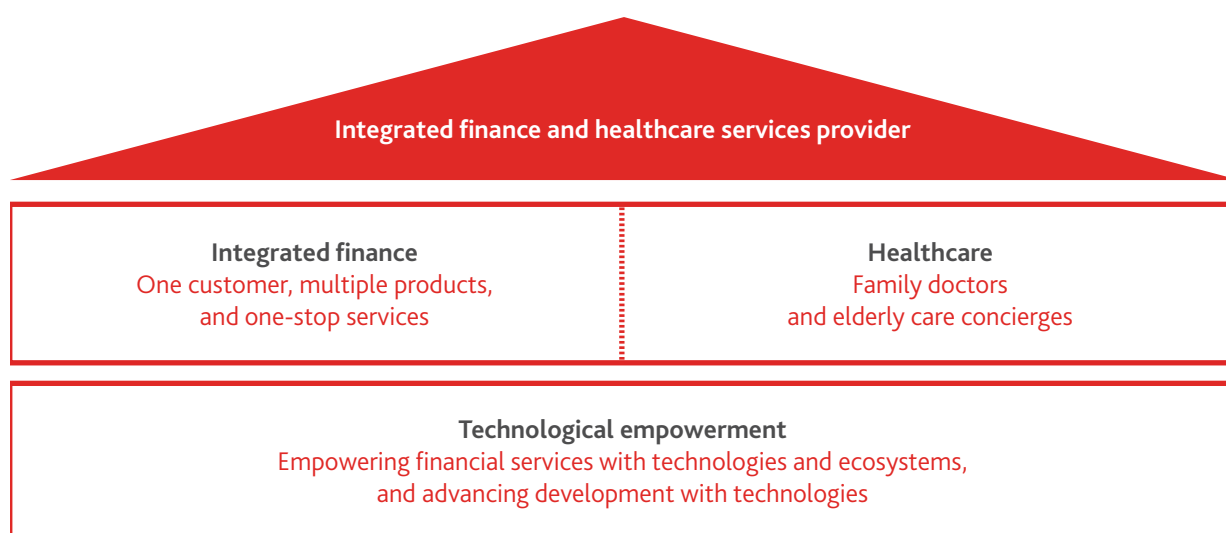
To be successful, insurance platform ecosystems require a balanced value-sharing model between customers, insurers and platform providers.

4.1 Insurer as orchestrator

Ping An is the sole orchestrator of a self-developed, independent, comprehensive service platform ecosystem. As shown in Figure 13, this integrates the company's financial, healthcare and elderly care businesses.

The integrated finance ecosystem provides insurance, banking and investment services, which customers can access with just one platform account. The healthcare (including elderly care) ecosystem connects insurance customers, patients, insurers, hospitals, doctors and health service institutions. An end-to-end, online-to-offline healthcare service network has been established to provide consultation, diagnosis, treatments and health management services to customers. This is implemented through self-operated insurance and health services as well as partnerships with contracted external doctors, hospitals, healthcare management institutions and pharmacies. Integration of the finance and healthcare ecosystems allows services to be combined. For example, healthcare and elderly care services create touch points and interactions with existing and potential financial services customers.

FIGURE 13: PING AN'S PLATFORM ECOSYSTEM



Source: Ping An²¹

21 See: <https://group.pingan.com/>

Benefits

For customers

The one-stop service reduces the friction that comes with switching between different channels and improves the customer experience. With a Ping An One account, customers can easily access a variety of products and services, including insurance, investment, wealth management, medical and auto services. They can also have online medical consultations, get prescriptions and have medication delivered, as well as have bills settled by insurance in the background. On the P&C side, a one-stop car service platform connects motor insurance with maintenance and repair shops, car dealers, petrol stations and other auto service providers offering things like annual inspection, roadside assistance and damage estimation.

For the insurer

Banking and healthcare services provide touchpoints to access potential insurance customers at low cost. Driven by the closed-loop design of the ecosystem, the cross-penetration rate of the personal business of Ping An has continuously increased. Today, 40% of customers hold contracts with more than one of the subsidiaries.²²

Continuous customer engagement substantially improves customer retention and loyalty. Based on the large amount of customer data collected in each business line, Ping An – as the platform provider – is also able to better understand customers' insurance needs, tailor products and increase the success rate of cross-selling.

Challenges and limitations

The success of Ping An's platform ecosystem would not be easy to replicate. The company's ecosystem strategy was being developed as early as 2008 and has been consistently reinforced ever since. The costs of maintaining high-quality, value-added services within this self-developed, independent and comprehensive platform ecosystem are high and the model requires a large, relatively homogeneous client base to reach cost efficiency. Ping An has uniquely benefited from a large domestic market and significantly lower labour expenses than in mature markets.

Success also requires long-term strategic commitment to develop expertise and resources in the various service sectors. Continuously and sustainably fostering customer engagement and touchpoints that can generate enough profitable business to support the ecosystem business model is another key challenge. Finally, in many markets, there are regulatory restrictions on vertically integrating services and facilities like healthcare or auto repair.

4.2 Insurer as co-developer

In this section, we introduce two representative cases where insurers co-develop digital platform ecosystems with technical or service partners. Chubb Studio is a digital platform that empowers B2B2C partners with embedded insurance to form a platform ecosystem. AIA Vitality is a dual-developer health service ecosystem.

