

The logo for endava, featuring the word "endava" in a lowercase, sans-serif font, followed by a small icon of three red dots arranged in a triangle.

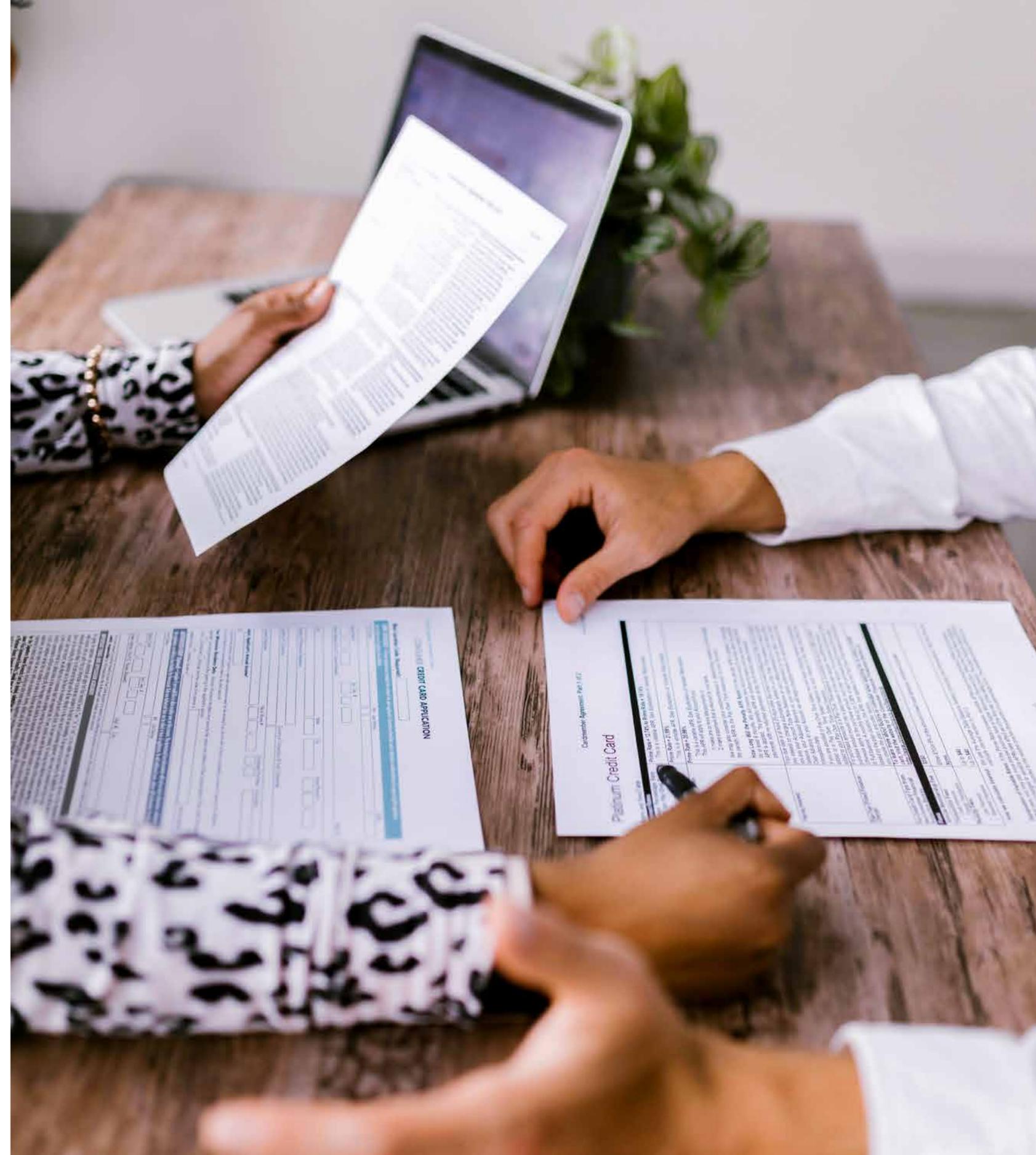
E-book

Realize the Opportunities Digital Distribution Provides

Redefining distribution to thrive in the future of insurance

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People don't buy insurance policies because they *want* to; they buy them because they *have* to

