The INNOPAY Open Insurance Monitor

Measuring Open Insurance performance – January 2021 – version 1.0

Do not hesitate to get in contact with us!

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- If you would like to explore opportunities to get your own Open Insurance transformation started, do not hesitate to contact Maarten Bakker or Mounaim Cortet

- INNOPAY's Open Insurance Monitor assesses publicly available developer portals with insurance APIs. If your organisation is not included in the Open Insurance Monitor yet, send an email to Marnix de Kroon

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This document

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1 About INNOPAY

INNOPAY, expert in digital transactions…

- Founded in 2002

- 60+ consultants

- Strategy, product development and execution in business, technology and regulation

- Strong track record in Digital Ecosystems and Open Finance transformation projects

- Offices in Amsterdam, Frankfurt and Berlin

- Focus on EU but global footprint (e.g. Australia, US)

- Founding member of HollandFintech

Berlin

Amsterdam

Frankfurt

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… and 'thought leader' in this domain of digital transactions: Payments, Digital Identity, Open Banking / PSD2 & Open Insurance

INNOPAY Innsider
December 2020

Why banks must evolve their operating model to capitalise on Open Banking opportunities

INNOPAY Innsider
October 2020
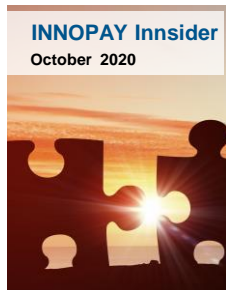
Six criteria for selecting an API connectivity provider to power your PSD2 opportunities

INNOPAY Innsider
September 2020

How much Open Banking budget is future relevance worth to you?

INNOPAY Innsider
August 2020

Why banks must become the data custodian in the data economy

INNOPAY Innsider
August 2020

Open Banking Monitor: What is happening in Open Banking?

INNOPAY Innsider
November 2019

PSD2 and Open Banking Use Cases for Insurers in an Open Data Economy

INNOPAY Innsider
November 2019

Data? It's all about access

INNOPAY Innsider
Summer edition

Is Embedded Insurance the killer app for mobile banking?

INNOPAY
Book of Insights 2019
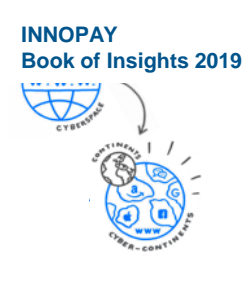
Is "Open Insurance" the next Uber of the industry?

INNOPAY Innsider
June 2018

Digital consent management is key for data opportunities

INNOPAY Innsider
March 2018
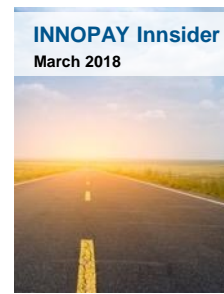
Insurance and the Open Banking wave: seven use cases

And more

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INNOPAY supports its Financial Services clients in capturing the value of Digital Ecosystems and Open Finance transformation…

Licensing

Holistic approach to acquire and retain (e.g. PSD2 AIS/PIS licence)

11

INNOPAY Use Case Experience Lab

Design, create and realize use cases to showcase and capture the value of a partnership, digital ecosystem or open finance

10

INNOPAY Academy

Tailored training & coaching on key topics

9

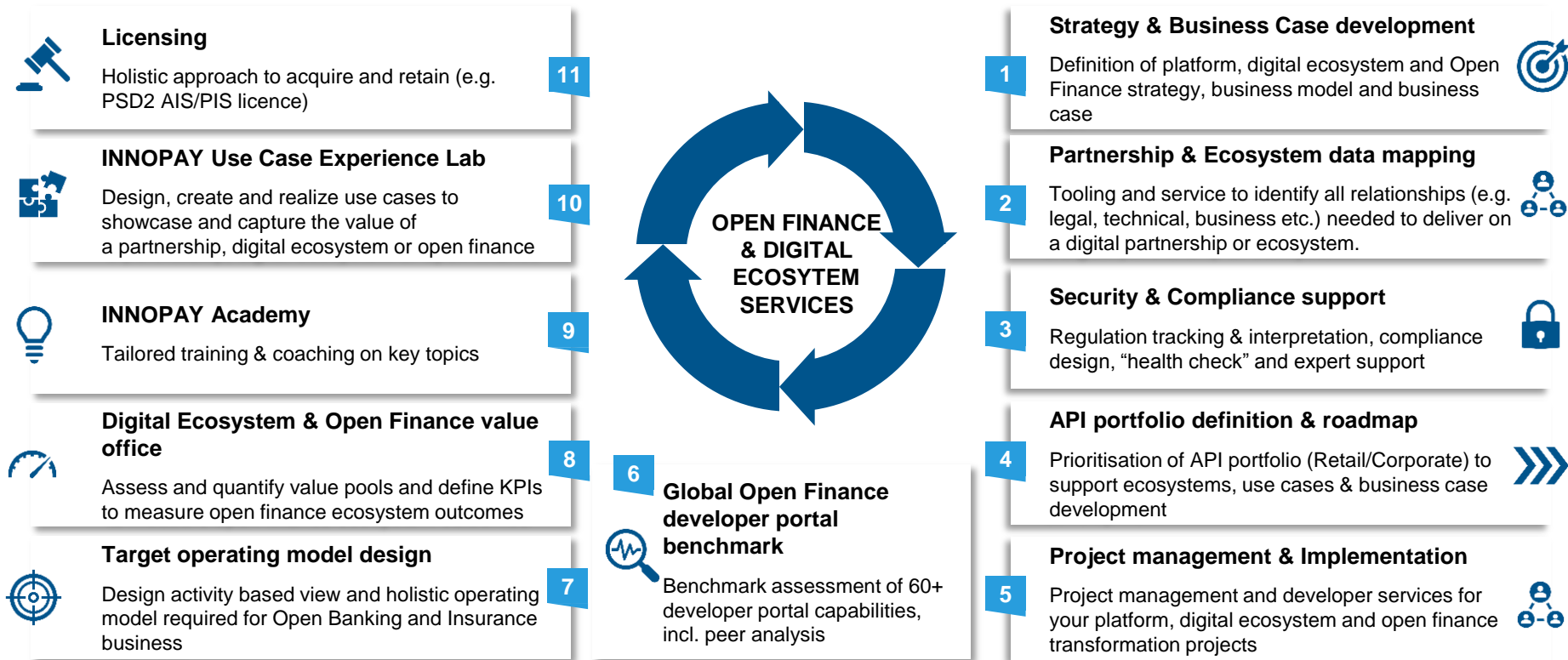**Digital Ecosystem & Open Finance value office**