4.2.1 Chubb Studio: An integration platform ecosystem for B2B2C partners

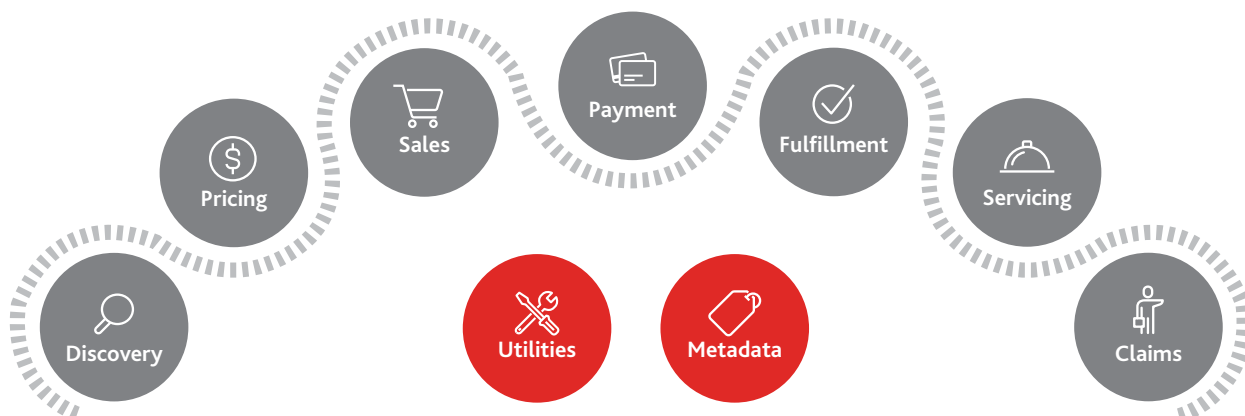
Chubb launched its digital insurance integration platform and suite of sales and service application programming interfaces (APIs), Chubb Studio, in 2020. The Chubb Studio platform serves as the engine that powers the insurer's growing network of digital distribution partnerships by improving operational efficiency for both Chubb and its B2B2C partner companies.

Chubb Studio facilitates the embedding of digital insurance into the company's B2B2C partners' ecosystems, apps and websites. For example, with the assistance of Chubb Studio, DBS bank was able to promptly introduce the 'Mozzie Protect' product in response to the Dengue fever outbreak in Singapore in 2020. By 2024, Chubb Studio will have integrated Chubb products and services with more than 200 companies in industries spanning sectors such as e-commerce, banking and mobility.

Chubb Studio was designed with both the customer experience and the partner experience in mind. As shown in Figure 14, it embeds the whole insurance process, from pricing and sales to claims and services.

²² Ping An 2022.

FIGURE 14: CHUBB STUDIO APIS LIFE CYCLE AND VALUE CHAIN



Source: Chubb Studio²³

Two distinctive technological characteristics of Chubb Studio are its software development kits (SDKs) and its development portal for B2B2C partners. The SDKs make the delivery of embedded insurance propositions easier and faster for partners who wish to offer insurance in their app or ecosystem without the need for software engineering resources. The SDKs include libraries (collections of reusables, packaged pieces of code) that partners can leverage to perform insurance tasks in an app. In addition, Chubb engineers assist partners with testing. Documentation and tutorials help to expedite the feature release. The SDKs also allow partners to use their own branding and styling.

The development portal allows partner companies to build new digital insurance campaigns and test their applications in a sandbox environment. The portal also provides a partner onboarding experience, with access to dashboards, integration documentation and other tools.

Benefits

For customers

By embedding insurance products in apps and websites used in everyday life, Chubb Studio minimises the need for customers to manage multiple interfaces.

For partners

For B2B2C partners, embedded insurance offerings are a natural expansion of core products and services that increase customer loyalty and retention and build new revenue streams. Developers can use Chubb's portal to build new and scale existing digital insurance campaigns and test their applications against live APIs in real time.

For the insurer

Chubb Studio simplifies acquisition with full-cycle insurance products and provides access to hundreds of millions of potential customers. It has helped the company to scale existing partnerships and to win new partnerships around the world.

Challenges and limitations

A dedicated technical team has been fundamental to Chubb Studio's success. With APIs being called upon approximately 2.5 billion times in 2023, the maintenance of these services requires a global team of over 400 specialised digital marketers, designers and engineers. In addition, the substantial generation of data introduces regulatory challenges related to data privacy, ownership and cross-border transfer. Finally, one major limitation of Chubb Studio is that it does not control for customer traffic and therefore cannot be considered a market maker in the ecosystem, although it has allowed many B2B2C partners globally to transact with Chubb and to digitally access its products and geographic footprint.

4.2.2 AIA Vitality: A co-developed wellness platform ecosystem

AIA Vitality is a wellness programme launched in 2014. Through cooperation with Vitality, AIA developed a wellness platform ecosystem and integrated it with insurance products and services. AIA Vitality currently operates in Hong Kong, Singapore, Australia, Malaysia, New Zealand, the Philippines, Thailand, South Korea, Indonesia, India and Vietnam.

In this co-developer model, Vitality acts as a technology and knowledge provider via the Vitality platform, while AIA leverages its insurance customer base, sales networks and

23 See: <https://studio.chubb.com/connect/integration#Cla-btn>

insurance products. Different from most other digital platform ecosystems, AIA Vitality is focused less on acquiring new customers (as one needs to be an AIA customer to become a Vitality member); it is more focused on customer engagement.

First, customers become registered members by purchasing an insurance product associated with the programme and downloading its app. Second, customers can earn points by completing a series of activities, including regular physical health checks and lifestyle assessments (such as a quit smoking test or life stress assessments), as well as step, diet and sleep tracking. Third, these daily activities help achieve personalised weekly fitness goals. Finally, upon completion of these activities, customers receive rewards and can exchange their points for sales coupons, premium discounts, additional coverage and other benefits offered by AIA partners (Figure 15).

FIGURE 15: OPERATIONAL MODEL OF AIA VITALITY



Source: AIA²⁴

The rationale of the programme is that customers who make good health choices will generally take positive steps to improve their health if they are given a clear and positive incentive. Evidence of the efficacy of the programme includes improved clinical outcomes, reduced healthcare costs, lower hospital admissions, increased productivity at work and reduced mortality rates. In this sense, the Vitality platform ecosystem creates a positive feedback loop between the insurer and its customers.

AIA adopts a dual strategy of co-developer and partner, i.e. beyond AIA Vitality, the company also participates in other third-party platforms to sell products.

Benefits

For customers

AIA Vitality encourages its users to improve performance in four areas – physical inactivity, unhealthy diet, smoking and excessive alcohol consumption – that can lead to fatal diseases.

