

## The Executive Guide to Embedded Insurance

### Part. II: Existing integrations and Potential use cases

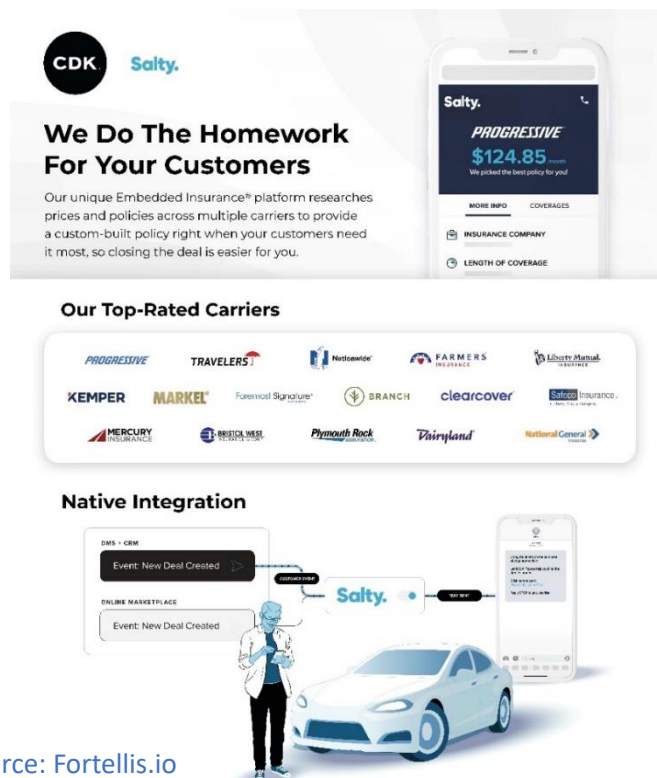
If you have not had a chance to read The Executive Guide to Embedded Insurance Pt. 1, take a quick look before reading more of Pt. 2. There is important context to be familiar with, as we dive into existing embedded insurance integrations and potential use cases. As a refresher, Embedded Insurance is where a marketing partner is able to take payment, order underwriting checks, and bind a policy, just like a sales person for a carrier would using their internal quoting system.

In this installment, we will look at embedded experiences through the lens of the P&C industry: a credit scoring company purchasing an auto insurance comparison site, an online car buying platform partnering with an insurtech carrier, and a dealer management system acquiring an auto insurance comparison site. We will also explore opportunities for embedded insurance beyond online-only experiences, and how it can enhance existing distribution channels.

#### Existing Embedded Experiences

##### -CDK & Salty

CDK is one of the largest dealer management systems used by car dealership chains in the US, and they acquired Salty, an insurance technology company designed to smooth the user experience of a car buyer by providing an insurance quote at the point of sale. This acquisition makes a ton of sense: someone purchasing a vehicle cannot leave the lot without proving that they have insurance for that vehicle, and as well to guarantee that the asset is protected if they took out a loan for the vehicle. Gaining access to the vast number of customers that purchase vehicles in nearly 15,000 locations that CDK services allows Salty's an opportunity to significantly improve the car and insurance buying experience across the country.



**CDK Salty.**

**We Do The Homework For Your Customers**

Our unique Embedded Insurance<sup>®</sup> platform researches prices and policies across multiple carriers to provide a custom-built policy right when your customers need it most, so closing the deal is easier for you.

**Our Top-Rated Carriers**

PROGRESSIVE TRAVELERS Nationwide FARMERS Liberty Mutual  
 KEMPER MARKEL Foremost Signature BRANCH clearcover Salty Insurance  
 MERCURY BRIDGECREST Plymouth Rock Dairyland National General

**Native Integration**

DMS + CRM  
 Event: New Deal Created

ONLINE MARKETPLACE  
 Event: New Deal Created

Salty.

INSURANCE COMPANY  
 LENGTH OF COVERAGE

PROGRESSIVE  
 \$124.85  
 We picked the best policy for you!