Assess and quantify value pools and define KPIs to measure open finance ecosystem outcomes

8

Target operating model design

Design activity based view and holistic operating model required for Open Banking and Insurance business

7

6

Global Open Finance developer portal benchmark

Benchmark assessment of 60+ developer portal capabilities, incl. peer analysis

OPEN FINANCE & DIGITAL ECOSYTEM SERVICES

Strategy & Business Case development

Definition of platform, digital ecosystem and Open Finance strategy, business model and business case

1

Partnership & Ecosystem data mapping

Tooling and service to identify all relationships (e.g. legal, technical, business etc.) needed to deliver on a digital partnership or ecosystem.

2

Security & Compliance support

Regulation tracking & interpretation, compliance design, "health check" and expert support

3

API portfolio definition & roadmap

Prioritisation of API portfolio (Retail/Corporate) to support ecosystems, use cases & business case development

4

Project management & Implementation

Project management and developer services for your platform, digital ecosystem and open finance transformation projects
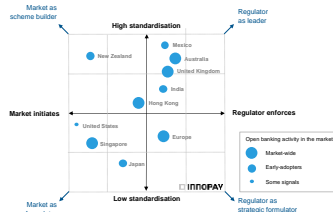
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…supported by in-depth research and benchmarks

Open Banking Monitor
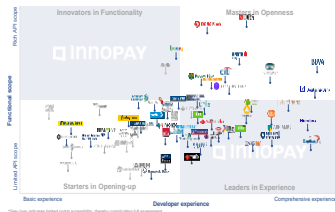
INNOPAY tracks Open Banking API efforts across the globe via the INNOPAY Open Banking Monitor

Ecosystem Frameworks

INNOPAY tracks Open Banking and Open Insurance (Trust) frameworks across the globe, driven by market players or regulators

TPP Radar
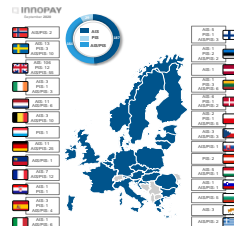
Radar with European overview of licensed TPPs which are building Open Banking propositions including technology and business model used

Open Insurance Monitor

INNOPAY tracks developments of parties (insurers, fintechs and banks) offering insurance APIs

Focus of this presentation

Embedded Insurance Lighthouse

Global lighthouse of innovative Embedded Insurance propositions including technology and business model used

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2 Open Insurance Monitor

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Data access is the key for insurers to capitalise on new ecosystem opportunities which are emerging on the back of digital transactions

Mobility as a Service

Fraud detection

Financial assistant

Insurer

Healthy living coach

Airline

Theaters

Google maps

Security

Mortgage

Bank account

Train

Nest

Musea

NH hotels

Uber

Fire detector

Binck

Telematica

Hotels

Car

Booking.com

Travel insurance

Home insurance

Wealth Management

AirBnB

Share

Insurance

Travel and vacation services

Personalised pricing

Smart home services

Consume external data

Expose external data

Ecosysteem

Consent manager

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In order capture these opportunities, INNOPAY envisions a transition to Open Insurance

CONSUME 🔑

EXPOSE 🔑

OPTIMIZER

Internal APIs connecing internal systems

DATA DIGGER

Mine data it IoT, PSD2 and other environments using APIs

CAPABILITY BUILDER

Consume services from partners and third parties using APIs

OPEN INSURER

1

2

3

4

5

6

7

TRUST FACILITATOR (platforms, trust frameworks, schemes etc.)

