

BROKERS, BIG DATA & EMBEDDED INSURANCE: Changing the game in the mobility marketplace



Introduction

This white paper provides an introduction to embedded insurance in the mobility space. It demonstrates the value that can be added for every stakeholder in the value chain, when embedding insurance as part of a mobility offering.

It takes a deep dive into the numerous benefits of providing an embedded insurance offering – for customers, mobility providers, and insurers. It explores why we're at a critical point in terms of societal trends and technological advancement, which makes this type of insurance offering so valuable, and looks at the future potential market of embedded insurance in the mobility sector.

MEETING CUSTOMERS' NEEDS AT A TIME OF CHANGING ATTITUDES TO MOBILITY AND INSURANCE

In the age of the sharing economy, we're experiencing a major shift in consumer attitudes to vehicle ownership and mobility. Car subscription services, ride sharing platforms and ride hailing solutions are all booming. Organisations are increasingly offering fleet management services. And the Internet of Things (IoT) has led to a world in which connected cars are now the norm.

At the same time, technology has transformed the way insurance is priced, sold and serviced. Using the vast amounts of data from connected cars, insurers can create personalised cover for drivers, dynamically priced according to individual driver data.

In an era where convenience is king, embedded insurance ticks all the boxes for customers, with its 'point of sale' (POS) availability and streamlined, digital end-to-end structure. When you combine this with the increasing willingness of consumers to purchase insurance cover from their favourite retail or other commercial brands¹, the ones they trust and interact with in their everyday lives – you can appreciate the incredible opportunities that insurers and mobility organisations now have to grow their business through the right embedded insurance partnerships.



40M

the number of e-hailing trips booked on the two biggest e-hailing platforms every day

McKinsey & Company



367M

the number of connected vehicles globally by 2027

Juniper Research



\$52.4B

the projected size of the global fleet management market by 2027

ReportLinker

\$3T

market value of embedded insurance in the next decade

Open and Embedded Insurance Observatory

How embedded insurance works in practice in the mobility sector

WHAT IS EMBEDDED INSURANCE?

Embedded insurance takes place when insurers or insurtechs partner with non-insurance brands – to offer insurance products and insurance-powered value propositions to their customer base.

In the mobility space, this means that when you buy or rent a vehicle or ride, insurance cover for your purchase is offered digitally or phytically – or included automatically – at the point of sale or booking. This includes instances where car manufacturers sell vehicles that come with insurance protection embedded into the services provided with the car.

Definition of 'phygital': the combination of physical and digital experiences. In the shopping experience, this could refer to – for example – an in-store customer being offered the opportunity to digitally sign up for instant insurance protection for their purchase.

Embedded insurance is not a brand-new concept in the automotive and mobility sectors, but as mobilitech and insurtech continues to develop, so too does insurance innovation in this space.

From the personal injury protection that comes included when using major ride hailing platforms, to the motor insurance and roadside services that you can opt in to when buying a new car – embedded insurance offerings are setting innovative mobility organisations and insurers apart.

60%
of telematics proponents would accept to bear the risk of an increase in their motor insurance premium based on their driving behaviour

IoT Insurance Observatory & Swiss Re

'...as mobilitech and insurtech continues to develop, so too does insurance innovation in this space.'

A PERFECT FIT FOR THE MOBILITY AND AUTOMOTIVE SECTORS

Customer expectations today have been shaped by sectors such as entertainment and e-commerce. Consumers look for digital-first purchasing experiences that are friction-free, efficient, visually appealing, and offer integrated and fast payments. Insurance purchasing in the automotive and mobility space is no exception – and that's where embedded solutions are a game changer.

As well as offering point-of-sale convenience, embedded insurance capitalises on the wealth of data collected via advanced telematics in connected cars – to create **hyperpersonalised insurance**, roadside assistance offerings and **dynamic pricing**.

Car manufacturers, car dealers, fleet managers and other mobility providers use factory-fitted and/or aftermarket data tracking devices that are fitted into vehicles – to collect driver and vehicle data. By sharing this data with their insurance partners, drivers benefit from innovative and tailored insurance that is based on driving behaviour.



VEHICLE MONITORING & MAINTENANCE

Thanks to the data collected by telematics, drivers can be informed about the status of their vehicle and receive reminders for maintenance and servicing, helping to keep the vehicle in excellent condition and increasing road safety.



DYNAMIC PRICING

In the mobility space, this is where an insurtech broker uses telematics data to offer pricing that is adjusted in real time, based on the client's driving behaviour and risk profile, which encourages clients to improve their driving style and, thus, reduce the insurer's risk.

