

A hand is shown gripping a steering wheel, with a blue-toned radar overlay consisting of concentric circles emanating from the center. The background is a blurred view of a car's interior and a city street at night.

Radars 2023

GAFA's Insurance Services

May 2023

The Positive Way
WAVESTONE

WAVESTONE



WE SUPPORT LARGE COMPANIES AND ORGANIZATIONS IN THEIR MOST CRITICAL TRANSFORMATIONS



**Business &
technology**

13 office
in 8 countries



**TO
470 M€**

+3 000
employees



+450
Financial
Services
Consultants

Summary



CHAPTER 1
**Scope and
methodology**

CHAPTER 2
**Radar of GAFA's
Insurance Services**

CHAPTER 3
**Emerging
trends**

CHAPTER 4
**Detailed
presentation**

This study focuses on the 4 major digital players (GAFA) and highlights the major market trends while observing new use cases in property and personal insurance.



Q1

Scope & Methodology

2023 GAFA Insurance
services

Purposes of the study



INDUSTRY STAKES FOR GAFA

- / Understanding the evolution of GAFA in the insurance industry
- / Analyzing their strengths and weaknesses
- / Identifying the strategies they chose to enter the sector and develop

OPPORTUNITIES FOR INSURERS

- / Identifying **innovative partnerships** between GAFA and traditional insurers
- / Analyzing **emerging trends** within the industry which insurers can address thanks to GAFA



Scope of the study

DETAILS OF THE ANALYSIS AND OFFERS OBSERVED

SAMPLE OF COMPANIES STUDIED

✓ **GAFA**

Google Apple
amazon Meta

✓ Secondary actors offering **innovatives** services

TESLA
Tencent 腾讯
Microsoft

OFFRES ANALYZED

/ Communicated through press releases

OFFERS SCOPE

✓ **BtoB** et **BtoC**

✓ Both **global** and **specific to some countries** (USA, France, India, etc.)

GAFA Presentation



A DIVERSIFIED ECONOMIC AND TECHNOLOGICAL POWER

Google

200+ branches

8 branches

With an impact on the insurance industry



Apple

128 branches

7 branches

With an impact on the insurance industry



Meta

91 branches

5 branches

With an impact on the insurance industry



amazon

108 branches

7 branches

With an impact on the insurance industry



STRENGTHS

- Extensive database allowing a lot of offer personalization
- Large consumer base that is quickly and easily reachable
- Digital and global distribution channels along with a strong technological maturity

WEAKNESSES

- Ethical issues linked to the management of personal data
- Restrictive regulations around personal data (RPGD, etc.)
- Lack of expertise in the insurance field and weak contacts with traditional insurers



Radar

GAFA's Insurance
Services - 2023

Typology of insurances covered

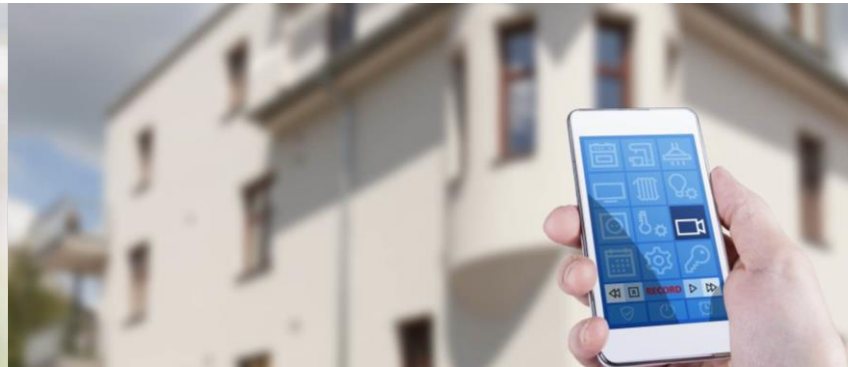


THREE CATEGORIES OF INSURANCE STUDIED FOR THE RADAR



INDIVIDUAL INSURANCE

Insurance offers covering a **physical person** (health insurance, life insurance)



CASUALTY INSURANCE

Insurance offers compensating the client for **damages** (home insurance, goods insurance)

