



# Embedded insurance is helping revolutionize the industry

In the evolving world of life insurance, organizations are seeking innovative ways to meet the changing needs of consumers. One effective way is through embedded insurance, which has been transforming nearly every industry, and is long overdue for life insurance.

Embedded insurance helps seamlessly integrate insurance products into consumer's experiences, providing them with enhanced convenience and coverage options.

### Simplify the consumer experience

Traditional life insurance tends to be complex and time-consuming, leading many potential consumers to delay or altogether avoid purchasing life insurance policies. Embedded insurance, on the other hand, helps simplify the entire process by making it easily accessible. It can be integrated into many aspects of a consumer's financial life, such as buying a home or getting a car loan.

By eliminating the need for separate applications and extensive paperwork, embedded insurance helps significantly reduce barriers to entry, encouraging more people to obtain coverage.

Within the past decade, there's been progress toward improving the consumer experience, mainly through reimagined engagement. As significant as this shift has been, there's still an opportunity to improve. In fact, 73% of all people point to customer experience as an important factor in their purchasing decisions. Yet only 49% of U.S. consumers say companies provide a good customer experience today<sup>1</sup>. One way to address this disconnect is by moving from integrated experiences toward fully embedded experiences.

Integrated experiences	Embedded experiences
One level of connectivity and experience	Deeper experience based on consumer-centric approach
One-way exchange of data and information	Two-way exchange of data and information
End user completes experience through multiple user interface (UI) transitions	Seamless end user experience completed in one UI
User experience happens where the company wants it to	User experience happens where the consumer is

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Consumers want it now; they want it to be simple, convenient, stress-free, and inexpensive. If consumers can't have those things, most of them move forward without applying for the coverage they need. We live in a world of consumers who demand "Amazonification"; taking too long is not an option. Most insurance carriers are losing business due to abandonment.

The traditional way of buying and selling life insurance is a thing of the past. The pace of change always stays the same, and consumer expectations are rising. Consumers demand products and services to be fast, safe and immediate.

### **Enhanced personalization**

In the past, life insurance policies were often one-size-fits-all, lacking the flexibility to cater to individual needs. With embedded insurance, life insurance companies can offer personalized coverage that better aligns with the unique circumstances of each consumer.

Data provided by integrated technology, such as transaction history, behavioral patterns and lifestyle choices, can be used to tailor policies and determine risk more accurately. This level of personalization not only helps improve consumer satisfaction but may also help life insurance companies better manage their portfolios and reduce risk.

### **Cross-selling opportunities**

For life insurance companies desiring to better reach younger demographics such as Millennials and Gen Z, it's important to consider they may tend to favor seamless digital experiences. Embedded insurance caters to this preference by offering coverage options during their everyday experiences within digital platforms, apps and other online services.

Think of it as digital bundling, enabling partners from virtually any industry to offer insurance policies as an add-on or feature. An example would be adding coverage to new appliances a consumer is purchasing while checking out. This puts relevant coverage directly in the purchase path—without building an entirely new platform.

### **Build consumer trust**

Trust is a crucial factor in the insurance industry, especially when it comes to life insurance. It can be difficult to increase or even maintain trust when consumer needs and expectations are continually changing. Being the 2<sup>nd</sup> highest direct writer of life insurance policies in the U.S. has taught us that consumer trust is key to a healthy relationship.<sup>2</sup> That's why TruStage takes a consumer-centric approach to everything we do. 93% of life and health beneficiaries have an overall satisfaction rate with our claims experience, which is great recognition for the work we put in to make positive consumer experiences.<sup>3</sup>

Embedded insurance creates a sense of trust by associating insurance with activities that consumers already engage in from companies they trust. For example, when a consumer purchases a new smartphone, they may be offered an option to add device protection coverage during the checkout process. Take this same practice and apply it to insurance.

When a consumer completes a mortgage loan, they could be presented with an option to purchase life insurance during the loan process. This way the consumer can help protect their mortgage in the event they pass away, and the life insurance policy could be used to then pay off the loan balance of that mortgage. Allowing the policyowner's loved ones to worry less about the financial burden.

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### **Encourage engagement**

Traditional life insurance often has a passive nature, with policyholders paying premiums regularly but rarely engaging beyond that. Embedded insurance changes this relationship by encouraging active engagement with policyholders. Gamification elements, rewards and real-time monitoring are some of the strategies implemented to encourage healthier habits and lifestyles.

For example, policy owners might receive discounts from their insurance provider for reaching certain fitness goals or adopting safer driving practices. This fosters a sense of partnership between the insurer and the insured, leading to higher consumer retention, trust and overall satisfaction.

Embedded insurance is revolutionizing the life insurance industry, bringing with it a host of benefits for consumers and insurance companies alike. By offering embedded experiences, insurers can reshape the way consumers think about life insurance.

Life insurance companies that embrace this innovative approach have the opportunity to gain a competitive edge in the market, attract more consumers and provide better value to policy owners.

### **Why work with TruStage?**

Our aim is to make life insurance accessible to all. We have developed a speedy 10-minute process that enables consumers to make informed decisions quickly and get the required protection.<sup>3</sup> The TruStage approach ensures that your company's growth and stability are not compromised while maintaining cost efficiency. We provide tailored solutions that empower insurance businesses to make intelligent, strategic choices that yield results through embedded insurance.

We have effectively eliminated most obstacles in the buying journey. Our services include fully automated underwriting, high acceptance rates, API-enabled integration and a one-and-done agent and consumer engagement.

<sup>1</sup>Experience is everything: Here's how to get it right. This is where embedded consumer experiences come in, PwC, 2021.

<sup>2</sup>Q1 2023 LIMRA New Business report, LIMRA, 2023, March 31.

<sup>3</sup>TruStage internal data, 2022.

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