PRODUCT PROVIDER

Whitelabel products in a B2B2C model in open ecosystems

SERVICE PROVIDER

Services (e.g.. acceptation, claims management)

DATA PROVIDER

Insurance- and customer data sharing to third parties to exchange services

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With the help of APIs, insurers can become 'Open Insurers' and gain access to third party data, transactions & ecosystems

Traditional 'integrated' insurer

Consumer
Intermediary
Data
Functionality
Products & services
Partner

'Open' insurer
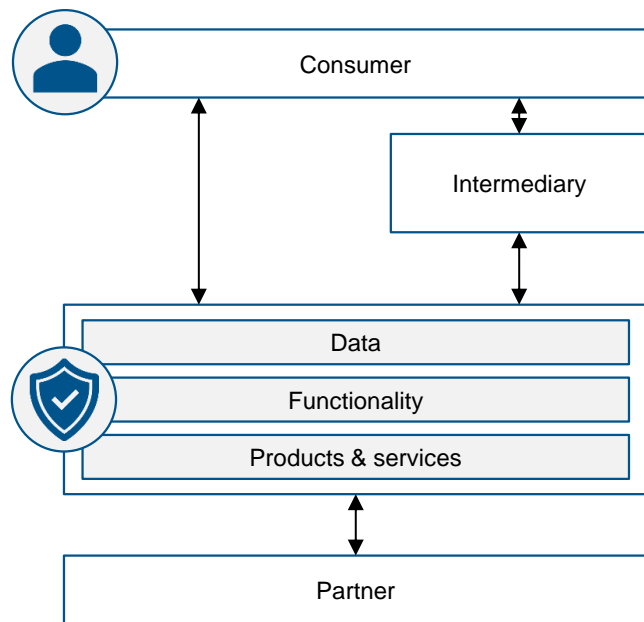
Consumer
Intermediary
Ecosystem 3rd party
Data
Functionality
Products & services
API platform
Partner

Expose API   Consume API

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The Open Insurance Monitor features parties worldwide taking first action in exposing Open Insurance APIs via developer portals

INNOPAY OPEN INSURANCE MONITOR FEATURES (DECEMBER 2020) – EXPOSE VIEW

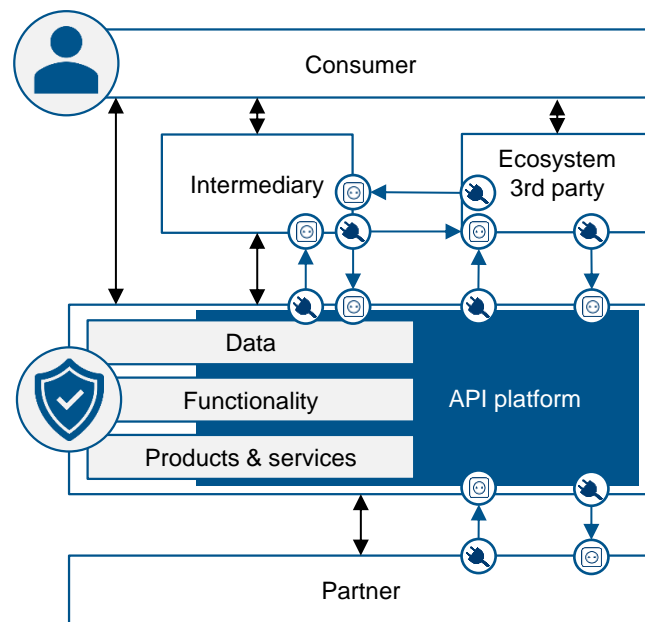**100+** Insurers and Insurtech observed for availability of developer portals

300 Banks (open banking monitor) analysed for presence of insurance API

18 Developer portals assessed with an (accessible) Open Insurance offering

8 Different countries worldwide with insurers active in Open Insurance
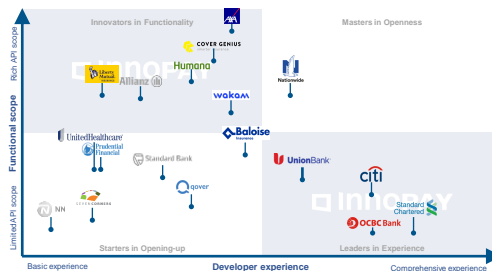
Grey logo indicates limited portal accessibility, thereby complicating full assessment
INNOPAY *Open Insurance Monitor (OIM) – Developer Portal benchmark (December 2020)*

168 Individual API functionalities
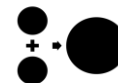
Categorised into

42 main groups of API functionalities
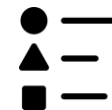
60+ Assessment features which contribute to a Comprehensive (Developer) Experience

13 INNOPAY Open Insurance Monitor. January 2021. © INNOPAY BV. All rights reserved.

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The first Open Insurance Monitor shows insurers building API portfolios and establishing first developer experience

Innovators in Functionality — AXA, COVER GENIUS smarter insurance, Humana, Liberty Mutual INSURANCE, Allianz, wakam

Masters in Openness — Nationwide

Starters in Opening-up — UnitedHealthcare, Prudential Financial, Standard Bank, NN, SEVEN CORNERS, qover, Baloise Insurance

Leaders in Experience — UnionBank, citi, Standard Chartered, OCBC Bank

Axes: Functional scope (Rich API scope / Limited API scope) vs Developer experience (Basic experience / Comprehensive experience)

*Grey logo indicates limited portal accessibility, thereby complicating full assessment

INNOPAY *Open Insurance Monitor (OIM) – Developer Portal benchmark (December 2020)*

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Compared to banks, insurers have a more broad API portfolio, but offer less developer experience

