EBOOK

The Evolution of Embedded Insurance for Growth

Your customers expect insurance to find them, not the other way around. Embedded insurance makes that possible. And the insurers moving fastest are building it into the platforms where their customers live.

While the concept isn't new, the rise of digital platforms and new technologies that leverage open APIs and low-code/no-code tools have transformed how embedded insurance is implemented.

Today, it's about offering insurance products online into everyday transactions creating opportunities for growth and broader market reach.

What is Embedded Insurance?

Embedded insurance refers to integrating insurance offerings into platforms where customers are already engaging, such as retail or service platforms. For example, travel insurance embedded within flight booking systems or extended warranties added during an electronics purchase.

By embedding insurance into non-insurance platforms, you can provide relevant, timely, and convenient coverage options at the point of need.

Consumer Benefits

Consumers increasingly expect convenient, digital-first solutions. Embedded insurance meets this expectation by offering tailored insurance products at the right moment. Imagine purchasing travel insurance automatically while booking a flight or receiving an automated claim payment if your flight is delayed.

Benefits include:

- Relevant and friction-free coverage
- Real-time risk assessment through AI
- Streamlined claims process reduces customer effort
- Highly personalised products offered directly in context
- Enhanced customer engagement and loyalty

sapiens

Insurer Benefits

Expanding Reach Through Partnerships

Embedded insurance opens up new distribution channels, enabling the integration of insurance products into everyday purchases and experiences. By partnering with non-insurance businesses, you can:

1
Reach new, beyond traditional channels

2
Improve customer conversion with minimal friction

3
Build long-term relationships that lead to cross-selling opportunities

With embedded insurance, you can be where the customers are, leading to more relevant offers and higher conversion rates.

A Growing Market

By 2030, embedded property and casualty (P&C) insurance is projected to account for $700 billion in global premiums which are about 25% of the market. Although we are not yet at that level, as of 2024, embedded insurance makes up around 15-20% of global P&C insurance sales. This growth may be slower than forecasted, but it shows that insurers are embracing this model as a critical part of their strategy for future growth.

More than one-third of global insurers now consider embedded insurance a key strategic focus.

sapiens

Key Challenges for Growth

Remaining Competitive in a Tight Market

There are a number of challenges in today's market to profitably grow. In the P&C space particularly - despite the growth of gross written premiums, profits are down by over 11%. Globally, all industries are contending with inflation and pressure on already tight margins.

While the potential is enormous, several challenges still exist in scaling embedded insurance:

Rising costs

Inflation, particularly in the P&C space, is putting pressure on profitability.

High consumer expectations

Digital-first customers demand fast, efficient buying experiences.

Legacy systems

Many insurers still struggle with outdated systems that make integration and agility difficult.

To succeed, you need to leverage your existing data, partner with digital platforms, and ensure your systems can adapt to market shifts. That's where we can help.

Harnessing the Power of Data-Driven Insights

By analysing trends and customer behaviour, you can:

- Improve risk assessment
- Personalise products, offerings and interactions
- Increase customer satisfaction and loyalty
- Boost operational efficiency through automation

The winners will be those who embrace data and leverage it to innovate and stay ahead of market changes. In embedded insurance, data plays a crucial role in delivering hyper-personalised policies embedded into other transactions, allowing you to offer the right coverage at the right time, based on real-time customer data.

Your Next Steps

Make Embedded Insurance a Reality

Real-time data

Data is the lifeblood of person-alised, embedded insurance. Use Sapiens' real-time analytics to assess risk and offer niche products.

Agility is key

Develop agility to rapidly launch new products and adapt to changing customer needs with no-code/low-code solutions.

Create an integrated environment

Integrating various platforms and leveraging API-driven digital systems will allow for smooth partnerships and customer experiences.

Embedded insurance is more than just a strategy - it is a way for you to evolve with the demands of a modern, digital-first world.

sapiens

Future-Proof Your Business with Sapiens

At Sapiens, we understand the importance of embedded insurance in today's competitive market. Our solutions are designed to help you integrate seamlessly with third-party platforms, offer personalised products, and tap into new market segments. Whether you're looking to modernise your existing infrastructure or explore new distribution channels, we're here to help you achieve long-term growth.

Contact Sapiens today to discover how to navigate your embedded insurance journey.

Contact us

About Sapiens
Sapiens International Corporation N.V. is a global leader of AI-centric, SaaS-based insurance software, delivering hyper-relevant experiences that are efficient, compliant, and innovative. With agile intelligence, Sapiens' solutions turn real-time data and human insight into precise action at every moment, across every risk. The Sapiens platform includes agentic workflows accelerating every capability across policy, underwriting, claims, reinsurance, decisioning, and finance and compliance. With more than 600 insurers in over 30 countries running on Sapiens, our deep industry expertise is the foundation of our long-term relationships, from initial implementation through to modernization and market transformation. Sapiens is headquartered in London, serving customers in property and casualty, life, reinsurance, specialty, and workers' compensation from offices across North America, Europe, the Middle East, and Asia Pacific. For more information visit sapiens.com or follow us on LinkedIn.

sapiens