Harnessing the power of data

In today's vehicles, technology stacks make use of sensors and radar to collect a multitude of data points related to the vehicle and its driver. And this data is allowing insurtech brokers and insurers to bring immense value to the automotive and mobility sector.

Connected cars will hit
2.5 billion
connections in 2030

– Transforma Insights

IoT – The Internet of Things describes physical objects that are fitted with sensors and processors to allow them to connect to other devices and exchange data. In this way, car connectivity gives insurtech brokers and insurers a plethora of data that allows them to detect driver behaviour and assess how the vehicle is being used.

Telematics data – IoT devices, such as telematics sensors, can be installed into any vehicle to allow for data collection. The type of data being collected from vehicles includes things like speed, location, time of day, braking, acceleration, and distance from other vehicles. This data can then be analyzed by the insurtech broker or insurer to gain insights into the driving behaviour of their customers.

The data can, thus, be used to **identify high-risk drivers**, such as those who frequently speed up suddenly without reason or make sudden braking manoeuvres. In turn, this information can be used to adjust the pricing of insurance policies for those drivers, or to offer them incentives to improve their driving habits. Not only does this improve overall road safety, but **the data can be used to develop more accurate and customized insurance products that better meet the needs of different types of drivers.**

IoT devices can also help to monitor the vehicle's health and predict potential issues. By looking at this type of data, insurers can decide whether to give a discount or not based on the vehicle's health. This data also enables the creation of preventative services, such as alerting insureds to required maintenance on their vehicle, or sounding an in-car alarm if the driver is falling asleep or exhibiting dangerous driving behaviour.

Overall, the use of IoT technology for creating protection products in the mobility space can lead to a more accurate and fair assessment of risk, improved pricing, and better customer experience. As well as creating improved efficiencies and business growth for fleet operators, car dealers and other mobility providers.

The benefits of embedded insurance in the mobility sector: **for drivers**

By offering relevant cover at the point of sale, embedded insurance provides consumers with incomparable convenience when it comes to protecting their new purchase.

Nowhere is the motivation to protect your new purchase or asset – especially a high-value asset like a car – greater than at the moment it is being bought or hired. And embedded insurance capitalises on this motivation – by being in exactly the right place in the customer journey, at the right time. This means that not only are customers **saved the time and hassle of having to separately go in search of insurance protection** for their new vehicle, but the customer data collected during the sale or rental process is used to calculate the initial insurance premium – thus providing a **streamlined insurance onboarding process**.

And obtaining insurance in this way from their dealer or fleet provider means drivers have one **single source for all their car-related needs**. Plus, there are no gaps in coverage, so they can **rest assured they are driving away with full coverage for their vehicle**.

Embedded insurance policies in the automotive and mobility space also now often provide additional value adds, such as bundled or discounted roadside assistance or enhanced repair guarantees – adding yet more convenience and further enhancing **customer satisfaction**.

While the end-to-end digital experience provided by embedded mobility insurance products, means that even

claims can be made online or via an app – all within the mobility provider's ecosystem. Using data collected from the vehicle, the claims process is often simple and friction-free, further enhancing the customer experience and turning a potential pain point into an opportunity to 'delight'.

But of significant importance to customers is the **lower premiums** that are enabled by telematics-led underwriting. The reward of lower monthly insurance premiums or vouchers – in return for safe driving and low mileage – is a key differentiator of embedded insurance.



'...obtaining insurance in this way from their dealer or fleet provider means drivers have one single source for all their car-related needs.'

The benefits of embedded insurance in the mobility sector: for car dealers and fleet operators

Embedded insurance can help car dealers to diversify their revenue streams and future-proof their business. With the global trend towards car-sharing and car subscriptions² – as well as a move towards buying 'mobility' as opposed to just a 'vehicle' – embedded insurance solutions are an important way for dealers to **reduce their dependency on vehicle sales**. And focus instead on building lasting customer relationships and **recurring revenue streams**.

Conversion rates with embedded insurance are also much higher than for non-embedded insurance³. And with more people today looking to buy protected products, an embedded insurance solution is not only a highly successful insurance model, but it can **increase sales of car dealers' core product**.

For fleet operators, embedded insurance solutions provide a convenient way to protect their assets and customers. Safer driving is encouraged thanks to onboard telematics. And, in turn, **fleet vehicles are less likely to be involved**

in accidents – saving on repair costs and the expense related to making claims.