In Hong Kong, the programme has improved more than one third of members' body mass index (BMI), and 64%, 68% and 33% of members' blood pressure, glucose and cholesterol levels, respectively.²⁵

For the insurer

Vitality improves the risk profile of customers for AIA. Members attracted by the wellness programme tend to have greater willingness to exercise, better initial health conditions and lower risks of morbidity/mortality over the long term. Discounts and coupons also increase customers' loyalty to the plan. In Australia, for example, AIA Vitality policies had a 40% lower surrender rate than AIA policies without the Vitality clause.²⁶

By working with partners in different countries, AIA integrates multi-source data to better monitor risk, refine customer profiles and ultimately achieve dynamic (real-time) pricing.

Challenges and limitations

First, there is an entrance threshold for participation in the plan, as enrollees must have smartphones and smart watches to detect health and activity status, which limits the scope of potential customers. Second, the success of the programme requires both the insurer and insureds to agree on the meaning of health improvement and to take actions. Essentially, AIA needs to find customers that share the same values as the Vitality programme. Third, the programme itself collects a large amount of users' physiological and health data, which has privacy implications and is subject to different regulatory requirements in different markets.

4.3 Insurer as partner

Partnering with one or several third-party platform ecosystems allows insurers to increase strategic flexibility, access new types of customers and test new products, services and pricing strategies in different market segments. It is a small-investment, quick-return model, but this comes at the expense of control over the customer base and branding. It also means that the insurer must adapt to the ecosystem-specific service standard and business model.

Partnering with a third-party platform is a low-investment, quick-return model but the insurer has less control over the customer base and branding.

²⁴ See: <https://www.aia.com.au/content/dam/au/en/docs/press-releases/2022/apple-watch-insights.pdf>

²⁵ See: <https://www.aia.com.hk/en/health-and-wellness/aia-vitality>

²⁶ Shared Value Project 2020.

There are different types of collaboration between insurers and third-party platform ecosystems in the partner model:

- The platform ecosystem acts as a distribution channel for insurance products in exchange for commission. This approach is easy to implement but yields limited benefits for insurers (e.g. Tesla, see section 4.3.1).
- Insurers and digital platforms collaborate on customer research, customer source expansion and product development through an insurtech (e.g. ZA Tech, see section 4.3.2).
- Insurers invest in enterprises operating platform-related businesses (e.g. Allianz X, see section 4.3.3).

All three types of partnerships share the three common features of an insurance platform ecosystem i.e. a digital platform, multi-service ecosystem and insurance transactions (see Figure 1).

4.3.1 Tesla: A non-insurer entering the insurance business

Tesla offers fully integrated insurance with its car ecosystem. Insurers partner with the electric vehicle (EV) maker to offer InsureMyTesla, a customised insurance package designed specifically for Tesla vehicles/owners. Since regulatory rules and barriers to entry vary by region, Tesla has mainly adopted two insurance business models. In most markets, Tesla acts as a broker and partners with incumbent insurers to offer InsureMyTesla. In some U.S. states, Tesla directly offers usage-based insurance as an insurer using real-time driving behaviour.

Offering comprehensive coverage, including optional protection for batteries and connectors, the InsureMyTesla programme offers holistic protection for Tesla vehicles. The pricing model, which incorporates a mileage-based billing approach, aligns insurance costs with individual usage patterns.

Benefits

For customers

The EV maker may hold a cost advantage and thus offer more affordable insurance than traditional insurers, given the deep integration of insurance with its car ecosystem and its strong bargaining power along the supply chain. Leveraging driving data and robust modelling capabilities may also allow Tesla to excel in risk pricing.

For incumbent insurers

Embracing a platform ecosystem led by an EV giant offers the advantages of swift market entry and customer-centric product development. Partnering with Tesla allows insurers to easily access customers through a car ecosystem and craft tailored products based on Tesla's insights and extensive data. This strategic collaboration lays the groundwork for future innovative solutions.

For Tesla

Collaboration with traditional insurers allows Tesla to leverage its brand influence and customer base, and to use insurance as a value-added service to meet customer needs. Controlling for insurance design, Tesla can implement car design and software changes to its vehicles that reduce repair costs and insurance premiums.

Challenges and limitations

Practical challenges to realising the competitive advantage.

With loss ratios above 100%, unsatisfactory claims service quality and a rather complicated method for calculating safety score, there are now doubts about Tesla's insurance proposition. Whether Tesla's insurance platform ecosystem strategy can achieve real success is still up in the air, depending on the EV giant's ability to further optimise its risk assessment and pricing models and efforts to enhance management of repairs and claims.

Privacy and data usage concerns. While big data solutions offer advantages, adhering to regulatory rules is crucial. Tesla's commitment not to sell or rent drivers' personal data without consent partially addresses privacy concerns. Innovations like dynamic pricing are contingent on regulatory recognition.

Partnerships are dominated by the platform provider.

Possession of the insurance brokerage licence allows Tesla to operate in the insurance sector, while its status as a car maker provides channel control, enabling direct access to potential customers. Insurers collaborating with Tesla thus have limited bargaining power.

As Tesla is in direct competition with insurers, its self-operated insurance model is facing headwinds. Insurers, armed with EV underwriting experience, may consider pivoting away from collaboration with the EV manufacturer, opting to independently sell policies. This dynamic interplay of collaboration and competition indicates a shifting landscape for automotive insurance.

4.3.2 ZA Tech: An insurtech partnering with insurers and platforms²⁷

Insurtech plays a critical role in empowering partnerships between insurers and platforms. A case in point is ZA Tech, which connects insurers and platforms, grows ecosystem partnerships and accelerates the process of introducing a new product to markets. It has become a partner of major insurers like AIA, Tokio Marine, Sampo, Zurich and Generali, and connects them with platform providers like Grab, Klook and PayPay.