MORE INFO COVERAGES

## -Gabi & Experian

This is a unique partnership between a credit bureau and an insurtech that creates value for both businesses. Experian does not have as much of a foothold on credit scoring, 3<sup>rd</sup> party data, or report ordering in the insurance industry compared to its competitors like Transunion, LexisNexis, Verisk, etc. By purchasing Gabi, it gave them an instant connection into the lead generation, embedded and digital agency verticals of insurance. The partnership also enables them to provide access to a free credit report to their customers who are researching their credit score to make a big purchase, like a vehicle or home; a great lead source for Gabi as it sells many personal lines products.



# Reach your credit and money goals

Do more with your FICO® Score

Find credit cards matched to you

Run a free identity scan

Save on your car insurance

Lower your bills and save New

## Find cheaper car insurance in minutes

Shop and compare quotes from top insurers to find your same coverage for less. Drivers can save \$961/year on average.<sup>9</sup>

[Get your quotes](#)

<sup>9</sup>The average savings was calculated by comparing purchasers' new policy with the prior policy. Results may vary and some may not see savings.

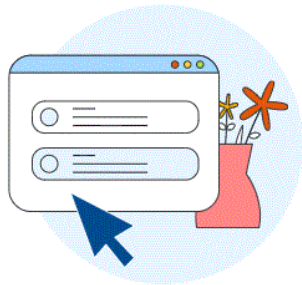
Source: [Experian.com](https://www.experian.com)

Best Offer			
<b>N</b>	<b>Nationwide</b>	<b>\$1,969</b> Annually	<b>\$793</b> Savings
	<b>Travelers</b>	<b>\$2,020</b> Annually	<b>\$742</b> Savings
	<b>Metlife</b>	<b>\$2,103</b> Annually	<b>\$659</b> Savings
	<b>Kemper</b>	<b>\$2,243</b> Annually	<b>\$519</b> Savings

Rates are illustrative only. Your rates may vary.

## -Root & Carvana

Two 'tech' darlings working together to deliver a smoother car buying experience that seems like a perfect match. The biggest point of friction in the car buying process is financing and insurance: both factors drive the cost of the monthly payment that the average car buyer is shopping against (for better or worse). Now that the average term of an auto loan has exceeded 60 months, this makes the insurance cost even more important to keep the price down. Customers are buying vehicles with extended terms to lower monthly payment, and they need to protect that vehicle for the lifetime of the loan while also balancing the aforementioned loan payment.<sup>12</sup> Which makes the \$126 million that Carvana invested in Root seem a bit more sensible if they expect an embedded insurance product will lead to selling more cars, more quickly, online.<sup>6</sup>



### A real quote without the work

Receive a real, personalized quote during your purchase. We already have your info, so no filling out endless forms here.



### From to-do to done

Select your coverage and confirm payment to get covered. Once you meet our insurance requirement, we'll automatically upload your proof of insurance so you'll be one step closer to getting on the road.



### Coverage you control

Once you're covered, manage or personalize your policy, file a claim, and make a payment online, all on your terms.

SHOP CARS

### *Potential Use Cases*

What is the common thread among these examples?

They are all smoothing out friction in a sales process that *requires* insurance. A customer can't drive off the lot of a dealership without having insurance on the vehicle they've just purchased or purchase a home without having a policy in force. These are certainly the more obvious opportunities for embedded solutions, so what are areas that haven't been explored yet?

#### -Supercharging the Agent Channel

Much of the conversation around embedded insurance has been focused on digital sales channels, but there is a huge opportunity and unrealized risk if the agent channel continues to be ignored. First would be that the agent channel comprises 38% of the premium written in the personal lines market, despite only accounting for 62% of P&C premium combined.<sup>9</sup>

What does that mean? Agents are focusing on writing higher premium policies, which yield higher commissions. In addition, 50% or more of the workers in the agent and insurance industry will be reaching retirement age in the next 15 years while less than 25% of the industry is under the age of 35.<sup>10</sup> Where will those \$10-100 million dollar books of business go in areas where customers need an agent to help service their business? Embedded insurance could be the solution.