Insurers know they must raise their digital game

In sectors such as retail and travel, where customers often look forward to making a purchase, leading companies have a relentless focus on providing effortless, convenient customer experiences. They know that, in a commoditized market, competing on price isn't enough – customer experience is a vital source of competitive advantage.

As insurance becomes increasingly commoditized, firms must work harder to attract and retain customers. However, the traditional distribution processes that insurers and agents have relied on for so long create friction and effort for everyone involved. That leads to expensive inefficiencies for insurers and leaves customers feeling frustrated.

Success in tomorrow's insurance market will depend on digital distribution that is cost-effective and offers seamless, friction-free experiences.

Is your definition of digital distribution too narrow?

Digital distribution is about more than just selling policies. It includes all the digital connections and interactions throughout the lifecycle of a policy – from quoting and purchasing to servicing and renewal – across the ecosystem of insurers, reinsurers, brokers and agents. But most importantly, digital distribution needs to be understood in terms of the opportunities it presents.

In this guide, we'll explore:

- The digital distribution opportunities for personal lines and specialty insurers, as well as brokers and agents
- Expert advice for creating a winning strategy and avoiding common pitfalls
- Practical next steps to achieve digital distribution success and increase revenue

More than 30%
of insurance customers aren't satisfied with the digital channels available to them'

Own the customer relationship and boost revenue

The digital distribution opportunity for personal lines insurers

In an industry characterized by tight margins and rising costs, digital capabilities give personal lines insurers a chance to rethink the economics of distribution.

Digital distribution presents insurers with an opportunity to implement faster, smoother processes throughout the policy lifecycle, making every interaction easier and more convenient for customers – and more cost-effective for the business.

Insurers can also use digital distribution to take control of the customer relationship and find ways to harness the insights hidden in customer data to boost loyalty and sales. The traditional agency model is beginning to change as younger generations bring their digital native mindsets to the insurance market and interact directly with insurers on digital channels. The insurers that offer superior digital experiences will win their business.

53% of first-time buyers start their relationships with auto insurance providers through **digital channels**, compared with 29% who come in through agentsⁱⁱ