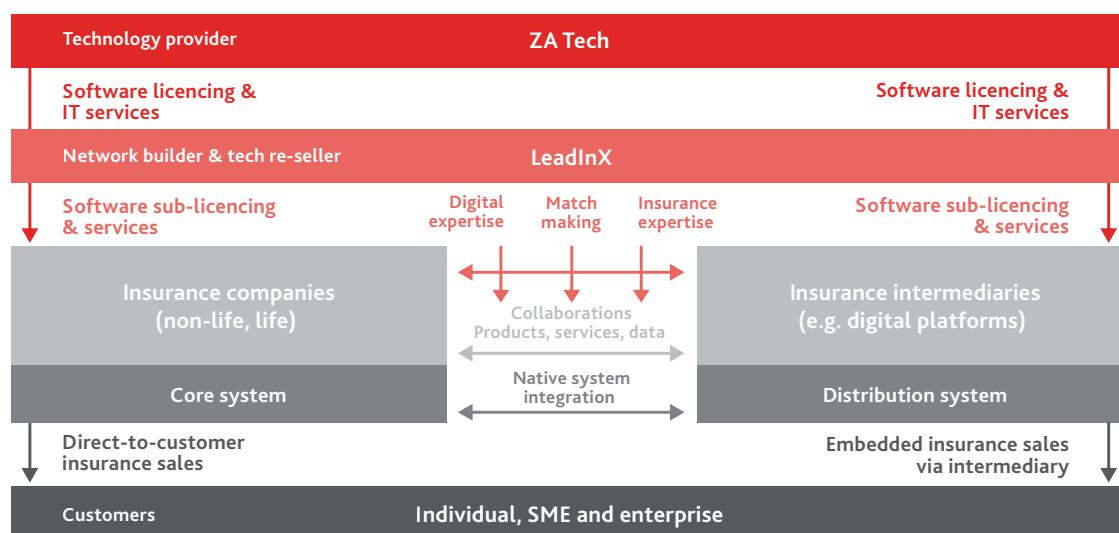
ZA Tech provides two main types of IT systems: a full core system for insurance companies and a digital distribution platform for insurance intermediaries. Both are built on the same underlying tech platform and share architectural components (such as the insurance product configurator).

²⁷ ZA Tech was rebranded as Peak3 in June 2024.

The rationale behind providing both systems is to build an ecosystem between insurers and platform providers using ZA Tech's technology to connect. The more insurers use this technology, the higher the benefits for digital platforms, e.g. more out-of-the-box insurance products and higher underwriting capacity. Similarly, the more digital platforms use the technology, the higher the benefits for insurers, mainly broader customer access and business growth.

As shown in Figure 16, in the Japanese market, ZA Tech works with LeadInX, a subsidiary of Softbank. Through ZA Tech technology and LeadInX, Softbank gives insurers access to its own ecosystem, which includes some of the largest digital platforms in Japan (Yahoo Japan and PayPay), allowing the majority of the Japanese population to be reached.

FIGURE 16: BUSINESS MAP OF ZA TECH AND LEADINX IN JAPAN



Source: LeadInX, ZA Tech

Box 2: Embedded insurance and third-party platform ecosystems

Embedded insurance is insurance embedded in non-insurance products and services. The concept goes beyond digital platform ecosystems, e.g. product warranty at sales, but digital platform ecosystems significantly promote and broaden the applications of embedded insurance. The insurance economics literature suggests that embedding insurance into other products and services can increase insurance take-up significantly.²⁸

Embedded insurance is now playing a transformative role in creating value for third-party platforms and creating comprehensive service ecosystems. In the emerging landscape of embedded insurance, tech platforms and insurance players are joining hands to enhance value for all participants by integrating insurance seamlessly into platform ecosystems. Responding to ever-changing consumer needs and the imperative of advancing financial inclusion and embracing innovation, platforms and insurance players have demonstrated the potential of embedded insurance.

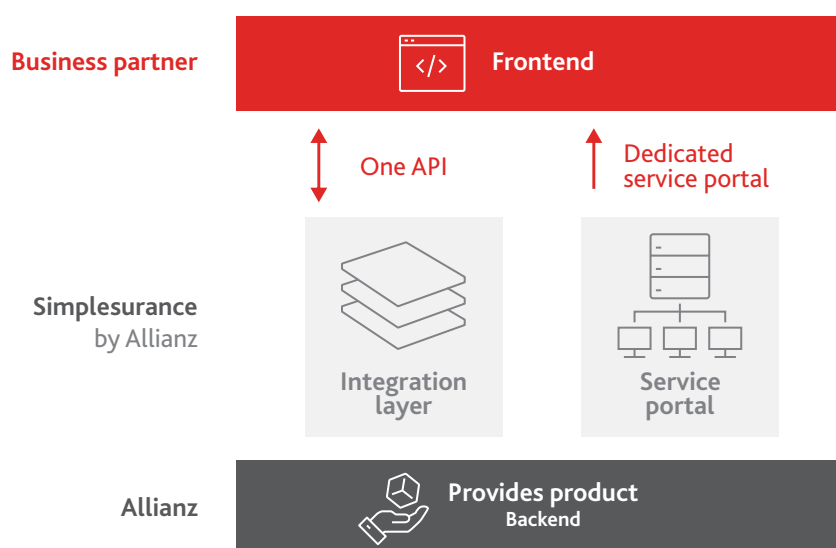
Embedded insurance advances financial inclusion. Iwan Juwono, Head of Insurance for Grab, one of Southeast Asia's leading superapps, believes that partnerships with insurance companies enable Grab to drive financial inclusion in the region, in line with the company's mission to create economic empowerment. By leveraging its data science models with unique data it has on its partners, including gig workers and small-scale merchants, Grab can make simple and affordable insurance protection available to them, addressing long-standing protection gaps that traditional insurance has struggled to cover. Embedded insurance builds resilience in the Grab ecosystem to the long-run benefit of all participants.

Embedded insurance enables platforms to meet evolving customer needs, thus creating value. Klook, the online travel and experiences unicorn, is able to quickly respond to increasing demand for travel insurance. "Customers tend to make a booking with insurance after COVID-19, mainly to get peace of mind," says Soong Chuan Sheng, CEO, Klook Insurance. By collaborating with ZA Tech and providing insurance offerings such as cancellation insurance seamlessly on its platform, Klook enhances its value proposition with insurance.