Car dealers and fleet managers know their customers better than anyone else, and by collecting data from connected vehicles, their ability to create value-added protection products, rewards and roadside assistance solutions – in partnership with the right insurtech broker or insurer – will be a key differentiator for their businesses. Especially as customer needs and expectations around mobility continue to evolve.

61.8%

the proportion of people in Italy who can imagine themselves using embedded finance products from mobility providers

– Solaris

'... embedded insurance solutions are an important way for dealers to reduce their dependency on vehicle sales.'

The benefits of embedded insurance in the mobility sector: **for insurers and reinsurers**

Embedded cover solutions provide insurers with the opportunity to grow their reach through new partnerships and add real value for their ecosystem and customers.

Embedded insurance solutions also offer insurers the opportunity to increase their profits, by **reducing overheads and customer acquisition costs** compared to more traditional insurance models. Combined with **lower loss ratios**, these savings are invariably passed on to customers in the form of lower premiums.

Furthermore, embedded insurance can help insurers to **build loyalty and trust with their customers** – by providing a more streamlined and convenient purchasing and claims experience. These benefits all result in happier customers – leading to **better customer retention** and, ultimately, **increased revenues**.

At an underwriting and operational level, the technology that powers embedded insurance solutions allows insurers to be much more **agile** and pivot in real-time to adjust pricing and policy details based on real-time data from connected vehicles. This helps insurers to provide the right amount of cover for each driver, at the right price.

Connected car data also allows insurance companies to shift their focus from protection to prevention – by working with their mobility partners to help push out useful information to drivers, to prevent accidents. In this way, insurers can **build better relationships with insureds**, by becoming part of their everyday lives, rather than only being present when something goes wrong.

With the current migration from traditional insurance to embedded, now is a crucial time for insurers to **differentiate** themselves in the automotive and mobility market through cutting-edge insurance products and solutions.

89%

of telematics proponents would opt for insurance policies that were other than traditional policies, confirming the idea that usage-based pricing seems to be an option for creating an attractive value proposition

– IoT Insurance Observatory & Swiss Re



The benefits of working with a broker

By analyzing large amounts of data, insurtech brokers can gain insights into customer needs and preferences, as well as identify patterns and trends in the insurance market. This allows them to offer more personalized and efficient embedded insurance products and services. By applying data analysis to the creation of policies, customers are offered personalised insurance that truly meets their needs.

Integration and convenience

Embedded insurance makes purchasing insurance simpler and more convenient for the end customer, by integrating insurance solutions directly into the products and services offered by the insurtech broker's partners.

Innovation and flexibility

An insurtech broker operating in the embedded insurance sector is usually more inclined towards innovation and experimentation with new products and services, offering solutions better suited to market needs and changes in consumer behaviour.

Additional services

Experienced brokers use telematics to help clients monitor vehicle maintenance, servicing, protection, and security against theft, further improving the user experience and increasing customer loyalty.

Vehicle security

Telematics can be used to track a vehicle's location in real time, offering increased protection against theft and vandalism. Additionally, notifications can be sent to owners in case of suspicious or unauthorized vehicle movements.

Air - Connected Mobility, an Italy-based mobility services provider, and Fit2You's sister company, not only offers insurance services but also additional services, such as real-time assistance, geolocation, and emergency management. This allows its insurtech broker partners to enhance their offerings and better serve their clients, adapting quickly to ever-evolving market needs.

In addition, through Fit2You's shared platform with Air – the DataLab – we use big data to automate and streamline processes such as underwriting, claims, and customer service.

In conclusion, the role of the insurtech broker in the context of embedded insurance is extremely important, as it allows for the provision of more personalized, convenient, and innovative insurance solutions, as well as a range of value-added insurance services that improve the customer experience. This ability to create a unique, tailor-made product with transparent pricing is not possible through traditional insurance that has a one-size-fits-all approach.

What to look for in a broker



Agility

Work with a broker who can create – or supply – bespoke insurance solutions based on your customers' needs, quickly and efficiently.

Capacity and capability

Work with an experienced broker who has a strong network of flexible insurance partners, who can provide a range of innovative insurance solutions. All backed up by end-to-end digital processes – from onboarding to claims settlement – for optimal customer experience.

Technology

A broker who has direct access to advanced telematics and strong data analytics capabilities is a must. As is technology that allows for the seamless integration of insurance offerings into mobility providers' own platforms.

Strong partnerships

In the mobility space, partnerships are a key differentiator for brokers. Fit2You has long-standing relationships with repairer networks, giving our insureds quick and affordable vehicle repair and roadside assistance options. Meanwhile, our insurer partners get access to Fit2You's thousands of fleet customers.