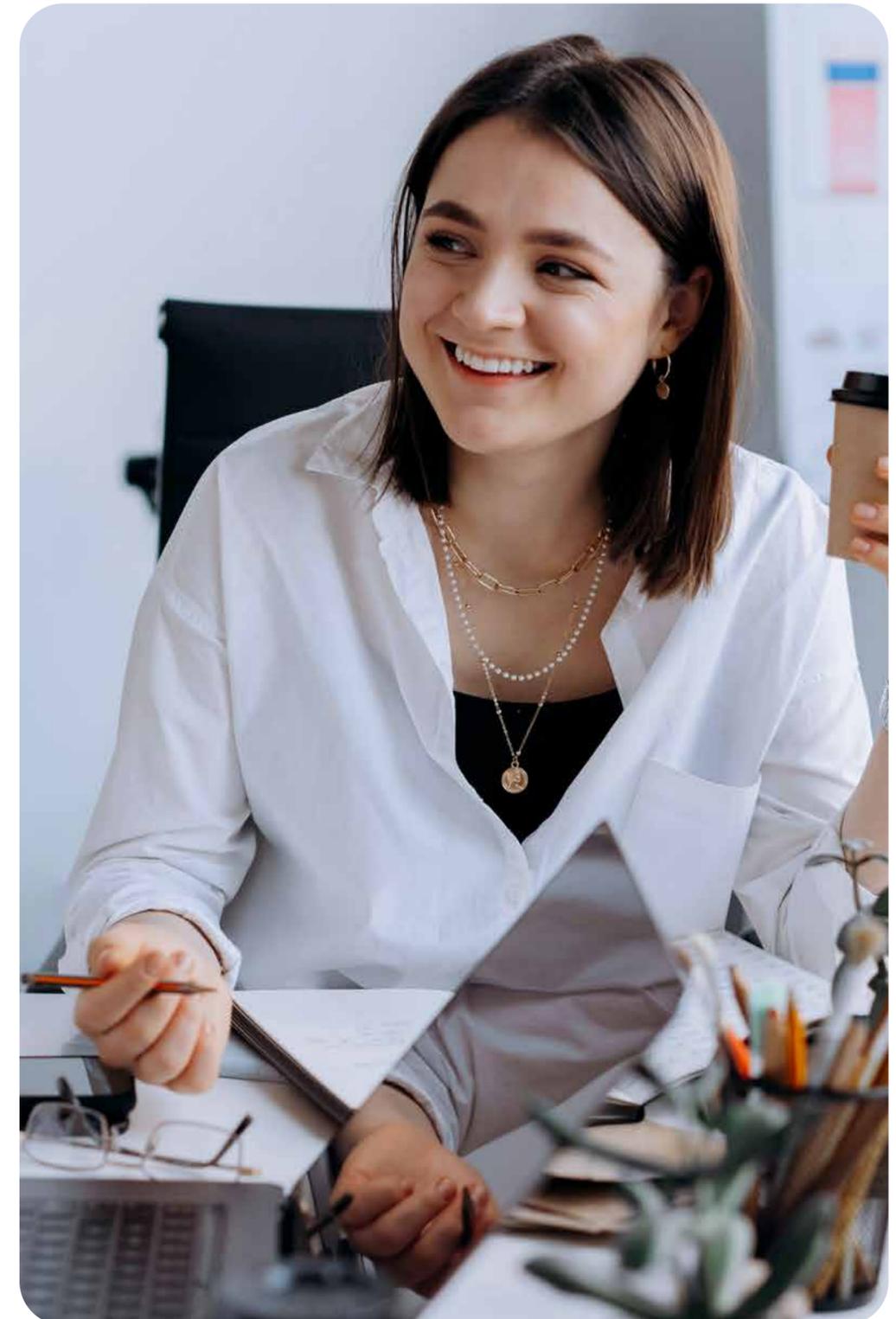
Switch more customers to digital

To realize the full potential of digital distribution, insurers must look beyond customers who instinctively choose digital interactions and convert offline customers to digital channels.

Personal lines insurers must take advantage of digital and AI capabilities to automate quoting and sales processes. The cost savings from increased automation can help insurers offer customers more cost-effective quotes, but this is more than just a price competition. It's also an opportunity to improve the customer experience by making forms more intuitive and providing instant access to policy documents and other information.

When customers can easily make mid-term adjustments and complete other policy servicing tasks in a convenient, digital interaction, the benefits of switching begin to add up. And faster, simpler claims processing – part of our broader definition of digital distribution – gives customers another compelling reason to switch to digital channels.

Of course, even with advanced digital capabilities in place, it's critical for marketing teams to promote the use of digital channels and for contact center teams to talk to customers about the benefits.



Overcome complexity to boost revenue and sales

The opportunities for specialty insurers

Specialty insurance policies are often highly tailored to individual customers and their circumstances, with acceptance decisions and premium calculations based on a complex set of risk factors.

In many cases, e-mail interactions are the simplest way for customers to communicate their needs, but it's a time-consuming process for underwriters to access the information they need to make decisions.