Contributed and compiled from interviews conducted by YANG Zunfei, ZHANG Eva and ZHENG Chenxin, Peking University

28 Giné and Yang 2009; Karlan et al. 2014.

FIGURE 17: VALUE PROPOSITION OF SIMPLESURANCE AND ALLIANZ



Source: SimpleSurance²⁹

Benefits

For customers

Embedded insurance solutions are convenient for customers. ZA Tech also enables usage-based insurance protection and creates complete digital journeys for insurance purchases.

For insurers

ZA Tech's platform capabilities offer new growth opportunities for incumbent insurers as well as omni-channel sales journeys for insurance buyers, bancassurance managers and insurance brokers.

For digital platforms

ZA Tech's IT system integrates insurance into the products and services of digital platforms via embedded insurance, enabling rapid introduction of new products to markets via low-risk, low-cost digital insurance propositions. Digital platforms get to maintain control over customer touch-points, data and experience.

"Embedded insurance adoption for auto and home will increase over time and our goal is to meet customers where they are and capitalise on, rather than run from, themes of digitisation and price transparency."

Dan Bernstein, Liberty Mutual

Challenges and limitations

Market adaptability is a prominent challenge for ZA Tech's business model. Success hinges on the willingness of insurers and digital platforms to embrace digital transformation. Resistance to change within the insurance industry (see Figure 12) or slow market adoption may impede growth and value creation. As an IT system

provider and insurance business enabler, ZA Tech's success highly depends on the market and clients' acceptance of its solutions.

4.3.3 Allianz X: Strategic investments in digital platform ecosystems

Allianz X, the digital investments arm of Allianz, proactively invests in digital frontrunners in ecosystems which are relevant to insurance and asset management, providing an interface between Allianz companies and the broader digital ecosystem. The extensive partnerships demonstrate that insurance is an attractive and reliable business partner to various players across industries, regions, customer segments and distribution channels.

The case of Allianz and SimpleSurance illustrates how an incumbent insurer can efficiently adopt a digital platform ecosystem strategy through strategic investments. Through its technology, SimpleSurance bridges the gap between the insurance provider and digital ecosystems. Allianz provides insurance products at the backend, which can be easily matched with front-end ecosystems (including mobility, e-commerce, travel, fintech and banking) through an API and a service portal of SimpleSurance. End customers of the ecosystems therefore enjoy a customer-centric embedded insurance experience.

Allianz X invested in SimpleSurance in 2016, embedding Allianz insurance and assistance services into the digital customer journey via SimpleSurance's technology. The collaboration was successful, leading Allianz X to fully acquire the company in 2022 and integrate it into its business unit, Allianz Partners, to further expand its capabilities.

²⁹ See: <https://www.simplesurance.com/>

Benefits

For customers

Customers have a more convenient experience as insurance services are integrated into their purchasing journey in a user-friendly way, eliminating the need for separate transactions.

For the insurer

The offerings co-developed with Simpleurance not only enrich Allianz's portfolio but also bolster its service capabilities through digital distribution channels, seamlessly embedding insurance solutions into the customer journey. Simpleurance's digital platform approach enables access to emerging market segments, contributes digital expertise and increases speed to market. It provides Allianz with the agility and innovative capabilities needed in today's rapidly evolving digital landscape.

During the original partnership phase, Simpleurance gained crucial access to insurance expertise and Allianz's extensive network for scaling up. Allianz's resources helped Simpleurance to swiftly build a substantial customer base, establish first-mover advantages and secure cash flows. Since Allianz's acquisition of Simpleurance, the described benefits are fully internalised.

For the digital platform

The platform benefits from an enhanced value proposition by offering integrated insurance services. Leveraging technologies and industry experience, Simpleurance could help platforms swiftly integrate suitable insurance solutions, offering the necessary digital infrastructure and optimising online insurance processes and interfaces at low cost.

In navigating emerging fields, insurance incumbents face strategic decisions: internal development versus partnerships versus acquisitions. The Allianz and Simpleurance case exemplifies the benefits of initially investing in, partnering with and then subsequently acquiring promising companies. Early-stage collaboration enables incumbents to nurture growth and strategically guide start-ups. Acquisitions can prove advantageous for efficiently entering fast-growing markets while ensuring resource synergies and control.

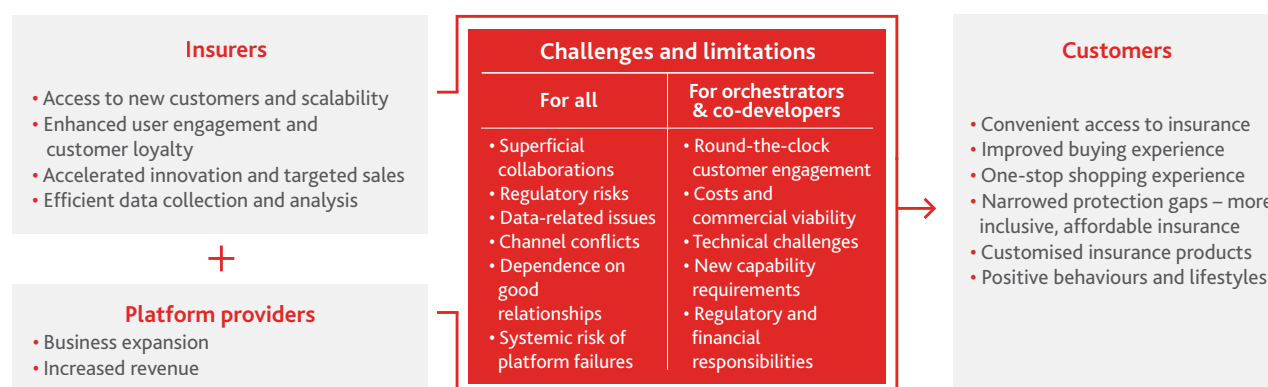
Challenges and limitations

One issue with such partnerships is data ownership and data access rights. As they are separate legal entities, Simpleurance faced limitations around sharing customer data with Allianz and Allianz X. The insurer may also face limitations in product innovation and risk management without a well-designed data-sharing mechanism.

