



BRIDGING THE INSURANCE GAP WITH TECHNOLOGY

The term **protection gap** is a common term in the insurance industry. A key reason for this is that it's a byword for unexploited value. To illustrate how wide this gap actually is, we can look at a study from SwissRe, which has estimated that the global insurance protection gap reached new heights of around \$1.4 trillion in 2020.

**The protection gap: what is it,
and why should I learn about it?**

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**Close the protection gap to
help solve complexity**

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Access unexploited value

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**Tech helps insurers hit the
emotional “sweet spot”**

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Another landmark study by the same insurer shows that \$11 trillion is needed to support senior citizens in the developed world and China, adding that insurance has only a 5 percent share of this aging wallet.

This theme is also echoed by the international thinktank The Geneva Association, which revealed sizable protection gaps across **four** key areas:



▣ **Natural Catastrophes**



▣ **Cyber**



▣ **Healthcare**



▣ **Pensions**





Meanwhile, insurance giant Aon observed that although more than 400 natural catastrophe events happened in 2019, which together generated losses of \$232 billion, only \$71 billion was insured.

The data clearly spells out that people, businesses and countries are underinsured and not properly protected, but what's stopping the industry from addressing the needs of an underserved market? It's certainly not a lack of motivation. For many businesses, the answer can be found in a different but related gap: the **protection gap**.

Chapter 1

THE PROTECHTION GAP: WHAT IS IT, AND WHY SHOULD I LEARN ABOUT IT?

The protection gap refers to the technology shortfalls that can often exist in an insurance provider's legacy systems and customer interfaces.

These have been brought into even sharper focus by the Covid-19 pandemic, and addressing them could be the key to unlocking latent value and new potential within your business.

Deloitte's 2021 Insurance Outlook found

79% of respondents believe the pandemic uncovered shortcomings in their company's digital capabilities and transformation plans.

That rose to **87%** among respondents with operations responsibilities, who were the most directly impacted.¹

Making tactical or long-term changes to your digital capability can be transformative.

Depending on your position and role in the market, crucial changes can streamline the processing of claims, facilitating collaboration with partners and suppliers, while making your products more widely available, empowering customers to self-serve and manage their policies.

But that's just the beginning. In this article, we explore why closing the **protection** gap is so powerful, and how some parts of the insurance industry can overcome a historic reluctance around digital transformation.



Chapter 2

CLOSE THE PROTECTION GAP TO HELP SOLVE COMPLEXITY

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Digital technology has transformed the insurance sector from a relatively solid, predictable entity into something far more fluid and mobile.

In particular, new Fintech and Insurtech players are disrupting how and where insurance products can be sold, including “Direct-to-Consumer” (D2C).

As PWC recently observed,

“Solutions need to be unique, because there are no standard customers anymore. Instead, we see a constantly changing flow of independent brokers, large brokers, benefit consulting firms, InsurTech companies and direct-to-consumer companies serving those customers in the new insurance ecosystem”.²



This additional market complexity has left some businesses struggling to adapt. Those who might traditionally have operated deep within the market infrastructure, are striving to move up the value chain to be closer to consumers – either directly or through new strategic partnerships. Increasingly, MGAs, neo-insurers and other specialist players are competing horizontally with more vertically aligned incumbents for niche pockets of revenue.

Your openness to tech adoption could make all the difference in enabling you to master this complexity and increase your agility, allowing you to seize opportunities as they emerge.

As PWC also noted:

“To create value, carriers must deliver solutions that clearly articulate value with client needs”.³

Better still, with the right tech partner, **your route to a more client-centric, value-added operating model** could be shorter and faster than you think.

Chapter 3

ACCESS UNEXPLOITED VALUE

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As mentioned previously, the size of the protection gap is alarming. But as every insurance broker will attest, the *need* for insurance doesn't automatically equate to demand. People might *need* insurance, but they don't *want* it.

In a relatively low-margin industry like insurance, any solution that increases the emotional resonance of the product, while also making it easier to source, buy and personalise, has the chance to be a game-changer. Digital technology is already helping some of today's insurance players achieve this, although few are yet to harness anything close to its full potential.

WHEN YOU ELIMINATE YOUR PROTECTION GAP, COMPLEXITY WORKS TO YOUR ADVANTAGE

The increased complexity of the insurance landscape certainly does present challenges.

