



Closing the Insurance Gap: **A NEW ERA OF EMBEDDED INSURANCE DISTRIBUTION**



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Introduction

Kayna enables embedded insurance distribution through vertical SaaS platforms. It provides the technology & data orchestration layer between Insurance Carriers and Brokers and any vertical SaaS platform enabling the distribution of insurance products that are directly relevant to the platform customers.

Vertical SaaS platforms offer ‘software as a service’ cloud solutions which are industry specific. Their features and functions are designed to meet the particular service and solution demands of an industry type. High profile vertical SaaS companies include for example: Toast – which supports all elements of restaurant management (62,000 restaurants, ARR US\$1.1 billion¹), and ServiceTitan - a field services platform used by home and commercial contractors to log and manage their service visits and construction projects (100,000+ Contractors, ARR US\$250 million²).

Kayna Finds the Market In the Protection Gap

It’s important to note that 40%³ of Small to Medium-sized businesses (SMBs) in the USA have no insurance and 75%⁴ are materially underinsured – mainly unknowingly underinsured. This means many SMBs are running their business at a massive risk – if things go wrong, the insured amount may not cover the loss, leaving the SMB liable for the expense and potential financial hardship that follows. The overriding problem centers on how the insurance industry is structured – brokers don’t get paid enough to spend lots of time with each small business and underwriters get scant data. The outcome disappointingly results in ‘one size fits all’ solutions for massive industry sectors and unhappy customers.

We felt there was no point in asking SMBs to fill out more forms for insurance and constantly update their carrier or

broker – that has been tried and doesn't work. Our "Aha!" moment came with the massive shift to vertical SaaS platforms. These software platforms are where SMBs run all elements of their business – with a tight focus on one industry vertical eg. dentists, salons/spas, restaurants. Vertical SaaS platforms have great data, a great community of SMB customers and want to solve problems for their customers. Our Kayna infrastructure leverages and tracks the unique and dynamic data of each business on any platform enabling tailored, personalized insurance. This capability can also support Affinity Insurance distribution, aligning well with the infrastructure of a vertical SaaS environment to enable insurance offers triggered by specific events to customers.

How it Works

For platform providers that want to expand their product and services portfolio, embedded insurance presents a compelling solution.

- Accesses vertical SaaS platform.
- Analyzes unique SMB operations activity for key insurance product metrics.
- Embeds the Insurance product offering on the platform using Low-Code – this typically takes a couple of hours.

- Establishes widget and back-end servers to manage the customer experience UI and data flows related to the insurance product – ensuring compliance.
- Deploys end-to-end orchestration layer formalising the data flow and process between all parties.
- Enables Insurance distribution, generating indicative quote and pre-filled forms, through to policy bind and payment.
- Actively conducts real-time SMB data tracking for the lifetime of the policy, enabling the platform to continue to support customers should they require additional cover in line with dynamic business changes.
- Provides an administrative portal to track all policy activity.

It's a Win/Win as:

- Vertical SaaS platforms can leverage data to unlock new revenue streams and add value for customers whilst closing the protection gap.
- Platform customers get accurate, data-led, right-sized insurance with automated quote, renewal, and claims support process.
- Insurance Carriers/Brokers gain new Insurance distribution channels



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The Market

InsTech London reported that the Embedded Insurance market is forecast to grow to \$722bn⁵ in GWP by 2030 – more than six times its current size. This growth will largely be driven by China and North America, which together will account for over two-thirds of the global market by 2030.



Kayna White Paper: Vertical SaaS Embedded Insurance - An essential guide on how and why embedded insurance is being used to unlock new revenue streams, enhance customer experience and boost platform USP can be downloaded in the PIMA Online Community.

For further study, this white paper explores the growing significance of embedded insurance within Vertical Software-as-a-Service (SaaS) platforms. With the convergence of insurance and technology, embedded insurance offers unique advantages for platform providers and their customers. By integrating insurance seamlessly into the user experience, Vertical SaaS platforms can enhance customer loyalty reinforcing its stickiness, increasing revenue streams, mitigating risks, and driving platform innovation.

The integration in turn affords Insurers and platform customers the measurable benefits gained from access to

real-time customer data and its capacity to deliver tailored, accurately priced insurance solutions. This paper discusses the benefits of embedded insurance and provides practical insights for platform providers to consider as they assess its transformative potential.

- ¹ Businesswire.com August 8, 2023 <https://www.businesswire.com/news/home/20230808653424/en/Toast-Announces-Second-Quarter-2023-Financial-Results>
- ² 8 CBInsights July 2, 2021 <https://www.cbinsights.com/research/servicetitan-series-g-funding/>
- ³ Phoenix Business Journal 2019 Risky Business: Right-size your insurance to save money, protect assets <https://www.bizjournals.com/phoenix/news/2019/02/22/risky-business-right-size-your-insurance-to-save.html>
- ⁴ Insurance Journal 2012 How to help small businesses avoid underinsurance and anticipate the unexpected <https://www.insurancejournal.com/magazines/mag-features/2012/04/16/243594.htm>
- ⁵ 6 InsTech London - Insurance: to Embed, or not to Embed: <https://www.instech.co/civcrm/contribute/transact?reset=1&id=11>

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