4.4 Summary

Figure 18 summarises the findings from the six cases.

FIGURE 18: BENEFITS AND CHALLENGES OF INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association

4.4.1 Benefits

A successful insurance platform ecosystem requires a balanced value-sharing model between customers, insurers, platform providers and any other stakeholders.

For customers

Convenient access to insurance and an improved buying experience. Customers increasingly expect fast and convenient access to the right type of insurance solutions, as well as quality services via digital channels such as mobile

apps. Platform ecosystems are well positioned to meet this demand. Comparisons become easy, either within or across platform ecosystems, and customers benefit from improved availability and cost-efficiency of advice via digital channels.

Platform ecosystems help insurers meet customer demand for fast and convenient access to insurance solutions via digital channels.

Box 3: Open insurance

Open insurance is typically defined as accessing and sharing insurance-related data among stakeholders involved in the insurance process via software or applications. Digital platforms can be considered an advanced, sophisticated version of open insurance. The concept of open insurance offers insights for platforms on data expansion, ownership and security.

Data expansion. Digitalisation and platformisation have vastly increased data availability, accessibility and usage, both quantitatively and qualitatively. This includes personal and non-personal data collected through new data sources such as IoTs, big tech and other third parties, which enables insurers and their platform partners to make products and services more targeted and personalised.

Data ownership. In a sophisticated open insurance system like a platform, data exchange potentially happens amongst all participants. As platforms expand their functionalities and services, the number of participants is likely to increase over time. This makes managing data ownership boundaries complex and acquiring the consent of reasonably informed users can be challenging. From a regulatory perspective, a cross-sectoral ecosystem presents a new challenge. Currently, different data regulations apply to big tech firms and the financial services industry, including insurance. Some consumer data cannot be used for insurance sales and underwriting and some financial data cannot be used for targeted sales of other products and services.

Data security. Sharing data with multiple parties within a platform ecosystem also makes all involved more vulnerable to data leakage and cyberattacks. Thus, an open data strategy should carefully balance innovation and data security, particularly considering that not all accessible data is immediately usable for business improvement.

Contributed by Tomoko Hayakawa, Senior Industry Researcher, Meiji Yasuda Europe

One-stop shopping experience. Digital platforms take the concept of one-stop shopping to unprecedented levels, reducing customer search costs and maximising synergies between multiple products and services across industry sectors.

Narrowed protection gaps and more inclusive and affordable insurance. In emerging markets in particular, digital platforms offer an alternative way to access insurance. Platforms enable insurers to reach low-income groups that traditional distribution channels find challenging to access.

"Platform ecosystems in emerging markets are opening options for underbanked, underinsured and uninsured consumers."

Camila Serna, Chubb

Customised insurance products. Platforms empower insurance companies to offer personalised products based on data collected from customer interactions within the platform ecosystem.

Better behaviours and lifestyles. By leveraging the data collected from platform ecosystems, insurance companies can launch products that encourage better behaviours, such as safer driving and healthier lifestyles.

For insurers

Access to new customers and scalability. Insurers within platform ecosystems can tap into a broader, easier-to-reach customer base, enabling quick scale-up of business.

Enhanced user engagement and customer loyalty. Multiple services within an ecosystem foster seamless customer transitions between different services, increase customer engagement and thus enhance user retention and loyalty.

Accelerated innovation and targeted sales. The abundance of data within platform ecosystems allows insurers to develop and refine insurance products more quickly and thus better meet customer needs. Insurance platform ecosystems facilitate personalised, targeted sales, empowered by the data collected within the ecosystem.

Efficient data collection and analysis. The integration of insurance within platform ecosystems enables convenient data collection, sharing and analysis across different sectors. Open insurance (see Box 3) offers a framework for sharing data among participants of digital platform ecosystems while addressing data ownership and data security concerns.

"One of the key advantages of insurance platform ecosystems is to share, consolidate and utilise the big data from all participants and all sources within the ecosystem. This is, however, difficult to realise, as it requires strategic commitment, a sharing culture and investment to develop data analytics capabilities."

SONG Bill, ZA Tech

For platform providers

Business expansion. Collaborating with insurers allows platform providers to expand their business swiftly and economically, even without prior insurance business experience. Insurance ecosystems enable platform providers to diversify and optimise their offerings, solidifying their presence in the competitive landscape.

Increased revenue. Platform providers earn commission on insurance products that are integrated into their platform. This revenue-sharing model incentivises the inclusion of insurance products on the platform and fosters a mutually beneficial dynamic between insurers and platform providers.

Insurance propositions can also provide additional benefits linked to the core products/services of a platform. For example, return shipping insurance offered by an e-commerce platform can lead to higher basket size; flight delay insurance offered by an airline or an online travel agency can address important pain points of travellers; and motor insurance provided to an auto manufacturer can help steer claims to its own after-service network to increase revenue.

4.4.2 Challenges and limitations

Insurers and platform providers also face challenges and limitations concerning insurance platform ecosystems (Figure 18). Some of these challenges and limitations apply to all business models (i.e. orchestrator, co-developer and partner), while others are unique to the orchestrator and co-developer models.

Challenges for all insurers

Superficial collaborations. Many platform ecosystem collaborations simply involve placing insurance products on digital platforms, with insurance becoming just another product on the digital shelf. In such cases, insurance companies usually do not create much value for platform providers and their customers, and therefore achieve limited benefits.

Regulatory risks. Regulation for insurance may impact licencing, product approvals, pricing and commission schemes. This limits the agility of insurance platform ecosystems. Adapting to evolving regulations may require significant investment in compliance. Staying abreast of and meeting new regulatory requirements across different jurisdictions can be challenging.

Data-related issues. The substantial generation of data may introduce regulatory challenges related to data privacy, data ownership and cross-border data transfer. Cybersecurity and data breach risks are also expected to increase as more parties and IT systems are involved. This issue around data control poses a competitive threat in collaborations with insurtechs. To enable mutual access to valuable data and foster multi-stakeholder collaboration, stakeholders could consider applying new technologies like privacy computing and blockchain, allowing insurers to make use of data anonymously and without physical transfer.