Open Insurance Monitor V1 (December)
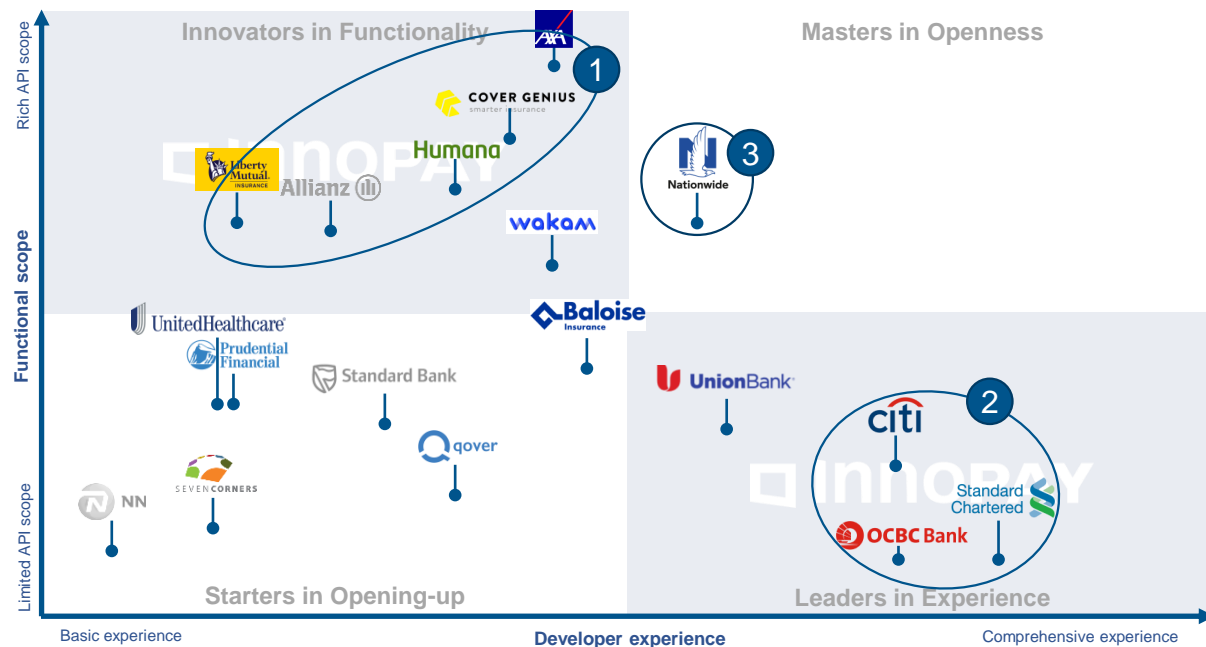
Selected Insights

**1** Insurers' first efforts are aimed at establishing a rich API portfolio with insurance related services, with minimal priority for developer experience

2 Due to their Open Banking efforts, banks are more advanced in developer experience compared to insurers. Extending the API portfolio of banks with insurance services would further boost their bancassurance model

3 Nationwide is first in heading for Master in Openness by offering a variety of insurance API and establishing developer experience through clear documentation and good developer usability

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Insurers have put effort in API scope and documentation, while banks are further advanced in developer engagement and usability

API CATALOGUE
Functionalities available through party's API offering

COVER GENIUS *smarter insurance*
2

AXA
1

Humana
3

API DOCUMENTATION
Information needed to understand APIs and its functions

Nationwide
2

COVER GENIUS *smarter insurance*
1

Baloise Insurance
3

COMMUNITY DEVELOPMENT
Engagement with Developer Community

citi
2

Standard Chartered
1

OCBC Bank
3

DEVELOPER USABILITY
Tools to guide developers and get started quickly

OCBC Bank
2

citi
1

UnionBank
3

Core Capabilities Developer Portals

API Catalogue — Policy servicing & administration APIs, Underwriting APIs, Customer APIs, Partner APIs, Claims APIs, Sales & distribution APIs

API Documentation — Technical Docs, API Publish Information, Business context, Pricing Information

Community Development — Community support, Blogs / Newsletter, Event activity, Community involvement

Developer Usability — Portal Usability, Registration & Introduction Documentation, Sandbox, App entitlements & management, SDK's & Toolkits, Authentication & Usage policies

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Insurers can monetise APIs based on 'sell through' and 'sell to' approach

'Open' Insurer
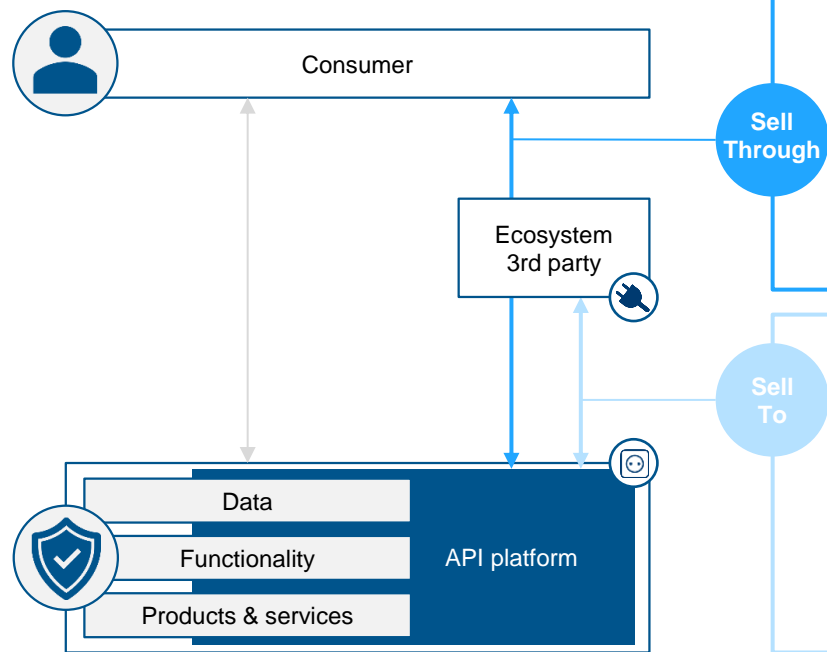
1. **Changing distribution and usage of financial products/services call for embedded insurance**