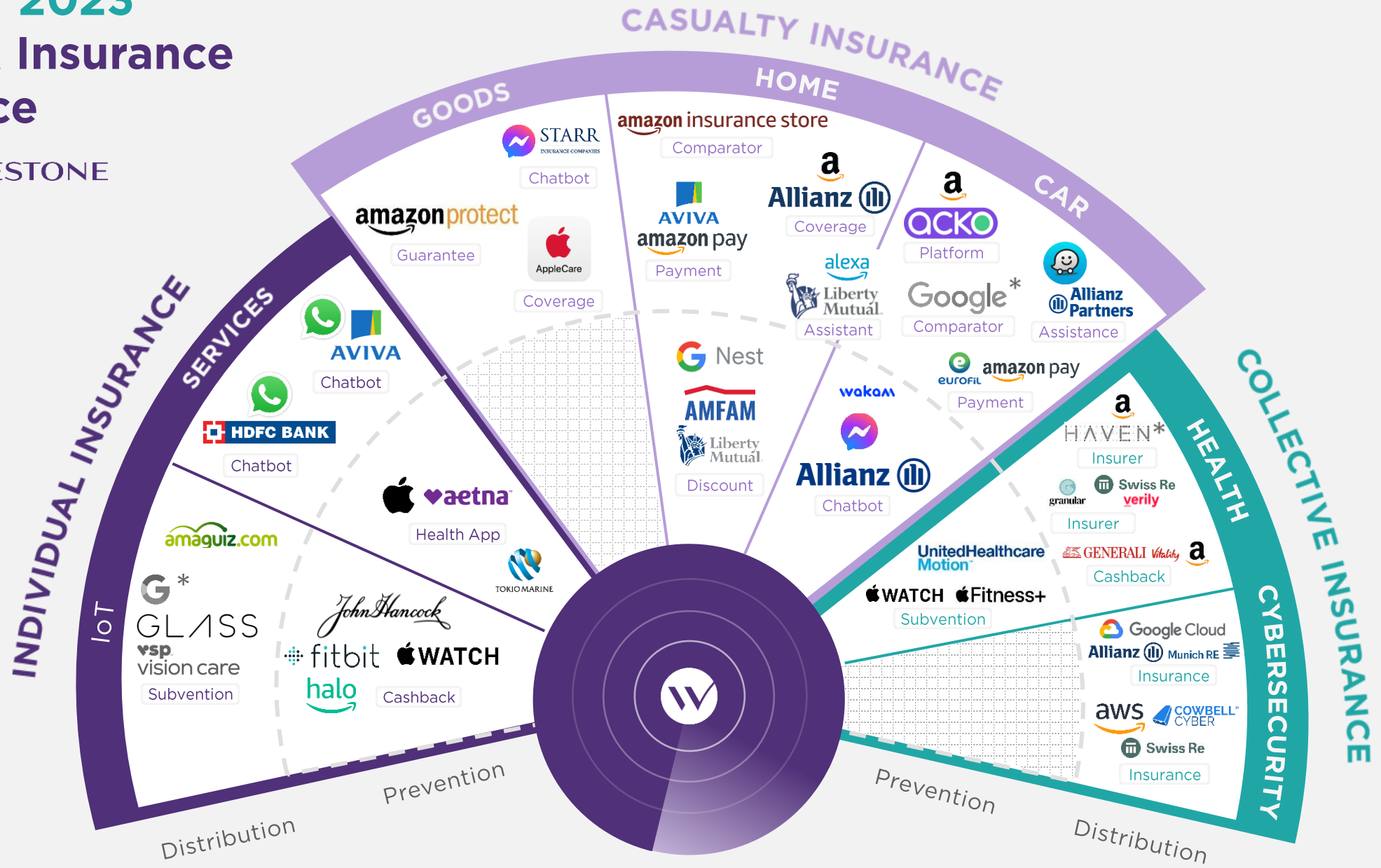


COLLECTIVE INSURANCE

Insurance offers covering a **group of physical people** or a **moral person** (collective insurance)

Radar 2023 GAFA Insurance Service

By WAVESTONE



*End of the service but useful for the study



Emerging Trends

GAFA's Insurance Services -
2023



A growing maturity in the insurance industry



DIFFERENTS DEGREES OF MATURITY AMONG GAFA

Low degree of maturity

High degree of maturity

 Meta
Meta

- Remains the **least mature actor** in the sector
- Activity focusing on **chatbots** through WhatsApp and Messenger

 Apple 
Apple et Alphabet

- Focusing their efforts on their preferred sectors (**health and security**)
- Promoting their advanced IoT (Apple Watch, Google Nest)



Amazon is the most prominent actor

- Presence covering a wide range of offers (cybersecurity, health, mobility, etc) and geographical zones (Europe, USA, India, etc.)

