

Insurance **POST**

Blog: Do insurers risk being relegated to the role of white label cover providers in an era of Amazon and Apple?



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As Ikea partners with Swiss Re to enter the household insurance market, the move is yet another step closer to insurance cover becoming part of a wider ecosystem economy, where goods and services are bundled for consumer convenience. Keith Stonell, managing director, EMEA, Guidewire Software asks what insurers need to do to stop themselves being relegated to the role of white label providers.

When Ikea announced its [new home insurance offer](#), Hemsaker, in partnership with Swiss Re's Iptiq, it joined a number of household brands that clearly see an opportunity in the insurance market.

Admittedly, the Hemsaker product is currently a standalone digital offering, but who would bet against being able to purchase home contents insurance at the checkout alongside your new wardrobe and sofa in the not too distant future?

From a consumer perspective, the ecosystem economy is one of incredible convenience. Who wants to go to more than one service provider to get everything you need when it can all be sold as add-ons through a single channel?

In markets like [motor](#) and consumer electricals, this kind of practice has become reasonably commonplace but, now, it is about to become increasingly sophisticated and user friendly.

Buy a pair of headphones online today and you are given one option, which likely offers limited cover, and you have to take it or leave it. With the help of Iptiq, Ikea is proposing to offer customisable coverage, with terms communicated in simple language.

This move to an ecosystem economy could pose a serious challenge to insurance brands. Insurers tend to have a passive and limited relationship with their customers. There are no frequent or ongoing touchpoints between insurer and insured, and typically the only time a customer contacts their insurer is to make a [claim](#), complain, renew or cancel their policy.

Passive relationships are at risk of disintermediation, allowing for the goods or services involved to be commoditised and for disruptors to take ownership of the customer relationship.

Nobody is saying that Ikea will single-handedly do to insurance what Netflix has done to film and TV. However, add the likes of Amazon and Apple into the mix and the risk of insurers becoming white label carriers offered as an add-on at the checkout becomes very real.

If the problem is that the relationship insurers have with their customers is too passive, then it follows that part of the solution has to be building more meaningful relationships with customers. Insurers have to become more proactive in their customers' lives and offer a greater degree of ongoing support. For example, this might be educating people on the various online scams aimed at exploiting people's concerns about Covid-19 in order to protect them against insured, or indeed uninsured, losses.

Digital technology can play a crucial role in how insurers build these more meaningful relationships, particularly through the use of mobile and Internet of Things. This enables insurers to take a far more active role in their customers' lives by providing proactive loss prevention. Such service might look like home security assistance delivered through connected cameras, or leak prevention through sensors monitoring water pressure. This will require insurers to build and maintain the utmost trust with their customers but, when you think about it, arguably

insurers are starting from a position of greater trust compared to some of the potential tech or retail competitors.

Ultimately, if insurers are to survive as brands in a digitally mature ecosystem economy, they need to create deep and meaningful relationships that support regular touchpoints with their customers now. Failure to act risks trusted consumer brands swooping in to own the customer relationship, relegating insurers to the role of white label coverage providers.

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