With AI integrated into the overall digital distribution workflow, however, that outreach becomes much faster and simpler. With more standardized data collection and exchange, AI can triage incoming e-mails, determine if the messages contain all the required information and ask the customer for further details, if necessary. It can then turn the unstructured e-mail data into a structured CRM record and send the details – be they successful or unsuccessful applicants – to the underwriter's workbench in a format that's easy for them to use. If a customer doesn't meet certain criteria, the AI could even automatically decline the application so underwriters can focus on more viable submissions.



↳ Grow revenue with digitally-enabled insurance

Digital distribution is an essential foundation for certain types of specialty insurance that are invoked when a specific condition is met.

Parametric insurance, for example, relies on insurers knowing when a trigger event has occurred so they can quickly deliver the pre-specified payout. Without a solid digital foundation, insurers may find it difficult to honour parametric policy terms.

For policies that depend on Internet of Things (IoT) connectivity, that digital foundation is even more important. For instance, a marine insurer might need to know the precise moment a vessel enters specific territories so it can invoke out-of-warranty insurance.

Digital distribution also enables insurers to capture a share of the increasingly important embedded insurance market. Embedded insurance brings coverage – including some types of specialty insurance – to customers at the precise moment they need it, such as adding travel insurance at the checkout when they're booking a flight.

It's a win-win-win for insurers, retailers and customers; insurers are exposed to new customers and generate more revenue, retailers earn commission on each policy sold and customers get more seamless buying experience.

↳ Leave legacy complexity behind

Whether they're looking to add new digital channels, streamline the quoting process or embed insurance products in retail websites, insurers must overcome substantial technology challenges.

Many insurers will need to modernize their aging internal systems and connect them to each other, and to external platforms, through application programming interfaces (APIs). This won't be easy work, but it will be essential to fully realize digital distribution's revenue-boosting potential.



Attract high-value customers and work more efficiently

Digital distribution opportunities for brokers and agents

As we've seen, one of the primary benefits of digital distribution for insurers is the ability to expand their routes to market and grow their direct-to-consumer and embedded sales. So where does that leave brokers and agents?

For starters, digital distribution removes friction from the process so brokers and agents can retrieve policy quotes faster and make more efficient recommendations. These integrations create a more enjoyable customer experience, assuring policyholders that the provider is someone they want to continue doing business with.

Digital distribution lowers the barriers to entry, enabling new, digital-first players to compete directly with agents. The move to digital also increases price transparency, making it easier for customers to understand what kind of coverage they're getting and where their money is going.

Disintermediation and increased competition may seem like existential threats for brokers and agents. But there's actually a significant opportunity for them to thrive if they lean into their role as trusted advisors – and use digital distribution to personalize services and drive revenue increase.

More than 70%

of customers prefer in-person interaction with an agent or third-party representative for complex tasks such as buying a policy^{iv}



↳ Capture high-touch, high-value customers

As the lower end of the market becomes increasingly commoditized, brokers and agents have an opportunity to focus on customers who need more than just basic coverage and are willing to spend more to get adequate protection.