FAVORED SECTORS TO IMPLEMENT PARTNERSHIPS

Health

- GAFA are favoring the health insurance field to launch partnerships. It allows them to **democratize their IoT** (smart watches, etc.)
- Insurers can gather data** to determine client risks more precisely

Housing

- Home insurance is progressively targeted by GAFA since it offers several opportunities to **collaborate with traditional insurers** (payment facilitation, prevention) while acquiring **valuable expertise** (comparators, subscription)

Cybersecurity

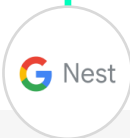
- With the rise of new risks, cybersecurity is a target area for GAFA where they can capitalize on their knowledge and **cloud services**. However, despite a few initiatives in the field, their **presence** remains **weak** especially prevention wise

The IoT: a competitive advantage for insurers



DISCOUNTS ON PREMIUM

- Some insurers offer their clients the possibility of **reducing their monthly premium** depending on their behavior or habits. These can be tracked through GAFA's **IoT** (physical activity, installation of security camera, etc.)



Google Nest : Nest Safety Program

Program in partnership with American insurers. Clients installing a Nest device can benefit from a discount on their home insurance

CASHBACK & REWARDS SYSTEM

- Several insurers have set up cashback & reward systems in partnership with GAFA in order to **encourage their clients to follow healthier lifestyle habits** (physical activity, sleep habits)

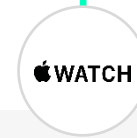


Amazon

Amazon partnered with various insurers to participate in their reward systems (Amazon gift cards, Prime subscription). Clients can collect these rewards depending on their health status analyzed by smart watches

OFFER ATTRACTIVITY

- By showcasing GAFA's IoT (smart watches), insurers can increase their offer's attractivity. They can **partly** or **completely cover the price of this IoT** for their clients if they achieve certain objectives (monthly steps number, etc.)



Apple & John Hancock : « Vitality » program

Clients can pay for an Apple Watch on a monthly basis. By accumulating Vitality points through physical activities, clients can reduce this monthly payment to zero

GAFA: accelerators of insurance processes



ACCELERATED CLIENT PROCESSES

- By relying on the digital platforms of GAFA insurers can easily **simplify and speed up** their different client processes (insurance subscription, premium payment, notice of claim, etc.)



Amazon Pay & Acko

Amazon Pay partnered with Indian insurer Acko to allow clients to subscribe to car/motorbike insurance in fewer than 2 minutes directly via the Amazon Pay platform

OPTIMIZED COMPARATORS

- Some of GAFA are partnering with insurers in order to deploy online insurance markets from which clients can directly subscribe to an offer.
- The objective is to **ease decision making** while being fully transparent on the offers displayed to the users

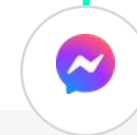


Amazon Insurance Store

Amazon Insurance Store offers a comparison and subscription tool for home insurance directly on its platform. The offers displayed are in accordance with pre-defined quality factors set by Amazon

CHATBOT PLATFORMS

- Thanks to its social networks, Meta (Facebook) can facilitate the **implementation of chatbots** for insurers. This can ease and **improve the communication** with their clients since assistance chatbots are quickly accessible through Meta's apps



Starr Insurance Company & Messenger

Starr Insurance Company launched a chatbot on Messenger to speed up the travel insurance processes. The user can directly subscribe to an insurance without leaving the app

Innovative offers from other tech companies



TESLA



Car insurance based on the client's driving behavior

- ✓ Tesla measures through their cars several driving habits (following distance, late night driving, collision warnings, etc.) in order to assess the driver's **Safety Score**
- ✓ Depending on that Safety Score, the driver can **decrease their premium** and track their habits directly on the Tesla app

MICROSOFT



Discount on cyber insurance premium with At-Bay

- ✓ Every company using Microsoft 365 software is **eligible for a 15% discount** on their At-Bay insurance if they implement two cyber security measures : **double factor authentication** and Microsoft Defender (phishing prevention tool)

TENCENT



WeSure: Tencent's insurance platform

- ✓ WeSure allows users to subscribe to insurance or receive informations **directly on WeChat**
- ✓ The objective is for users to always have their insurance at hand



Potential evolutions

OPPORTUNITIES FOR NEW PARTNERSHIPS BETWEEN INSURERS AND GAFA

AUTONOMOUS VEHICLES

- Car insurance will be disrupted by autonomous vehicles especially with the **responsibility** associated to the driver decreasing
- Hybrid coverage** must be developed to take into account risks linked to software and cyber security
- This evolution is a great opportunity for insurers to partner with GAFA in order to **define the scope** of future car insurance