The use of digital platforms comes with increased regulatory challenges and cyber risks for insurers.

Channel conflicts. Engaging with a platform ecosystem may raise significant concerns from existing distribution channels and partners. Carefully managing the trade-offs between new and existing channels is essential.

Dependence on good relationships. Smooth and efficient collaboration between parties is critical to the success of an insurance platform ecosystem. Digital platforms may care more about customer acquisition and active user metrics, while insurers traditionally focus more on premium growth and profit margins. Employees of different parties may also have very different backgrounds. Miscommunication and misalignment of goals among collaborating parties may lead to partnership failures.

Box 4: Platform ecosystems and cyber risks

Greater IT connectivity within and across ecosystems increases the routes for malicious attackers to evade a company's defences and infect its network, bringing new data privacy and security challenges. A firm's data and files can be compromised via the hacking of a third-party supplier with legitimate access to multiple customers' systems. Moreover, by compromising a common supplier, the attacker can impact many companies at once or infiltrate other, often larger, organisations (so-called 'backdoor' attacks) potentially causing even more serious disruption. Arguably, the use of APIs that allow software applications and systems to communicate with each other have further amplified firms' vulnerabilities.

To strengthen the cybersecurity of insurance platform ecosystems, it is important that firms thoroughly vet and continuously monitor vendors and partners for their cybersecurity posture and compliance with industry standards. Diversifying suppliers and logistics partners across different geographical locations can also boost ecosystems' cyber resilience. Similarly, building greater redundancy into their systems and processes may help companies continue to function and ultimately recover if hit by a shock or disturbance in their digital platform ecosystem.

Systemic risk of platform failure. Insurance platform ecosystems often involve multiple interconnected entities. If a key player within the ecosystem experiences a failure or disruption, it can have a cascading effect on the entire system. The complexity of the interconnected ecosystem increases the likelihood of operational failures, which can disrupt insurance processes and damage customer trust. Box 4 discusses how cyber risk might interrupt an insurance platform ecosystem as well as corresponding responses.

Challenges for insurers as orchestrators and co-developers

Customer access and engagement. Customers must engage with the digital platform for it to be successful. The incentives must go beyond insurance and include value-added services sourced from other industries. Examples of such services could include checking driving style, steps walked in a day or a saving/investment service. It is of crucial importance for insurers pursuing the orchestrator or co-developer model to continuously create enough touchpoints for customers.

Costs and commercial viability. Becoming an orchestrator or a co-developer requires significant initial investment, which may put financial pressure on insurers, particularly smaller ones. Maintenance and upgrading of the ecosystem entail additional costs. Achieving a return on investment may therefore be a lengthy process. Box 5 illuminates several strategic considerations to address this challenge.

Technical challenges. Digital platforms are not easy to integrate for supply-side partners through simple APIs. Self-developed or co-developed platform ecosystems must be user-friendly for customers and compatible with existing legacy IT systems of incumbent insurers.

New capability requirements. The orchestrator and co-developer models demand new capabilities, including effective partner management, third-party risk management and cross-organisational data management.³⁰

"It is challenging for in-house developed ecosystems to keep up with customer/user expectations, which could question the significant investments that have to be made."

Noriyoshi Hosokawa, Dai-ichi Life

Regulatory and financial responsibilities. Orchestrators and co-developers are expected to ensure regulatory compliance of third-party partners, from entry into the ecosystem to conduct standards, dispute resolution and service quality. In certain markets, orchestrators and co-developers may also be expected to provide guarantees for partners within the ecosystem in case of their failure to deliver on promises. For example, in case of cyber incidents, the orchestrator or co-developer may be expected to hold liability for its partners operating within the platform ecosystem.

Box 5: Making insurance platform ecosystems commercially viable

Different strategies can ensure the economic viability and profitability of insurance platform ecosystems.

1) Enhance customer loyalty and access new customer segments. Partnerships with platform providers integrate insurance seamlessly into user experiences, enhancing accessibility. Cross-selling and upselling opportunities within platforms enable insurers to offer additional products or coverage enhancements based on user activity. A clear strategy and governance around client ownership and data access is essential.

2) Develop additional revenue streams through innovative solutions. Data utilisation allows insurers to better understand customer needs and behaviours, which enables customised insurance products and pricing. On-demand coverage for specific activities accessed through platforms can be offered based on rich data.

Transitioning from an industry-centric to an ecosystem-driven perspective requires a substantial shift for insurers. Embracing an ecosystem perspective necessitates a re-evaluation of the conventional business model and partnerships both within and outside the insurance industry. However, insurers must be clear in terms of customer ownership, value proposition and expected return on investment.

Contributed by Bernhard Schneider, Partner Insurance Consulting, and Juliane Welz, Senior Manager, Insurance Transformation, PwC Switzerland

5

Conclusions and recommendations

Conclusions and recommendations

All insurers are encouraged to embrace digital platform ecosystems. Large insurers should (co-)develop proprietary insurance platform ecosystems. Partnering with existing platforms is a suitable approach for most other companies.

This report defines the scope of insurance platform ecosystems, investigates six representative cases and offers insights into this space based on the results of a survey of 21 Geneva Association member companies.

We can now formulate some recommendations in response to the three questions raised in the introduction:

1. Should incumbent insurers actively pursue digital platform ecosystem opportunities? If yes, how?
2. What are the merits of the different strategic approaches incumbent insurers can take?
3. How should incumbent insurers collaborate with third-party digital platform ecosystems?

Given the increasing value that digital platform ecosystems offer customers and insurers, insurers are encouraged to pursue opportunities in this space.

With regards to the type of business model, each approach requires strategic considerations and careful benefit-cost analyses. The orchestrator and co-developer models involve high investments and are expected to have high returns. Insurers largely maintain control of the customer base and their brands. In addition, no adaptation to a third-party ecosystem specific service standard is required. These models are best suited for early movers and/or large insurers.