But because that complexity is in constant flux, new revenue opportunities are constantly opening up. The big question is: can your business move quickly enough to access them before they close again – there's only a short window before they're filled by an agile competitor.

Those nimble disruptors currently reshaping the sector have a number of features that can be emulated:

- ▣ **Smart proprietary tech**
- ▣ **A willingness to collaborate with partners**
- ▣ **An eye for new, affinity-based roles to market**

Chapter 4

TECH HELPS INSURERS HIT THE EMOTIONAL “SWEET SPOT”

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The rapid growth of **embedded insurance** is a case in point. This \$3 trillion-dollar⁴ mega-niche market is gaining momentum thanks to digital technology, which allows big retailers and service aggregators to commission and launch innovative products at speed from a roster of specialist players.

But the source of its power is purely emotional. By tying a tailored insurance proposition to a specific purchase, service or need, often with the endorsement of a major retail, travel or lifestyle brand, the humble insurance policy gains something priceless: positive emotional attachment and material tangibility. Fear of future loss is transformed into gratification in the here-and-now.



SOLVE COMPLEXITY BY MASTERING DATA

The theme of embedded insurance brings us, arguably, to the biggest driver of innovation and success: the availability and effective use of data. Here, the advantage rests with major retailers, social platforms and commercial ecosystems like *Amazon* and *Alibaba*. Customer data is their most valuable asset – a powerful basis for developing and tailoring new insurance products, working with trusted industry suppliers all eager for a smooth route to market.



Here a chasm emerges between, on one hand, the tech-enabled embedders, neo-insurers and specialist MGAs, and on the other, more traditional primary insurers who rely on mainstream routes to market like brokers, D2C sales or listings on comparison sites. As anyone who's used these routes to renew their car insurance knows, they can be a blunt instrument, often delivering quotes that far outstrip the previous year's premiums, despite no change in the customer's circumstances.

Multidimensional data sets provide greater context, which is the holy grail of product personalisation. Data acquisition and analysis may be the one thing that all incumbent insurers need to get sharper on, ultimately something technology integration can help you revolutionise.



EVEN DIGITALLY NATIVE INSURERS STRUGGLE

Due to their size and stretched resources, many tech-enabled disrupters face their own challenges. Low brand recognition, high selling costs, regulation and licensing requirements all take their toll. Businesses like these also have to share control and profits with fellow niche players and the larger entities they rely on for business.

In short, whatever your size and position in the wider insurance ecosystem, a holistic reappraisal of your end-to-end digital strategy is likely to pay dividends. Connecting your people, customers, and systems in this will increase your capacity to intercept emerging revenue.

ARE YOU A MOVER IN YOUR MARKET, OR DOES THE MARKET MOVE YOU?

Many insurers have been slow to adapt their way of doing business, especially in the tech arena when answering changes in the market. This is seen within the two-speed insurance industry, those who fail to invest in their business agility are relegated to the slow lane, if not the hard shoulder.

How well does your strategic planning and tech roadmap align with your actual expectations of future market developments driven by consumer expectation? It can all seem prohibitively complex. But the needs of insurance customers are pretty simple at heart, infused with a **“perception that insurance should be easier”⁵**.

At Apadmi, we're geared to meet this exact challenge, as we've been helping and guiding businesses in finance, retail, sport, healthcare and insurance on digital transformation journeys of all types and sizes.

Turn complexity into a potent driver of competitive differentiation.

MOVE MORE FREELY IN YOUR MARKET: **6 WAYS** APADMI CAN HELP

▣ Future-proof your business model



▣ Identify unmet market needs



▣ Engage with new clients, or with existing clients in deeper, more value-added ways



▣ Enhance your digital capability at a speed that works for *you*, with innovative middleware for fast, impactful results early in the process



▣ Make your business more internally and externally connected – whether by coordinating back and front office, improving data sharing with suppliers or tapping into new sources of capital



▣ Exploring options that fit your vision and the realities of the market, allowing you to anticipate emerging zones of value.



UNLOCK LATENT VALUE WITH *TECHNOLOGY THAT MOVES*

At Apadmi, we create groundbreaking digital products that keep our clients and their customers moving forward. Our approach covers everything from strategy to design, development and delivery, supported by deep expertise in systems integration, optimisation and managed services.

