WHITEPAPER

Value Momentum

Building Your API Foundation:

A How-to Guide for Leveraging APIs for Partner Integration

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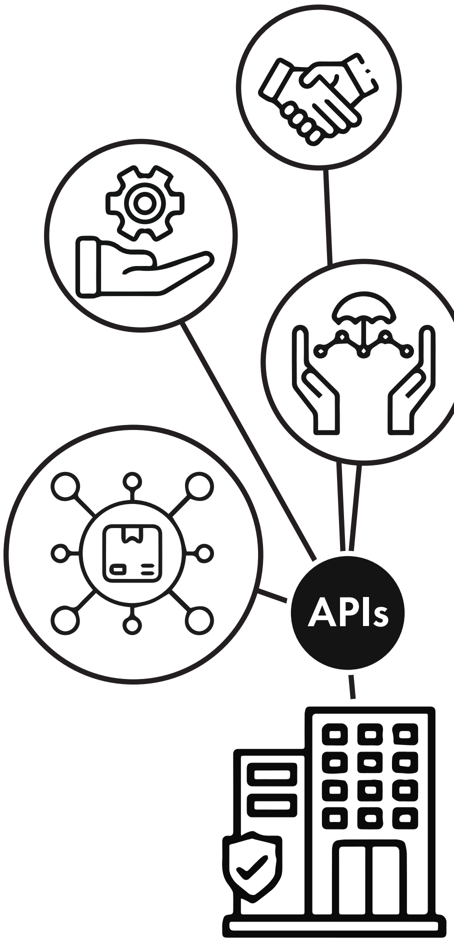
Executive Summary

The digital revolution is the age of collaboration. Insurers increasingly recognize the need and value of partnering with businesses, both from within and outside their industry. These partnerships—forming the skeleton of an insurance digital ecosystem—offer benefits such as new modes of monetization, enhanced customer experiences, and further growth of services. At the core of these partnerships are new-age digital distribution channels, empowering insurers to generate more leads, provide greater experience and expand their customer base.

Successfully executing insurance ecosystems requires the capability of Application Programming Interfaces (APIs). A well-architected API platform helps insurers seamlessly integrate with new partners, third-party providers, insurtechs, and distribution channels to offer tailored products and services to customers. With connectivity setting the terms of the game in today's digital business world, insurers are striving for APIs to establish smooth connectivity among various processes and systems—both internal and external—and ensure consistent flow of data/information across the entire insurance value chain.

Most insurers, however, face technical and conceptual limitations that hinder the build and operation of a proper API platform. While some have engaged with a point-to-point setup of APIs, many lack a formal, scaleable architecture to streamline partner integration and establish comprehensive, ecosystem-driven customer experiences.



For IT leaders embarking on the API journey, getting started may come with more questions than answers. Some critical questions include: What are the available distribution channels? What makes up an effective API foundation? What strategies can insurers take to build one? What are the rights tools and technologies that will fit our organization and culture?

If you are responsible for leading the digital initiatives in your organization to establish an API platform, enable ecosystem integration, and drive business growth, this whitepaper can act as your information guide. In this whitepaper, you'll learn:

- Four primary digital distribution channels for insurers
- Key shortcomings and myths to API adoption in Insurance
- The technical foundations for an API platform

Four Key API Distribution Channels

API Adoption

The API Foundation

Introduction

Customer-centricity is becoming the dominant norm of the industry. InsurTechs are driving this trend; according to McKinsey, more than 40 percent of those companies are focusing on expansion of their distribution channels to address multiple customer points through a modernized digital experience. No longer can incumbents focus solely on traditional insurance products—they must expand on all the value offerings tied and connected across the whole chain of customer needs.

Demands are also changing. Recent years have seen the explosive growth of multi-access customers; the number of purely offline customers is expected to decrease from six out of ten in 2012 to merely over two out of ten in 2024. Customers themselves increasingly want a hybrid digital channel and offline experience, the mix and match of possibilities providing improved credibility and loyalty. It is becoming not only practical, but necessary for insurers to develop enhanced multi-access experiences that allow customers to interact across all touchpoints.

Fig 1. Purely Offline Customers

Key to this continued disruption and changing demands is API-powered digital ecosystems. Novarica found that multiple claims organizations have started to utilize secure APIs to extend access from core claims systems to third parties. This has reduced paper usage, streamlined key business processes, and opened space for an enhanced digital experience. These new claims systems can connect to an ecosystem of channels that further provide value-added services.

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