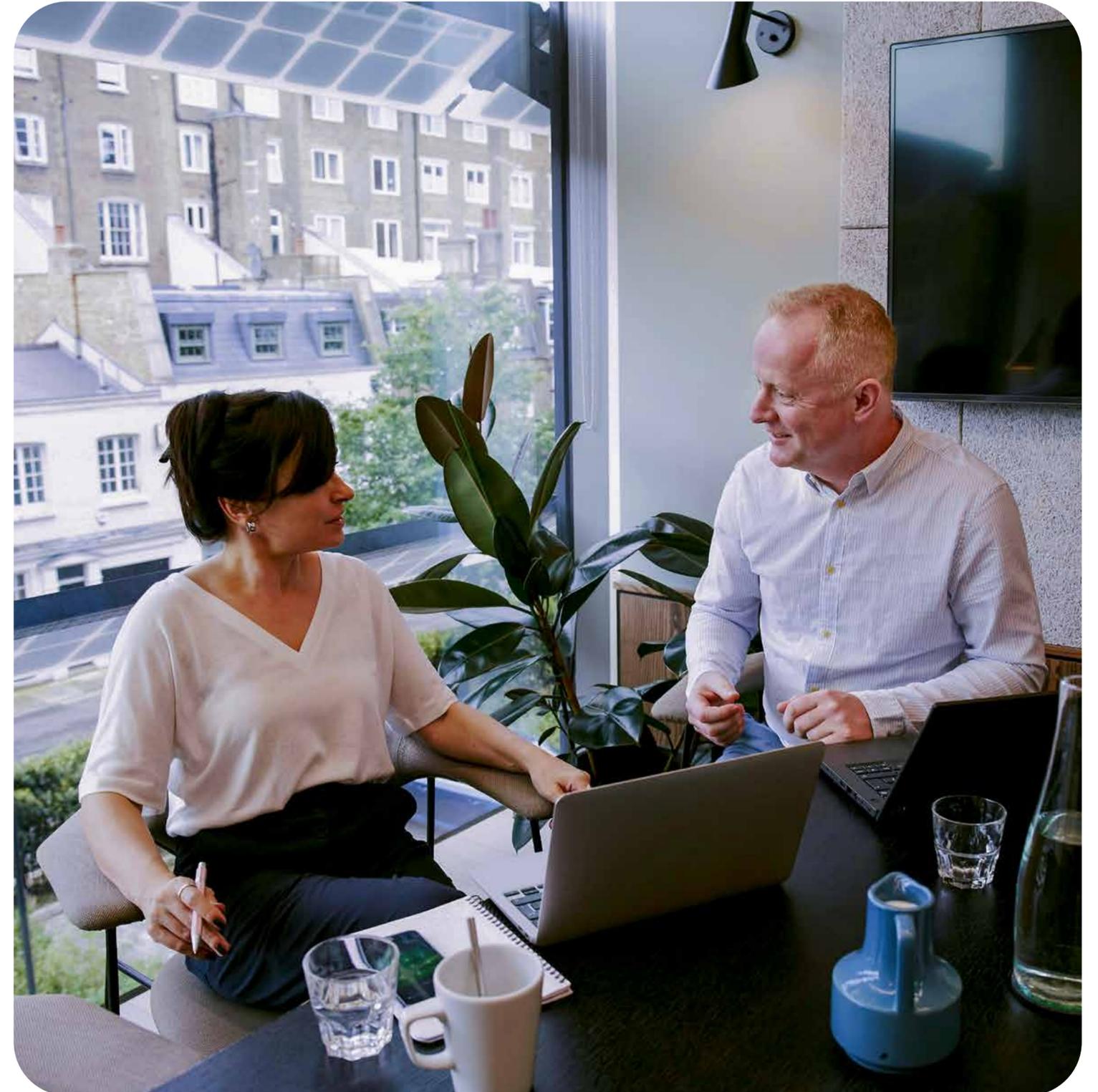
These high-touch customers value expert insight and advice, and they're unlikely to find the complex coverage they need by filling in a form on an insurer's portal. However, digital distribution can be a key enabler for delivering the level of personalized service and tailored protection they expect.

Digital platforms give brokers and agents access to a wealth of data that they can mine for insights into customer behavior, preferences and risks. These insights can help them manage customer relationships more effectively and proactively, making data-driven decisions and anticipating customer needs.

↳ Focus on customers, not paperwork

In a highly challenging insurance environment, fraught with climate-related and cybersecurity risks, brokers and agents need to spend less time on routine tasks so they can focus on protecting customers with complex risk management needs.

Digital distribution allows agents and brokers to automate activities such as policy renewals and document management, allowing them to spend more time on value-added activities that require their expertise. Digital tools can also automate compliance checks and record-keeping, removing another layer of administrative tasks and giving employees and customers valuable peace of mind.