From tactical middleware that solves an immediate need to large-scale systems integration that results in a next generation platform that seamlessly links legacy infrastructure, Apadmi harnesses technology to get you to the next stage of your journey.

Apdmi has extensive experience in building secure, compliant and complex solutions.



HOW WE'VE HELPED OUR CLIENTS



Apadmi helped
Argos build the app
for My Argos Card.

Within **6 months**,
it was the retailer's biggest
payment channel, reducing
costs and increasing
customer satisfaction





Blood and Transplant

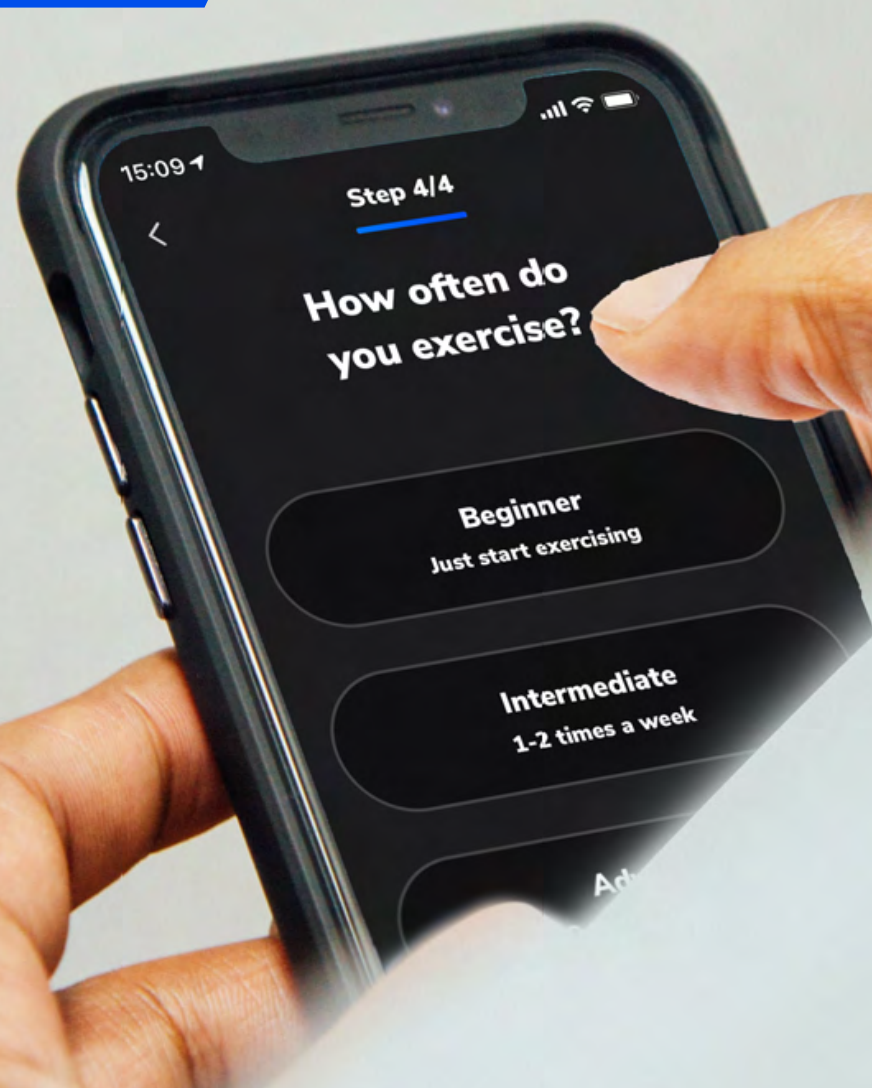
The app we built for NHS Blood and Transplant is estimated to reduce the time nurses spend on paperwork by

70%,

facilitating

over 18,000

form submissions every year whilst collecting, storing and updating data securely across the NHS.