   *'Sell Through' means the **sale of insurance products** through 3rd party platforms via APIs*

   - **Customers** increasingly expect financial products to be embedded in platforms enabling frictionless client journeys
   - **New distribution channels** used by incumbents and new players to secure revenue growth

2. **New value-pools arise, offering opportunities for insurers**

   *'Sell To' means the **provision of insurer capabilities** to 3rd party platforms via APIs*

   - Various organisations **require insurance (related) capabilities** to run and enrich their business
   - **New value-pools** arise for insurers that develop new API-enabled products/services by building on their core-capabilities and **forge new partnerships**

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Insurers can explore API propositions within five key areas of the value chain

	Sell through		Sell to		

	Customer advice	**Sales & distribution**	**Underwriting**	**Policy servicing & admin**	**Claims management**
What	Offer personalised product advice based on customer data, such as current coverages and personal data (eg, car or home data)	Expand distribution channels through product placement within new third party channels and efficient partner management	Increase risk calculation capability by leveraging consumer data, allowing efficient and competitive pricing	Facilitate efficient policy servicing and administrative support within 3rd party platforms	Provide seamless customer experience by integrating claims management capabilities within 3rd party channels
Example APIs	**Customer advice APIs** • Not yet available	**Sales & distribution APIs** • High level & detailed product information (eg, benefits, coverage, premiums) • Partner information & partner account management	**Underwriting APIs** • Quote calculation, based on retrieved customer data • Insurance purchase & order management • Customer communications & support	**Policy servicing APIs** • Retrieval of policy details (eg, policyholder details, benefits, coverages) • Policy amendment & cancellation • Customer information & customer account management	**Claims management APIs** • Submit & manage claims, including attachments • Management of service assignments • Service provider invoice management
Parties[2] % of APIs[1]	**0%**	**8%** *Divided across 9 parties*	**34%** *Divided across 15 parties*	**31%** *Divided across 13 parties*	**23%** *Divided across 7 parties*
		Prudential Financial OCBC Bank	wakam Baloise Insurance	Nationwide Liberty Mutual INSURANCE Humana	AXA UnitedHealthcare

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3 Open Insurance bancassurance use case – Embedded Insurance

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Three coinciding trends create opportunity for bank-enabled Embedded Insurance

In today's **bancassurance,** mobile banking apps have a central position for distribution and management of insurances

Bancassurance

Embedded Insurance

Bank enabled E.I.
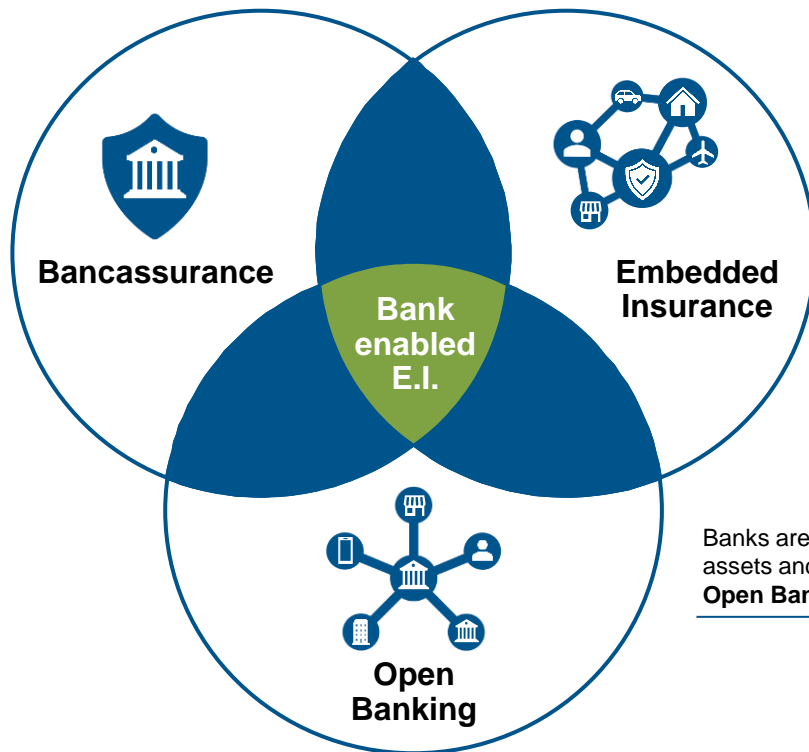
Open Banking

Insurance products are being integrated in third party platforms, products and services, also known as **Embedded Insurance** (E.I.)