How to build your digital distribution strategy

Our experience of working with leading insurers, brokers and agents has shown several key steps organizations should take to establish a clear, achievable digital strategy:

1/ Identify business needs and objectives

Conduct a thorough examination of your business plans. What is success, how do you achieve it and how can this setup help you arrive at that destination?

2/ Identify your capability gaps

You need to evaluate your current distribution processes to pinpoint the sources of friction (i.e., compliance, data security, infrastructure) and prioritize areas for improvement.

3/ Find the right AI use cases

Every digital strategy needs to account for the growing role of AI. Will you use AI to extract key data from submissions into a structured format to help underwriters work more productively? Will you use advanced analytics to compare multiple policy proposals to determine the most profitable course of action? Or will you think like a digital retailer and deploy next best action platforms to automate cross-selling opportunities?

4/ Identify quick wins

Where can you make the fastest impact and quantify ROI for your digital distribution strategy? Pinpoint a few achievable ones, then set out to make them happen.

5/ Roadmap longer term initiatives

Once the short-term wins have been achieved, where can you go from there? Try to build those small wins into your longer-term goals.

6/ Build in performance review cycles to track progress

Regularly assess your system and align it with evolving business goals. This provides visibility into how digital distribution is supporting your growth prospects.

7/ Anticipate potential cultural challenges

Where can obstacles occur? Employees may be resistant to the change and there may be inherent issues related to suppliers, partners. In other cases, a platform features might not be relevant to the needs of a certain customer demographic. Try to get in front of these challenges to help the system reach its full potential.

Next steps

Digital distribution presents every level of insurance the chance to grow its offerings, meet policyholders where they are and set new standards for revenue generation. When building an ideal platform, it's critical to:

1

Assess your digital distribution capabilities

Every digital platform is (or should be) built with a purpose, one that is readily apparent in its capabilities. Take a long look at what your digital distribution platform does well. Focus on those strengths and continue investing the resources needed to ensure they continue providing value to policyholders.

2

Identify where there is room for improvement

A platform's strengths are what sells. But gaps are what give people less peace of mind, especially insurance customers. It's important to be as diligent about spotlighting areas of improvement as you are about championing positives. Make a point to regularly connect with stakeholders (agents, adjusters, etc.) who can pinpoint those gaps, then schedule regular meetings and events like a [hackathon](#) to create solutions.