How it works

Dealers working with Fit2You Group and offering embedded insurance report an average

30% increase in revenue



Use cases: Embedded mobility insurance in practice



This Italy-based car dealer was looking to diversify the range and mix of vehicle types it offered – to include electric vehicles and micromobility vehicles – and also expand its services in the retail and rental market. Although the company had been working with Fit2You for a number of years, it needed to make sure its insurance partner was able to meet its evolving coverage needs. Fit2You was able to demonstrate its ability to provide personalised and end-to-end digital insurance products for all Nuove Soluzioni's vehicles and market segments.

The protection products supplied through the dealer include motor liability and CVT cover, but also innovative new micro-products including GAP cover for CVT vehicles. All vehicles are equipped with black boxes from Air-Connected Mobility to track driving behavior, geolocate the vehicle and protect it from theft.



This Italy-based car dealership prides itself on providing a bespoke sales service, with one agent dedicated to each customer – from their initial appointment right through to purchase and selecting any additional services – to really understand their needs and provide a customised service. And it was looking for an insurance partner with a similar approach.

Fit2You was chosen as Segreto Automobili's partner, due to its ability to create tailor-made policies and provide a highly personalised service. Fit2You has demonstrated itself to be a highly supportive partner – for both the dealer and its customers, with insureds reporting positive experiences, especially in the event of an accident. Through Fit2You's service offering, Segreto Automobili is able to tell their customers that they will be with them well beyond the sale, throughout the lifecycle of the car.



Conclusion: Final thoughts

With 20% of global insurance sales predicted to migrate to embedded offerings in the coming years⁴, innovative insurers and brokers are refining their product and service offerings to meet evolving market needs.

This is in line with the growing number of connected, autonomous, and even airborne, vehicles – in both the private and commercial space. All of which provide rich telematics data, which will only be enhanced in the future, as technology develops.

Looking ahead, this data will allow for even more accurate and customized insurance products, especially when additional data becomes available via 5G and as connected cars gain the capability to communicate with each other and with devices prevalent in smart cities. At this point, the ability to prevent risk and create unique and bespoke insurance products will increase even further.

There is already a significant appetite for telematics-based motor insurance products, especially in younger age categories⁵. And this appetite will only get bigger, with growing consumer confidence across all age ranges. What is especially important for cover providers is to ensure customer data is safe and secure, and make sure customers know this to be the case.

Similarly, as the trends of car-sharing, ride-hailing and vehicle subscription services continue to pick up pace, embedded insurance will play an increasing role in providing relevant coverage in these sectors – that meets developing customer requirements.

“We’re seeing unprecedented investment in the embedded insurance and mobility spaces – and those innovative players who are creating agile products and services in this space will have the advantage over slower-moving entities,” said Igor Valandro, Founder Fit2You.

“As an insurtech broker with vast experience in these areas, we look forward to continuing to push the boundaries when it comes to creating and distributing protection for the drivers and riders of tomorrow.”



20%

the proportion of global insurance sales that will migrate to embedded in the next 10 years

Open and Embedded Insurance Observatory



Fit2You Broker Srl is uniquely positioned in the insurance market today, also thanks to the Valandro family's 30+ years of insurance sector experience. Through dealers, Fit2You provides car owners with access to the most effective and efficient combinations of insurance products from different companies to meet their unique needs. This is one of the reasons that Fit2You stands out from its competitors, along with innovative affinity market sales processes and ad hoc insurance packages.

Fit2You mediates the distribution of leading international companies' insurance policies by designing products with them. Fit2You partners are AXA Insurance, UCA, Tua Insurance, and Sogessur (Société Générale).

With Fit2You, it is also possible to select specific guarantees from different companies, tailoring the selection according to price, features and product quality.

fit2you.it



The Open and Embedded Insurance Observatory is a global organization aimed at delivering the value of embedded and open insurance. The Observatory performs research and market intelligence on the global applications of embedded insurance and open insurance and provides its members with actionable insights to best position them in making their business decisions. Based on the ongoing observation and decoding of the global applications of open and embedded insurance, we analyze the information captured, connect them to draw a coherent and meaningful view of the market, and deliver actionable insights on the success cases and lessons learned, leveraging on our extensive advisory experience.

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Air – Connected Mobility brings mobility technology to life: with its connected vision of data, Air's products revolutionize the automotive experience for drivers, optimizes vehicle management for corporate customers and realizes new ways of interpreting space and mobility for public bodies.

myair.io

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