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connected insurance

Digital ecosystems in insurance

Explore how digital ecosystems are disrupting the insurance industry and how companies can become a part of it to compete in a saturated market.

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Insurance consumers are evolving, prompting new challenges for the industry.

Recent events have seen demand for some insurance products skyrocket and insurers need to adapt. Yet, despite surging interest, previous obstacles still remain: consumers

A traditional intermediated, or even direct-to-consumer business model can't always meet today's customer expectations. Hence, insurers are turning to digital ecosystems to improve customer experiences while maximising efficiency and distribution.

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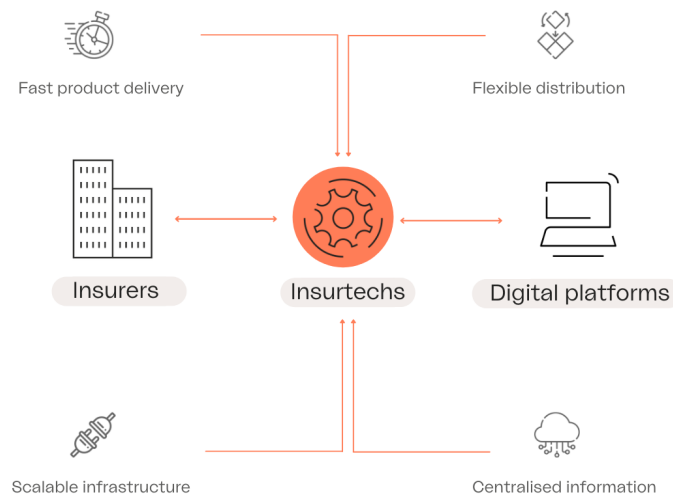
Ecosystems enable companies to bring together complementary business offerings and leverage new technologies to better anticipate and satisfy consumers' needs, leading to seamless user experiences and new revenue streams beyond their core products. However, this definition only scratches the surface of what's possible.

Let's explore more advantages of digital insurance ecosystems.

Breaking down the insurance ecosystem

Insurance ecosystems are networks of partners collaborating to enable the distribution of insurance policies and associated services that closely match customers' needs via engaging, digital-first experiences. Thus, an insurance company can expand its products and services beyond its signature offerings.

An ecosystems approach to insurance



Participating companies are known as the ecosystem's players. As insurers incorporate more digital solutions such as IoT-powered smart devices and API-connected data services, ecosystems are expanding across industries to include fintech, property technology, accounting software platforms and much more.

Ecosystems aren't linear by nature. Rather than waiting for top-down direction, ecosystem players can respond quickly to changes in customer needs while collaborating with the network to deliver quality insurance solutions. Yet, solutions must generate mutual value to ensure participation in the ecosystem.

Ecosystems vs traditional business models

quickly to change, which proves challenging in a competitive digital landscape. Decentralised (yet collaborative) networks result in more relevant, contextual insurance experiences. Plus, customers have more third-party solutions to draw from in an ecosystem.

While there are decentralised elements, successful ecosystems can be leveraged effectively to gain market leadership. Instead of giving directives top-down, a stakeholder or team strategically orchestrates insurance services through effective partnerships to maximise revenue streams.

Insurance ecosystems in action

Insurers can both participate in the ecosystem and orchestrate, bringing together services from different participants on one platform.

Participants offer insurance as a service or other relevant products. For example, a traditional insurance provider may integrate IoT-powered smart home technology alongside a new home and contents product to provide more security solutions to homeowners. This collaboration increases revenue for both players while attracting new customer segments for the insurer, like security-conscious consumers and smart tech enthusiasts.



A successful partner strategy is key to bringing together these complementary services that enable ecosystems to add value for customers. Suppose a business services company wants to expand to offer insurance alongside its core services. They partner with Kanopi to co-create an insurance ecosystem, leveraging embedded technology to offer the right protection and immediate underwriting from a reliable network of insurance partners. Likewise, an insurer wanting to expand their distribution network would engage Kanopi to transform their technology capabilities and offer insurance via its digital business partners.

Once the ecosystem is established, tailored insurance products can be delivered through digital platforms that customers already interact with. By bringing multiple services together, orchestrators could also bundle multiple third-party insurance products or complementary services under one plan.

Since ecosystems comprise multiple entities, orchestrators need digital platforms to connect all players in the insurance ecosystem. Hence, the other role of the orchestrator is to manage the digital ecosystem platform.

Expert orchestration is also needed to manage multiple ecosystems, a hallmark of disruptive ecosystem masters. Currently, the world's leading ecosystems are all digital brands like Facebook and Apple. Yet, the insurance industry has a real chance to catch up.



Simply put, disruption is a new or unconventional model, process, or tool that eventually replaces legacy systems. The insurance industry has a history of being reticent to change, giving tech-savvy startups and forward-thinking incumbents an opportunity to jump ahead of the competition through ecosystems.

The data is also clear. By 2025, digital ecosystems are expected to generate 30% of all global revenue. Embedded insurance alone is estimated to present a \$3 trillion market opportunity for insurers and their ecosystem partners.

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How to shift to an ecosystem model

Rapid digitisation is reducing the need for insurance intermediaries and brokers, increasing the trend of disintermediation.

Customer-centric ecosystems require a necessary reassessment of business processes, enabling insurers to think beyond their traditional roles as risk aggregates. Insurers must shift from managing passive customer relationships to fostering valuable consumer experiences through digital strategies.

Next, stakeholders must work together to identify ecosystem opportunities.

Growing companies need partners with robust networks, customer reach, and valuable data resources. Look for partners that can diversify the ecosystem with more complementary product offerings. Of course, ecosystem partners with disruptive technologies and valuable skills are also essential. Since partnerships are fundamental to an ecosystem strategy, insurance executives must support commercial agreements that incentivise their partner network.

Once partners are selected, orchestrators work with internal developers or platform-as-a-service providers like Kanopi to streamline third-party product integration and set up an ecosystem that can deliver seamless custom experiences.

Maintaining a successful digital ecosystem for insurance

The best digital insurance ecosystems respond quickly to evolving expectations with the latest, technology-enabled insurance solutions. However, a few core business principles remain unchanged.

Successful insurance ecosystems put people first.

Ecosystem players are more than partners; they're creative problem solvers. Stakeholders are purpose driven, going beyond the limits of legacy technology to optimise customer journeys.

Players need a collaborative culture to support such an ecosystem. Outcomes drive collaborative cultures; thus, all players must align on purpose, process, and product development principles.

Going back to the concept of mutual value, stakeholders must also assess and measure the ecosystem's customer and stakeholder value. All must benefit for the ecosystem to



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