3

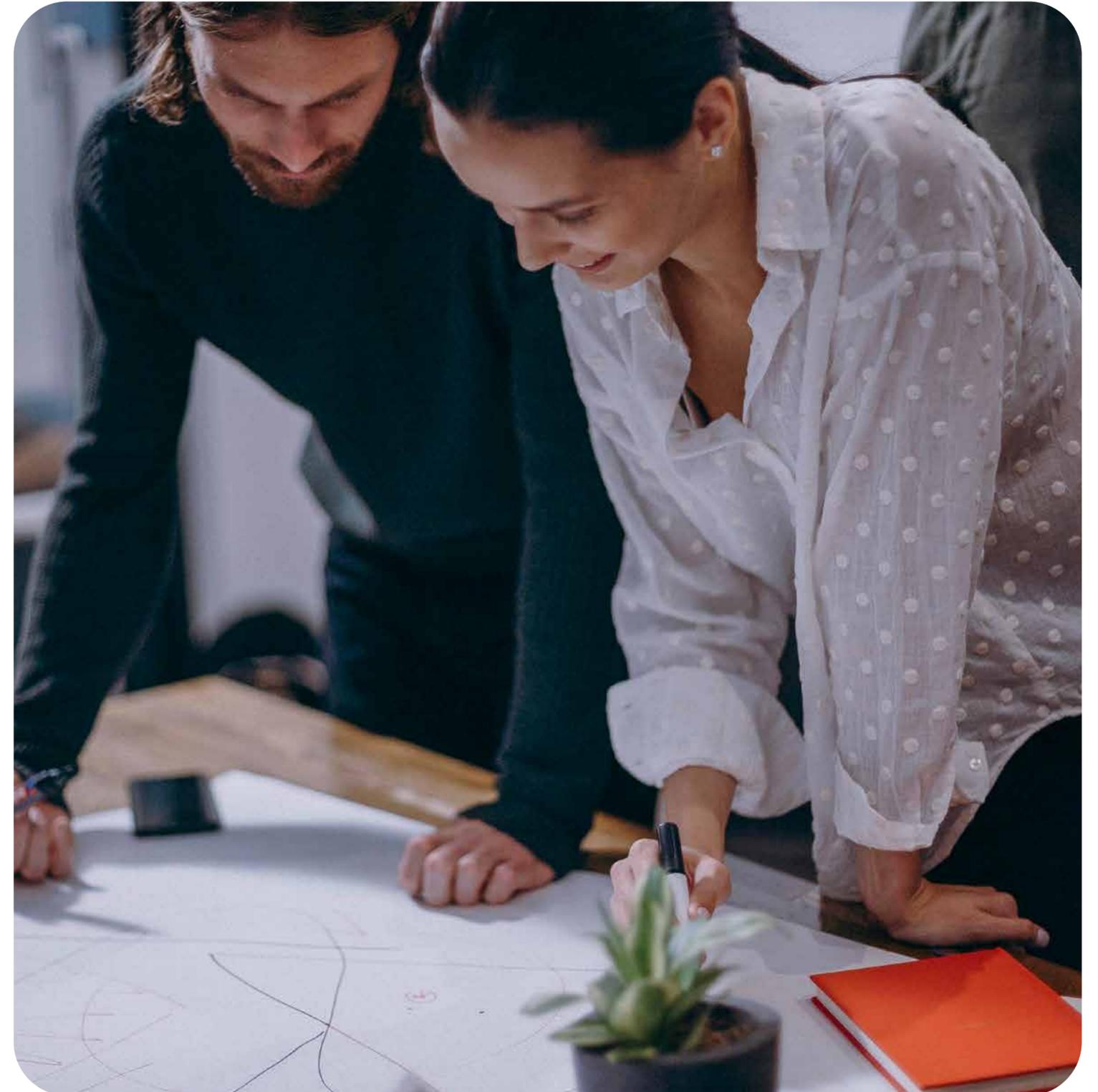
Build a strategy to enhance the system

Take the strengths and improvement opportunities and incorporate those into your strategy approach. Build what you can do into your digital distribution system, but also plan to address those gaps in the system by factoring them into the final product.

4

Collaborate with a capable and effective partner

An effective technological services partner should look at not only the technology of your digital distribution platform but also its business viability and overall quality. Connect with a company that can apply insurance industry expertise, engineering know-how and quality-control knowledge to help build something that can last.



Conclusion

We live in an insurance landscape that prioritizes technological innovation to build memorable, relevant customer touchpoints. Digital distribution empowers personal line, specialty and broker/agent models to use information and customized touchpoints to create relevant solutions that create revenue-driving experiences for customers.

At [Endava](#), our developing, engineering, business and specialists pool their collective expertise to bring dynamic, data-driven people-centric insurance solutions to life. Connect with our team to learn more and set up time to talk.

How significant a change will insurance undergo due to the influence of AI and digital distribution?

Our recent webinar, "How AI and Digital Distribution Are Impacting the Traditional Insurance Paradigm" answers the question in great depth.

[Watch it here](#)

About Endava

We are a leading provider of next-generation technology services, dedicated to enabling our customers to drive real impact and meaningful change. By combining world-class engineering, deep industry expertise and a customer-centric mindset, we consult and partner with our customers to create technological solutions that fuel transformation and empower businesses to succeed in the AI-driven digital shift.

From ideation to production, we support our customers with tailor-made solutions at every stage of their digital transformation, regardless of industry, region or scale.

[Reach us now](#)