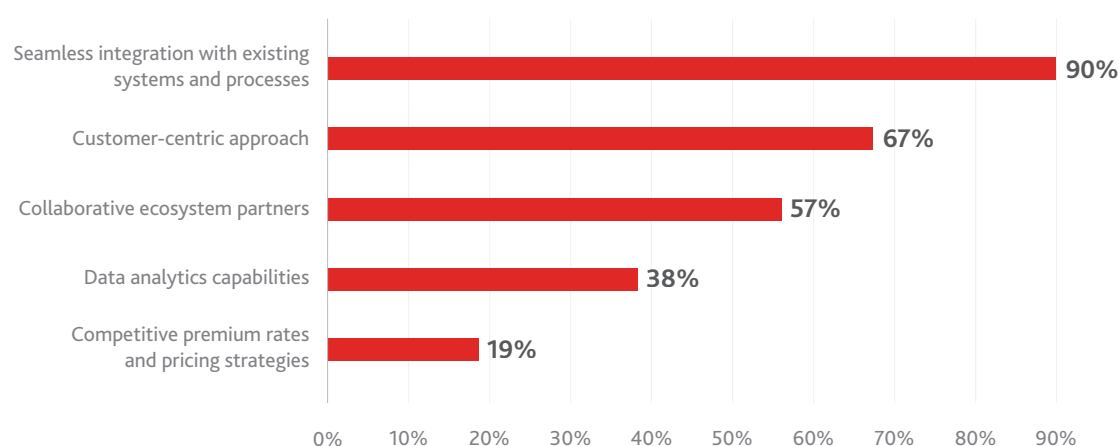
The partner model is a small-investment, quick-return option, which gives insurers more strategic flexibility and allows them to reach new customers and test new market segments. It is suitable for most incumbent insurers.

Simultaneously (co-)developing proprietary ecosystems and participating in third-party platform ecosystems may also make sense and can help insurers to identify the most promising option.

5.1 For all insurers involved with digital platform ecosystems

Insurers engaging with platform ecosystems should focus on seamless integration with existing systems and processes, a customer-centric approach and the collaborative credentials of ecosystem partners (Figure 19).

FIGURE 19: KEY SUCCESS FACTORS FOR INSURANCE PLATFORM ECOSYSTEMS



Source: The Geneva Association³¹

Many digital platform ecosystems are built on insurers' existing IT systems, data infrastructure and business practices. Making different IT systems technically compatible, however, can be challenging. Insurers also sometimes lack know-how and competencies in this area. In this context, younger companies have a competitive advantage over older ones as they have fewer legacy systems. Implementing a completely new system may be a practical approach for companies struggling with integration problems. Using modern middleware and establishing separate organisational structures are ways to achieve this.³²

Successful players in insurance platform ecosystems exhibit a strong, long-term strategic commitment to investing, as this allows them to overcome the challenges posed by legacy systems. Cultivating a culture of digital transformation within the organisation is crucial, but this is not easy and requires lasting, continuous efforts.

A customer-centric and relationship-driven mindset are critical to the success of insurance platform ecosystems. Successful players view platform ecosystems as a key cornerstone of customer relationship building. Embedding insurance into the services within platform ecosystems and tailoring insurance workflows based on the unique characteristics of different platforms are key to designing customer-centric experiences.

A customer-centric and relationship-driven mindset is critical to the success of insurance platform ecosystems.

Formulating the right approach to collaboration is also critical to success. Given the different goals of insurers, digital platforms and technology companies, effective negotiation and leveraging of each party's comparative advantages are essential.

In addition, insurers are recommended to:

- **Effectively collect and analyse data.** Insurance companies can maximise the benefits from platform ecosystems by fully utilising the rich data they provide, designing more suitable products and enhancing pricing models.
- **Offer products and services beyond insurance.** Insurance itself is unlikely to generate sufficient interactions with potential customers. Successful platforms therefore offer specific benefits or value to customers to hook them, e.g. by linking insurance to other services such as medical or risk prevention services.
- **Respond swiftly to customer needs.** The ability to swiftly adjust offerings in response to evolving customer demands is critical. The cycle of product innovation becomes much shorter in a platform ecosystem environment, with tailored products expected to be provided to customers in days and new products delivered in weeks rather than years.

5.2 For insurers as orchestrators and co-developers

Not every insurer is able to successfully orchestrate or co-develop an insurance platform ecosystem. These options best suit early movers and/or large insurers, who can absorb the costs and challenges that come with developing a proprietary ecosystem. The following recommendations are aimed at companies that decide to pursue these approaches.

31 Note that these points are the current opinions of survey participants, which may change over time. Other new success factors may also emerge.
32 Staeritz and Torrance 2020; Torrance 2024.

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- **Attract sufficient customers.** Prerequisites for this are a high-profile brand, high-quality products and services, and delivering a superior customer experience. Business size will be essential to achieve the economies of scale and scope needed to absorb the high cost of (co-)developing a proprietary ecosystem.
 - **Develop a forward-looking business blueprint and strategy.** Most orchestrators and co-developers have been building their digital platform ecosystem for a long time. Long-term strategic commitment is critical to (co-)developing a successful proprietary platform ecosystem.
 - **Become a multi-services provider.** High value-added services should be offered to customers in addition to insurance, e.g. health, banking or automotive services. The costs of these services are often borne or shared by the orchestrator or co-developer. Such services create an access portal to potential insurance customers, improve the customer experience and increase revenue.

5.3 For insurers as partners

For most incumbent insurers, partnering with a digital platform provider is the default option. Access to platform ecosystems can be achieved through insurtech applications, a strategic investment in or acquisition of a platform company, and/or the supply of insurance products and services to a non-insurance platform provider. To make such partnerships a success, insurers should consider the following.

- **Efficient data and information sharing.** Data interconnection among relevant players within the platform ecosystem can save customers from repeatedly providing information and improve operational efficiency.
- **Broad presence of the platform.** Across various sectors, especially e-commerce, insurers should partner with a platform serving a diverse customer base. The integration capabilities of such platforms can be a pivotal resource for smaller insurers' expansion. As such, joining an established platform ecosystem is a no-regret strategic move.

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