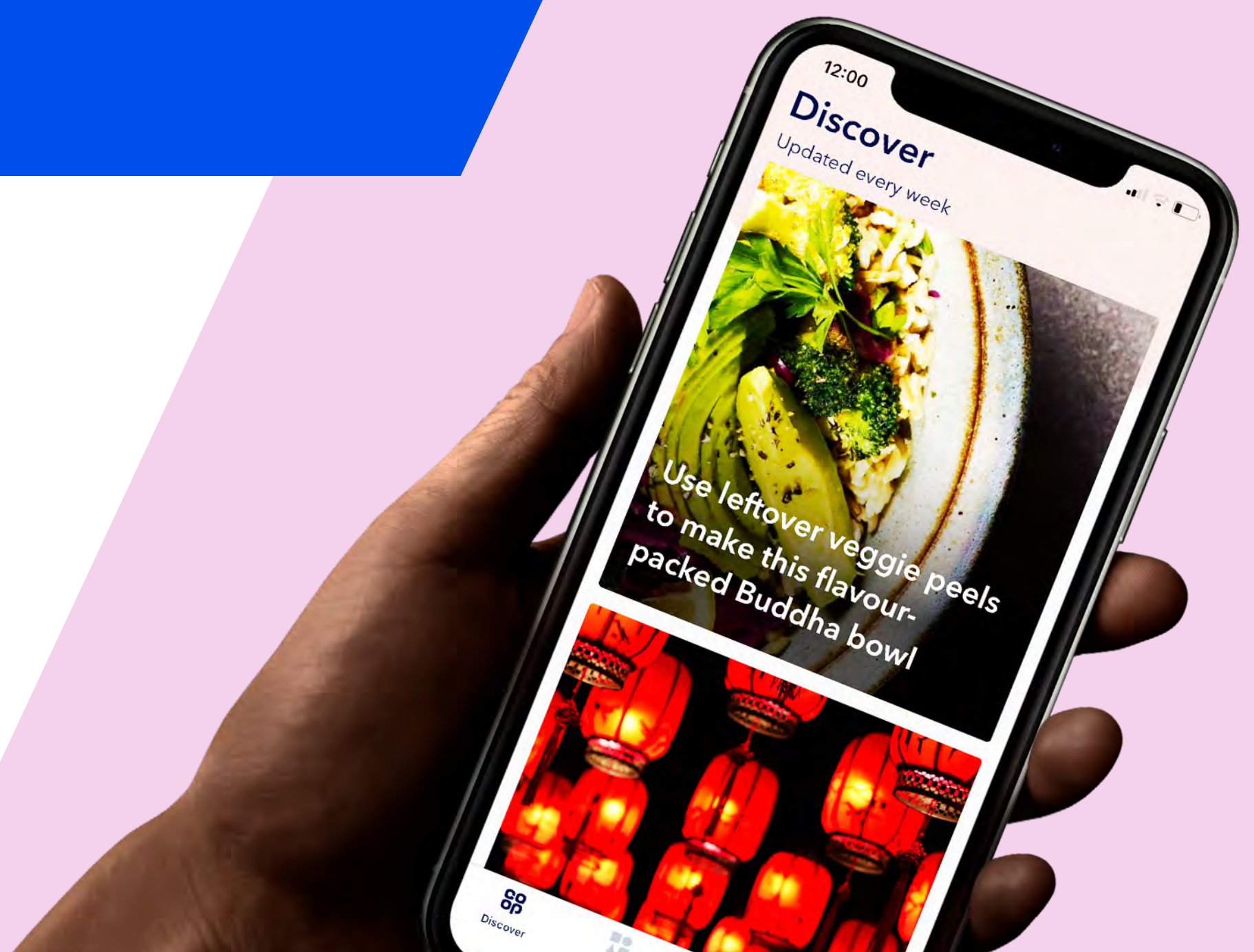




Apadmi performed a complete refresh on the Co-op membership app, and continues to monitor and manage the service.

This helped them go from a 2.8 star rating to a

4.8 star rating



RIGOROUS, END-TO-END SERVICE DESIGN

Our approach involves understanding your business in depth and your deeper vision. We then build a detailed and cost-effective roadmap, marrying creativity and technology to create robust solutions that integrate with your current processes.

READY TO MOVE FORWARD?

No matter where you are in your digital transformation journey, if you're ready to move the insurance market, get in touch for the guidance you need to close the **protection gap**.

[Get in touch](#)

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Endnotes

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