



ZYWAVE

**Digital Distribution:**  
**Revolutionizing the**  
**Insurance Industry**

**T**he insurance industry has reached a pivotal juncture. Other industries have embraced digitalization, while the insurance industry continues to transact business in a manual environment. But the digital revolution is here, and it's time for insurers and their broker partners to embrace their own digital transformation.

But what does that look like in the insurance industry? Unlike many other industries, consumers can't just go online and buy complex business insurance products at the click of a button. For insurers, brokers, and wholesalers, digitization is a more complicated process. A customizable, agile platform is exactly what is needed to meet customer demand, market conditions, and to service all the lines of business that are available in the market.



*Embracing digital distribution will allow traditional insurers to **not only remain competitive but also thrive** in an era characterized by responsiveness, agility, and data-driven innovation.*

# The future is digital.

Digital distribution in insurance is not just about embracing technology; it is about recognizing the evolving landscape and the critical role of APIs and integrations.

For years digital distribution has been becoming common in the personal lines and SME markets. This is evident with the rise of straight-to-consumer products. More and more customers are obtaining coverage like home, cyber, warrantee, and auto insurance online with just a few clicks of a mouse.

As the industry continues to be under great pressure to manage combined ratios, the desire to decrease expense ratios is forcing digital distribution in other parts of the insurance market. Insurance buyers, brokers and wholesalers now expect demand-responsive supply chains, a concept that has already transformed industries like apparel, grocers and more.

How do organizations, with a mixture of legacy technology, move from paper to digital enablement? To meet the increasingly digital expectations of their business partners and clients, and help to reduce or control their expense ratio, insurers must transition to dynamic, adaptable platforms that enable them to respond effectively to customer needs. That should also include technological improvements that better support the broker, or wholesaler, and offer an improved end-user experience.

# What should digital revolution look like?

Embracing digital distribution does not mean entirely replacing traditional insurance models but rather to add value to the current distribution process. Recent studies have shown that a well-developed digital distribution process, one that builds human interaction into the process and ultimately allows electronic transactions, translates into more quotes getting bound and an increased closure rate.

The human element remains essential, but brokers, wholesalers, and the ultimate insurance buyer benefit from improved products, timely offerings, convenient options, and enhanced engagement.

When enabling a digital revolution, the focus should not be on creating more - but on offering the right connection points to enable brokers to build efficient, productive, and successful solutions. This agility will allow insurers to bring the right tools to the correct part of the process and shift from outdated, monolithic systems. Yet while digital distribution may seem like a panacea, full of opportunities, it still comes with its own set of complexities. **To succeed, insurers need to root their digital revolution in three particularly important concepts:**



**Connectivity:** One of the big obstacles to digital distribution is the lack of connectivity. Disparate protocols, legacy technology and the lack of connectivity is keeping organizations from fulfilling their digital distribution goals. Focusing on building a distribution process that is rooted in connectivity, both within an insurers system, and to their distribution partners systems is fundamental.



**Adaptability:** Identifying and forecasting new market opportunities, such as the emerging cannabis industry, can be daunting. Developing insurance products, especially in evolving areas like cybersecurity, is a costly and time-consuming endeavor. Successful organizations can react to the market. Building a digital distribution framework that can adapt to shifting market trends is essential.



**Agility:** But connectivity and adaptability are not enough – these concepts need to be paired with agility. Market conditions change regularly, and risk appetites respond based on the market and individual carriers' performance. The ability to respond to those conditions can make or break your year. Lagging the market or the competition won't cut it anymore. Technology needs to be in place will allow for increasing agility as risk continues to shift and evolve.

## The benefits of digital distribution

Building a modern, digital distribution framework takes a conscious effort, across the entire organization. But investing in modernization will offer a range of benefits. **Here are just a few to consider:**

- 1 Front-line Distribution:** Support brokers, wholesalers, and ultimately the policyholder throughout their entire insurance journey, from policy issuance to claims processing and renewal, thus increasing customer satisfaction.
- 2 Tailored Coverage:** Quickly create personalized coverage options for customers, aligning policies with individual needs.
- 3 Back-end Distribution:** Support broker partners with tools for quoting and comparing coverages, allowing for streamlined operations and greater efficiency.
- 4 Data-Driven Innovation:** Leverage data to expedite the development of new products and inform marketing, pricing, and sales strategies. The elimination of rekeying of data increases data quality and completeness.
- 5 Market Trend Adaptation:** Swiftly adjust underwriting rules and rating algorithms in response to market trends in order to stay competitive.
- 6 Addressing New Risks:** Identify and respond to emerging risks by developing and offering new types of coverage with speed.

# Building a digital distribution platform

No two insurance organizations are the same, which is why in the quest for a digital revolution it's important to avoid one-size-fits-all solutions. Instead, look for modular options that align with specific needs. Assembling the right components will create a superior digital-first experience that enhances the customer journey, emphasizes speed, and mitigates risks.

A successful digital distribution network will allow insurers to connect their systems with those of their customers and broker partners. That means the right modular system should also be cloud-based, allowing for scalability, flexibility and accessibility, as well as built with an open API infrastructure, facilitating seamless integrations with other systems.



*But **building a digital distribution framework goes beyond just the technology.** Technology will play a pivotal role, but insurers need to reinforce their digital solutions through organizational improvements that align with their digital goals.*

Consider the process improvements that need to be made. Are the systems, processes, and goals the organization has in place all working together to support a digital framework? And while everything may be working together today – what about tomorrow? Digital transformation isn't a one-time event. It requires an ongoing commitment to innovation and advancement, one that's reinforced organization-wide on a continual basis.

## It's time to get started.

The insurance industry is at a crossroads, and the path forward is digital distribution. Embracing this approach will ensure that the industry can remain responsive to evolving customer needs, agile in adapting to market trends, and data-driven in their decision-making. For insurers who are looking to thrive in the increasingly digital market, building a robust digital infrastructure, partnering with the right providers, and reinforcing their digital solutions through process alignment and ongoing commitment is key to their success. And by doing so, they can secure their relevance in a future defined by digital innovation and customer-centricity.

To learn more about investing in your digital distribution framework with Zywave, email [marketing@zywave.com](mailto:marketing@zywave.com).

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