Banks are increasingly opening up their data assets and capabilities as part of strategic **Open Banking initiatives**

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Banks can provide customer authentication & authorisation to enable sales of insurance products within third party platforms

1 — Data request

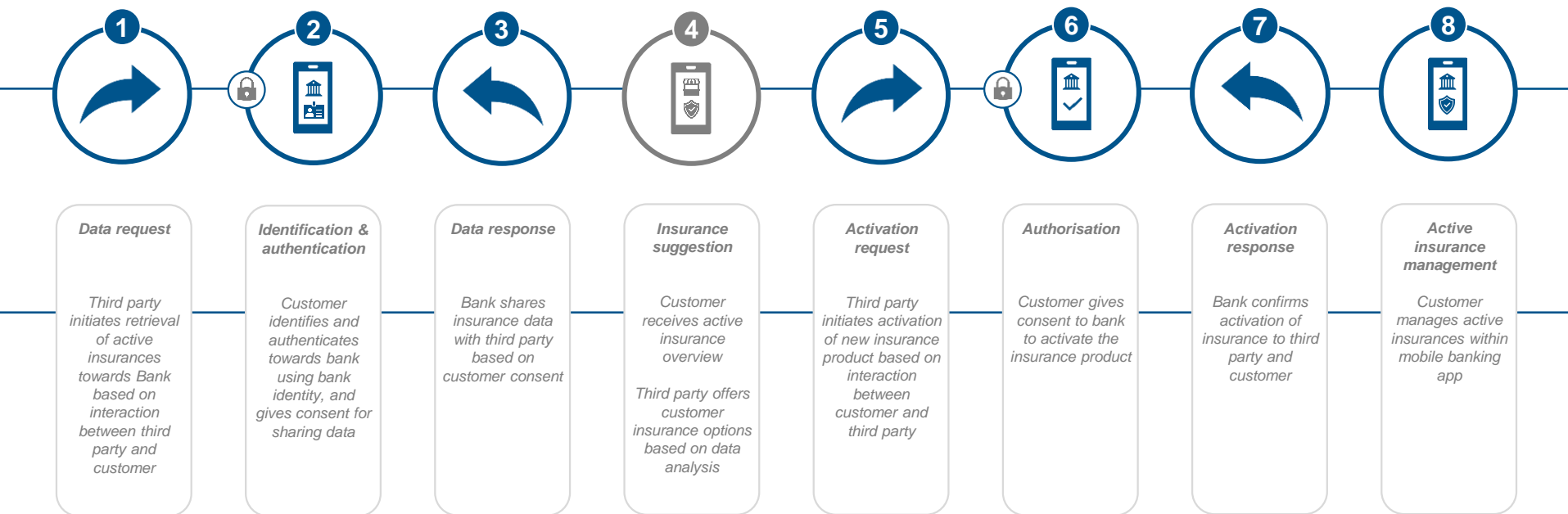Third party initiates retrieval of active insurances towards Bank based on interaction between third party and customer

2 — Identification & authentication

Customer identifies and authenticates towards bank using bank identity, and gives consent for sharing data

3 — Data response

Bank shares insurance data with third party based on customer consent

4 — Insurance suggestion

Customer receives active insurance overview

Third party offers customer insurance options based on data analysis

5 — Activation request

Third party initiates activation of new insurance product based on interaction between customer and third party

6 — Authorisation

Customer gives consent to bank to activate the insurance product

7 — Activation response

Bank confirms activation of insurance to third party and customer

8 — Active insurance management

Customer manages active insurances within mobile banking app

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Use case: Bank authenticates customer and retrieves active insurances in KLM's online channels

Indicative
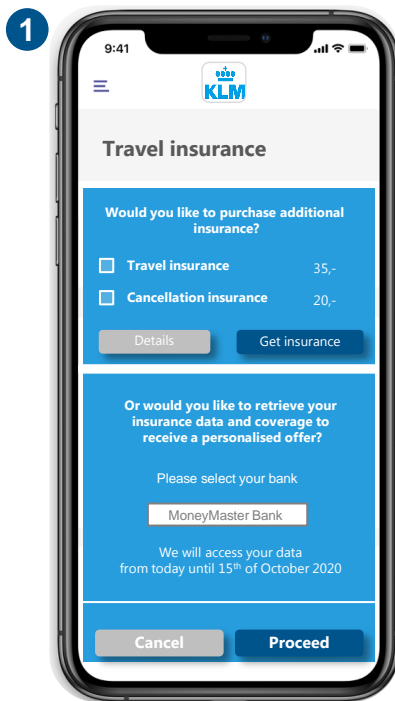
1 KLM offers customer the possibility to retrieve active products
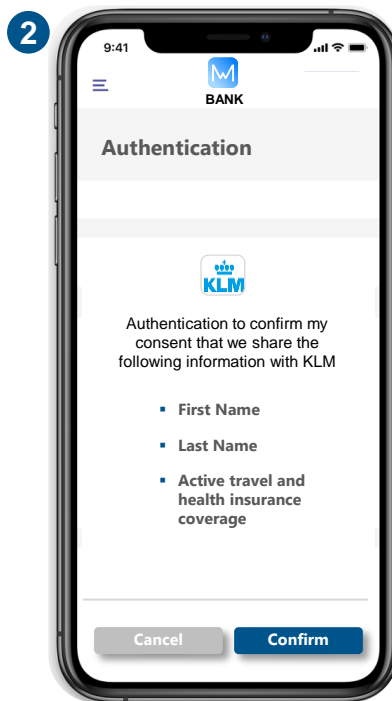
2 Customer is redirected to mobile banking environment for authentication and consent
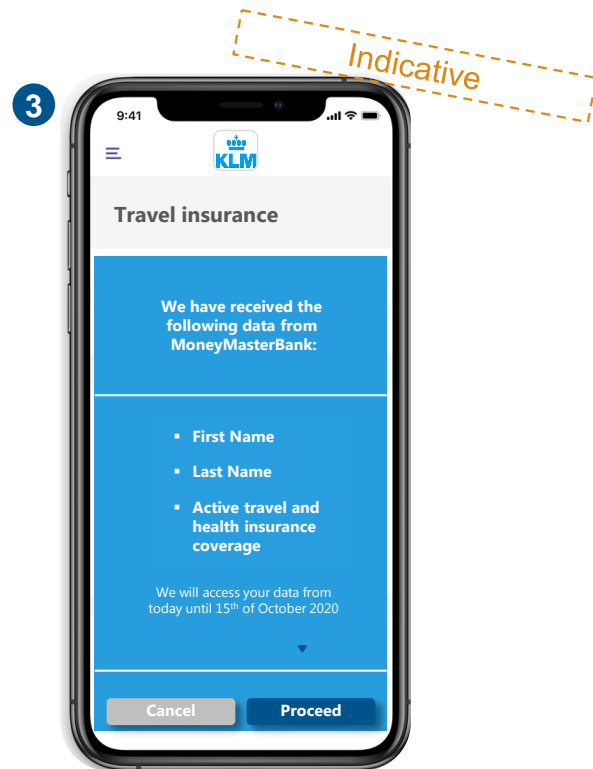
3 Customer receives confirmation that personal data is shared with KLM