Embedded experiences could assist in managing the substantial number of books of business that will need to be passed on to new agents, as more seasoned agents leave the industry, but how will that work? Embedded could enable live agents to service business via chat functionality, the same way they would talking to a client in-person but a skilled agent could competently maintain up to four conversations at the same time, effectively quadrupling their efficiency servicing their book and make selling lower commission products more appealing.<sup>8</sup>

Additionally, this could help in large call center operations where it is difficult to quickly train inexperienced staff, and the workload gets unevenly shared among more senior agents. Adding in a chat functionality would empower the more senior agents to be more successful, and once the new agents are trained and licensed, they can be more effective out of the gate. Plus, their interactions are much easier to track and train in text form.

#### -Insurance Adjacent channels

There are a number of industries that collect information necessary for the development of an insurance quote that do not have embedded insurance integrations yet. Mortgage lenders, credit unions, and even large banks often lack even a comparison tool for their customers. Many provide a selection of three carriers in the form of a mailer or call transfer to a large call center, but with so many more loans originating online, it would be prudent for those lenders to provide a digital solution.<sup>11</sup>

#### -Create a 'happy path' for your ideal customer

Developing an embedded integration for every customer that a partner sends to you might be a daunting task, knowing the current loss trends and supply chain issues the industry is currently facing. But what if it was used to send the most desirable consumers further down the funnel more quickly? Utilizing embedded integrations in tandem with clicks or RC1 could be the perfect way to filter risks you want away from those that you need information on before delivering a bindable rate. When looking at ways to integrate embedded experiences into your distribution strategy, it can be helpful to look for small, incremental opportunities before swinging for the fences.

#### -Carrier Monetization

Many times, carriers move consumers through their funnel to find that the consumer is not a good fit due to their geographic location, risk profile, etc. but have all the information they need to bind a policy with a competitor, if they were readily available but can't. Instead, they monetize leads by passing the user to an aggregator or another carrier that may or may not include the information the consumer already input into the site. Adding an embedded experience into monetization efforts could help move customers quickly out of a mismatched funnel over to a desired carrier, eager to earn their business.

#### -Reach underserved markets

With so many specialized carriers in the P&C industry, whether it's nonstandard auto, high value homes, or collector vehicles, it appears that nearly every niche is covered, but there are certainly opportunities to cover risk groups that aren't being served by agents or online. We found an example of this in the relationship between Hodinkee & Chubb.<sup>4</sup> For those who are not watch nerds, Hodinkee is the premier watch editorial and e-commerce site for new and vintage watches. We spoke with Marc Hajjar, Director of Hodinkee Insurance, about how Hodinkee Insurance came about, "We saw a gap in the market where our customers had valuable collections that were underinsured by their homeowners or renters' policy but not valuable enough for a specialty agent to service the business, which led to the development of Hodinkee Insurance, underwritten by Chubb." Hodinkee has made the submission process much simpler by slimming down the questions and tying their quote flow into its existing collector community that stores their watch information: making it easy for a customer to get a quote for their full collection or a few pieces. Some applicants still require underwriting review, but most get to see a quote at the end of the application process.

*How can LeadCloud help your organization develop embedded insurance integrations?*

LeadCloud has specialized in integrations since 2013 and has delivered embedded experiences for Top 20 P&C carriers since 2016, so we speak from experience when we say that we know what it takes to deliver an excellent embedded experience for our clients, their customers, and marketing partners. Whether it is advising on a path forward through an everchanging landscape, building new relationships between connected partners, or helping relieve the bottleneck of complicated system integrations, we feel confident that we are prepared for today's market and have the foundation to combat the challenges of tomorrow.

We hope the second installment of 'The Executive Guide to Embedded Insurance' has helped you better understand how carriers are using embedded integrations today and how launching an embedded insurance partnership could benefit your organization in a number of ways. In our final installment, we'll give you our thoughts on how the adoption of embedded insurance will impact consumers, carriers, and marketing partners in the future.

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