Google W
Waymo
Autonomous driving technology



ZOOX
Zoox
Autonomous car without driver

USAGE-BASED INSURANCE

- Instead of relying on data associated with the client's profile, usage-based insurance focuses on using **behavioral data**
- Consequently, premium for car insurance or life insurance can be **adapted** and potentially lowered depending on the data

Google | Waze | Google Maps

Apple | Maps

PROCESS ACCELERATION THROUGH IOT

- By leveraging GAFA's IoT/virtual assistant ecosystems, insurers could **accelerate several processes** such as filing a claim, payment of claims, etc. especially for home insurance and climate risk insurance
- Once it receives data related to an incident from the IoT (cameras, captors, etc.), the insurer can directly carry out the payment for the claim

Google | Google Assistant | Nest

Apple | Siri | HomePod | App Home

amazon | alexa | blink | echo

Regulatory limitations impeding the growth of GAFA in the sector



GENERAL DATA PROTECTION REGULATION (GDPR)

Within the **European Union**, it is aimed at **protecting individuals with regard to the processing of personal data and its free movement**. In this regard, GAFA companies are accused of not fully complying with these regulations and having questionable or uncontrolled use of users' personal data

2018

NEW VERSION OF THE «INFORMATIQUE ET LIBERTÉS» LAW BY CNIL

It includes **provisions related to the national margins of maneuver allowed by the GDPR**. It is responsible for ensuring the protection of personal data contained in electronic or paper files and processing and has the power to carry out audits and impose sanctions

2019

The objective of this regulation is to establish a **detailed and comprehensive framework for digital operational resilience for financial institutions in the European Union**. Its aim is to unify the management of information technology risks, define a procedure for in-depth testing of information systems (IS), and raise the awareness of supervisory authorities to cyber risks

DIGITAL OPERATIONAL RESILIENCE ACT (DORA)

AMERICAN INNOVATION AND CHOICE ONLINE ACT

Aims to **prevent web giants from favoring their own products at the expense of American competition** (antitrust law). In summary, it is an American version of the DMA and is currently under consideration in the United States. Google and Amazon, in particular, have been targeted by these accusations

2022

Approved by the **European Union**, this regulation aims to **prevent the abuse of their position by gatekeepers**. Cross-utilization of user data from different services offered is prohibited, as well as preferential treatment of GAFA services over those of other companies. If the rules outlined in the DMA are violated, the web giant may face fines of up to 10% of its total global revenue or up to 20% in case of repeated offenses.

DIGITAL MARKET ACT (DMA) OR COMPETITION REGULATION



GAFA : a serious competitor for insurance companies ?

STRENGTHS

- ✓ The **insurance sector** can play a role as a **relay for economic policies**: governments trust the traditional players in the sector
- ✓ The regulatory context seems to be more favorable to traditional French players (vs. GAFA)
- ✓ Traditional insurers demonstrate a great mastery of the entire value chain: products, services, management, risk carrying and steering

WEAKNESSES

- ✓ The GAFAs act as **digital infrastructure providers and project facilitators**, such as in the area of public cloud (Microsoft Azure for Allianz, Amazon AWS for AXA)
- ✓ The giants are multiplying **new solutions around technology and digitization**, especially Google and Amazon
- ✓ Large-scale digital distribution is by nature facilitated by existing platforms

OPPORTUNITIES

- ✓ When asked in 2020 about the possibility of **taking out a health contract with players other than traditional insurers**, only 4% of the French cited GAFAs (vs. 48% for Social Security)
- ✓ The **withdrawal** of Google and Amazon on **various initiatives** testifies to the obstacles that GAFAs may face (Google Compare, Haven)
- ✓ Strengthening partnerships with GAFAs to distribute insurance products