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Use case: Customer authorises Bank to activate selected insurance product

Indicative

4 **5**

KLM

Travel insurance

Active insurance retrieved from bank
- **Liability insurance** — Details
  WA Basic
- **Health insurance** — Details
  Basic+
- **Travel insurance** — Details
  Domestic coverage

Suggested insurance with bank
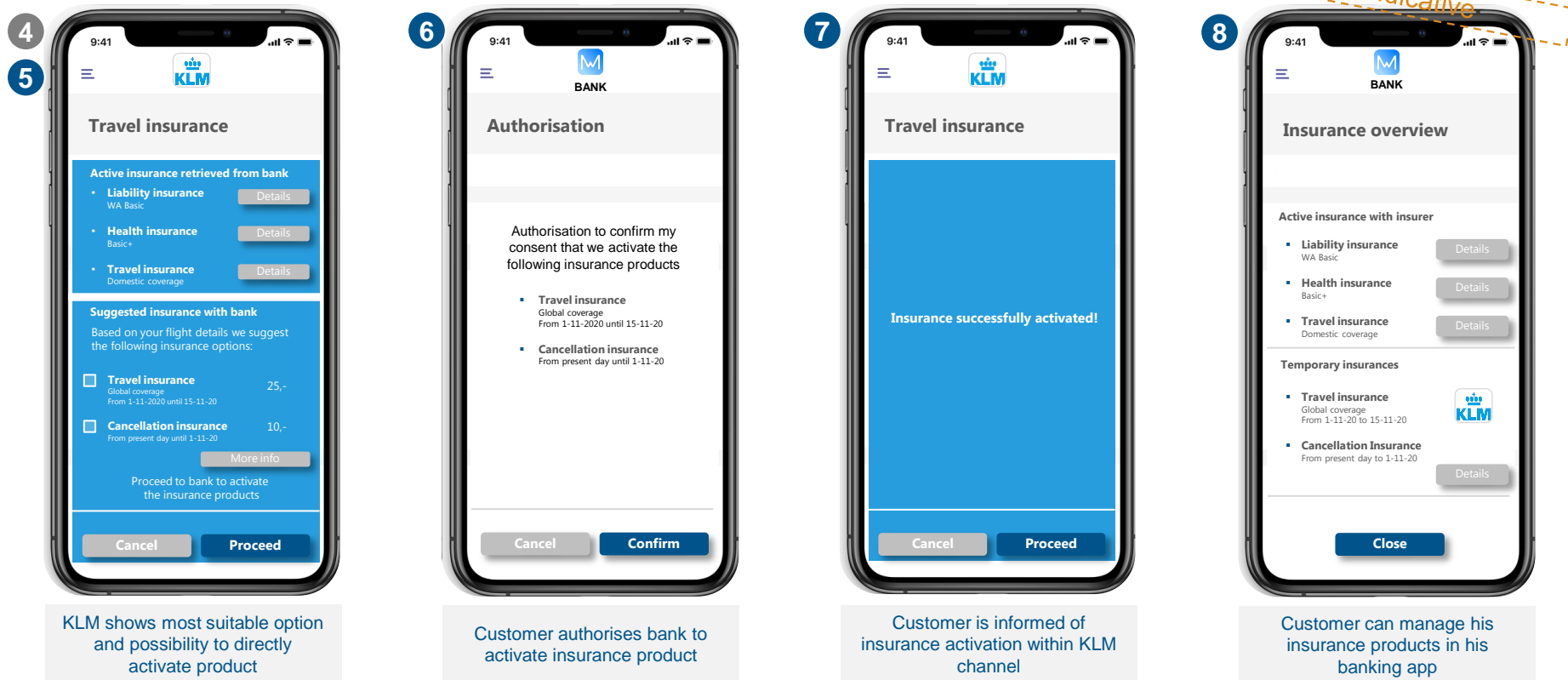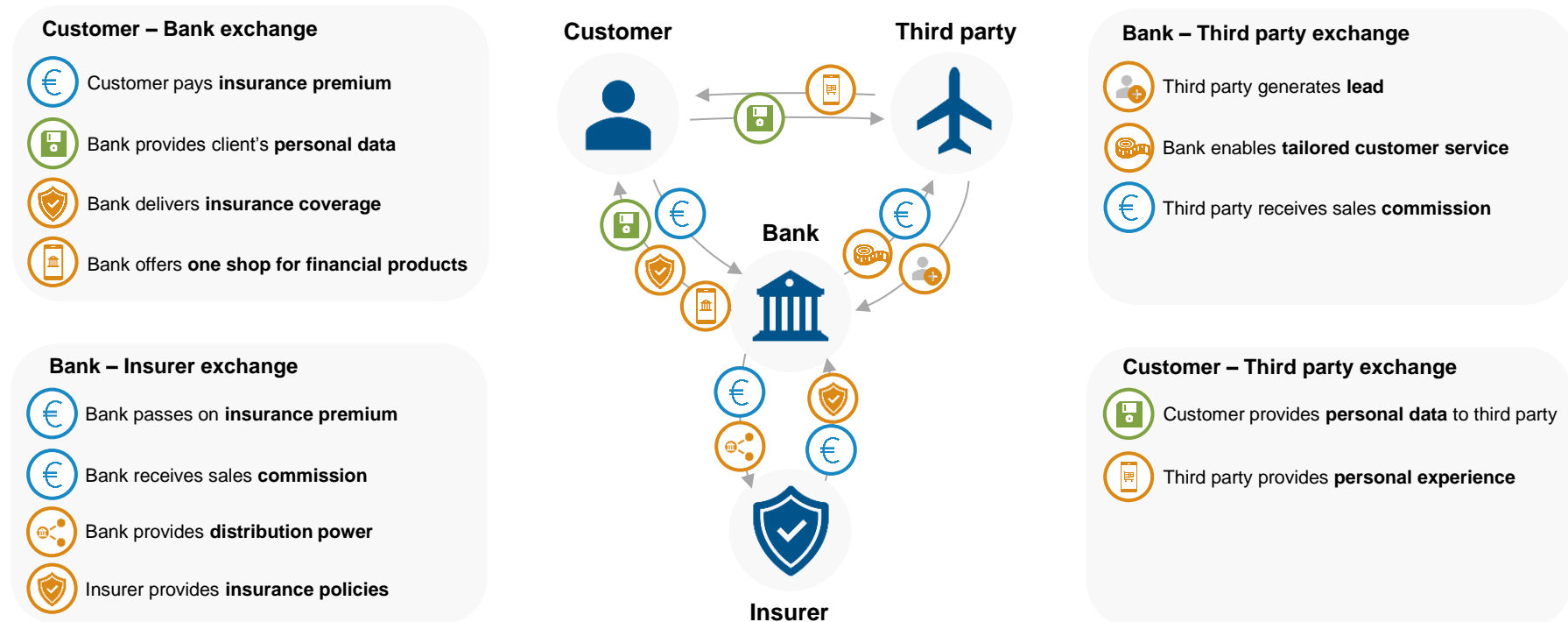Based on your flight details we suggest the following insurance options:

- ☐ **Travel insurance** — 25,-
  Global coverage
  From 1-11-2020 until 15-11-20
- ☐ **Cancellation insurance** — 10,-
  From present day until 1-11-20

More info

Proceed to bank to activate the insurance products

Cancel | **Proceed**

KLM shows most suitable option and possibility to directly activate product

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6

BANK

Authorisation

Authorisation to confirm my consent that we activate the following insurance products

- **Travel insurance**
  Global coverage
  From 1-11-2020 until 15-11-20
- **Cancellation insurance**
  From present day until 1-11-20

Cancel | **Confirm**

Customer authorises bank to activate insurance product

7

KLM

Travel insurance

Insurance successfully activated!

Cancel | **Proceed**

Customer is informed of insurance activation within KLM channel

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8

BANK

Insurance overview

Active insurance with insurer

- **Liability insurance** — Details
  WA Basic
- **Health insurance** — Details
  Basic+
- **Travel insurance** — Details
  Domestic coverage

Temporary insurances

- **Travel insurance** — KLM
  Global coverage
  From 1-11-20 to 15-11-20
- **Cancellation Insurance**
  From present day to 1-11-20
  Details

Close

Customer can manage his insurance products in his banking app

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Through exchange of services, user experience, data and financial compensation all ecosystem participants benefit

Overview of the different exchanges within the Embedded Insurance ecosystem

Customer – Bank exchange

- Customer pays **insurance premium**
- Bank provides client's **personal data**
- Bank delivers **insurance coverage**
- Bank offers **one shop for financial products**

Bank – Insurer exchange

- Bank passes on **insurance premium**
- Bank receives sales **commission**
- Bank provides **distribution power**
- Insurer provides **insurance policies**

Bank – Third party exchange

- Third party generates **lead**
- Bank enables **tailored customer service**
- Third party receives sales **commission**

Customer – Third party exchange

- Customer provides **personal data** to third party
- Third party provides **personal experience**

Customer   **Third party**

Bank

Insurer

Financial   Data   Non-financial

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INNOPAY's Open Insurance Monitor assesses publicly available developer portals with insurance APIs. If your organisation is not included in the Open Insurance Monitor yet, send an email to marnix.dekroon@innopay.com and let us know!

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