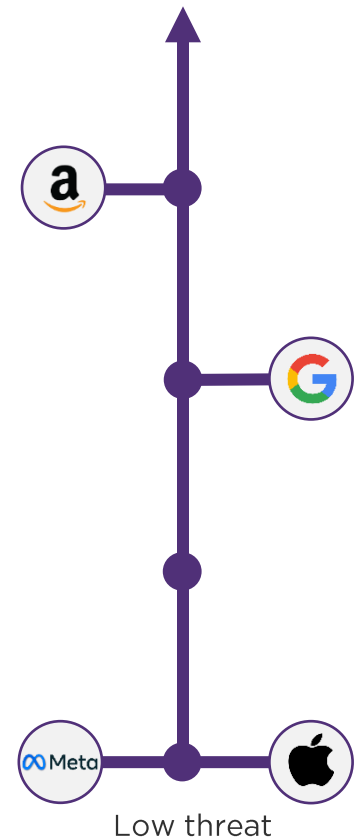


THREATS

- ✓ GAFAs enjoy **considerable advantages**:
- ✓ Close proximity to the customer;
 - ✓ Ability to collect,
 - ✓ Manage and exploit data, allowing to refine customer knowledge;
 - ✓ Accelerated time to market
- ✓ Google and Amazon are developing an **internal organization around insurance**
- ✓ **Possible emergence of a real insurance player** among the GAFAs, via assurtechs or other

A direct threat in 2023?

Destruction of a part of the business





Detailed presentation

GAFA's insurance services -
2023

Google / Alphabet



A STRONG RATE OF INVESTMENTS AND ACQUISITIONS TO PROMOTE INNOVATION

SERVICES



Nest

Google Nest

Prevention

Devices for smart homes (cameras, smoke alarm, etc.)



Verily

Prevention

Company aiming at improving the integration of technology in health services



Waymo

Prevention

Autonomous car conception project



Fitbit / Pixel Watch

Prevention

Smart watches monitoring health indicators and physical activity



Google Ventures

Potential

Investment fund of Alphabet



Waze

Potential

Mobile app providing real time driving directions and assistance

90%

of internet researches in the world go through Google

Alphabet

*StatCounter

Apple

THE TECH GIANT IS FOCUSING ON DEMOCRATIZING HEALTH TO MAKE IT “APPLE’S GREATEST CONTRIBUTION TO MANKIND” (TIM COOK)

SERVICES



Apple Care

Distribution

Services and support coverage for an accidental damage, theft or loss of an Apple device



Apple Watch

Prevention

Smart watches monitoring health indicators (cardiac rhythm, activity, sleep, etc.)



Beddit

Prevention

Sleep monitor device designed to improve sleeping habits



Apple Health

Prevention

App ensuring complete medical track records



Siri

Potential

Virtual assistant



12%

Of the global smartphone market is controlled by Apple*

N°1

On the smart watches global with 1/3 of market shares*

*IDC

Facebook / Meta



A DEVELOPMENT STRATEGY CENTERED AROUND THE METAVERSE

SERVICES



Whatsapp

Distribution

Instant messaging service which can be used for chatbots



Oculus

Potential

Development of VR technologies in order to shape and improve user experience in the metaverse



Facebook / Instagram

Potential

Social networks collecting a large amount of data on user preferences and habits

2.7 Billiards

Active Facebook users per month worldwide*

52 000

Unique attributes collected for each user of Meta's social networks**

*FierceHealthcare

Amazon

A SPRAWLING EMPIRE GOING BEYOND E-COMMERCE

SERVICES



Amazon Pay

Distribution

Online payment service offered to Amazon users



Amazon Protect

Distribution

Insurance service offered for certain tech products on the platform



Blink

Prevention

Security cameras connected to Amazon ecosystem (Alexa)



Amazon Halo

Prevention

Health and wellness smart band tracking exercise, sleep, nutrition and meditation



Alexa : assistant virtuel

Potential

Virtual assistant gathering a large amount of information on its users



N°1

On the e-commerce market in the world



*Statista

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In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to inform and guide large companies and organizations in their most critical transformations, with the ambition of a positive outcome for all stakeholders. It's an ambition anchored in the firm's DNA and embodied in the signature "The Positive Way."

Wavestone draws on over 3,500 employees across 9 countries. It is a leading independent player in European consulting.

Wavestone is listed on Euronext Paris and recognized as a Great Place to Work®.

Wavestone, a leader in the insurance industry



Wavestone brings together a team of over 250 consultants specialized in insurance. With a deep understanding of the market challenges and distribution methods, they have extensive experience across all types of risks (Property and Casualty, Health/Disability, Savings/Retirement) and work with various actors such as insurance companies, mutuals, bancassurers, and brokers.

Drawing on this expertise, our consultants are committed to offering pragmatic and business-oriented solutions, evaluating their impacts comprehensively (business, organizational, technological).

Our areas of expertise include:

- ✓ Customer Relationship, Distribution & Marketing Effectiveness
- ✓ End-to-end Operations Performance: Underwriting, Contract Management, Claims, Operational Resilience
- ✓ Data Management
- ✓ IT Operating Model
- ✓ Finance
- ✓ Sustainability

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