EXECUTIVE INSIGHTS

No Insurer Wins Alone: Competing in the Ecosystem Era

For decades, vertical integration has been the hallmark of the insurance industry's strength. Many carriers built closed systems and outsourced noncore processes/services to vendors governed by service-level agreements (SLAs). In many lines, insurers also relied on independent agents and other third parties as primary distribution, which further reduced direct customer interactions. While the model delivered predictable operations, these structures often left insurers one step removed from customers.

In a market that is increasingly defined by speed, data and interconnected experiences, that distance has become a competitive liability. SLAs created structural blind spots for insurers by separating vendor performance from customer outcomes. Additionally, new and expanded distribution channels (e.g., aggregators, marketplaces, consumer products) have further isolated insurers from the end customer. Without customer access, carriers are starved of the insight needed to innovate, differentiate and compete at market speed.

Legacy servicing and sales models can't keep up. Incumbent service providers have been slow to adapt, burdened by legacy systems and a reluctance to build and sustain the partnerships needed for innovation. Their belief that emerging models wouldn't stick has become a costly strategic misread, leaving insurers disconnected from the important moments that build loyalty and trust.

Ecosystems are now redefining value creation across connected home, mobility, health, wealth and small business. These ecosystems are interconnected networks of companies that collaborate to serve customer needs in a unified, seamless experience — often orchestrated through shared data, APIs and digital infrastructure. This model replaces fragmented, vendor-driven handoffs with aligned incentives and continuous engagement.

In this context, the question is no longer whether insurers should participate, but what role they will play. In this *Executive Insights*, L.E.K. Consulting examines the benefits of ecosystem participation, compares participation models and outlines a path for carriers to compete in a future defined by collaboration, not control.

P&C insurers must embrace partnerships to stay competitive

Historically, customers pieced together solutions on their own, buying P&C coverage here and benefits coverage there. Carriers catered to this by being product-driven organizations. Today's buyers are different; they want solutions and experiences built specifically for them. They're no longer comparing insurers to other insurers. Instead, they're holding the industry to the elevated experience and service standards set by Amazon, Uber and other digital leaders — holistic, personalized, always available, seamlessly executed and connected across a broader portfolio of needs.

Insurance companies that once dominated the industry, leveraging a vertical integration model, have lost their edge. To compete effectively now, they must overhaul operating models, integrate and update technology, and produce products that customers want. New models such as embedded distribution, usage-based offerings and integrated service platforms are reshaping how customers buy and engage. To close innovation and customer journey gaps, insurers will have to participate in ecosystems powered by strategic partnerships.

Winning insurers will stop asking "How can I serve my customer?" and instead ask "How can we, together, deliver what the customer truly needs at the moment they need it?" Insurers that continue to leverage a self-contained model will risk missing out on new customers, channels and capabilities. To capitalize, they need to stop treating service partners as vendors or interchangeable add-ons, and start seeing them as cocreators of a broader customer experience and solution, innovation collaborators and market extenders.

No insurer controls the customer journey alone. Today, success requires partnership.

Ecosystem leaders in action

These dynamics aren't just theoretical. Ping An, Marsh and Uber are examples of how insurers can create competitive advantages by redefining their role in ecosystems.

Ping An

Ping An is one of the world's most valuable insurance groups and has evolved into an ecosystem orchestrator serving more than 240 million retail customers. Since 2008, it has rebuilt its model around technology and connected ecosystems across financial services, insurance, banking and asset management, in addition to health, auto services and smart city solutions. This structure links internal platforms with a broad network of third-party partners to deliver more comprehensive offerings.

For example, the Auto Owner app brings together insurance functions and automotive aftermarket services, giving car owners a single place to manage claims, request roadside assistance, and book repairs or maintenance through an extensive network of external service providers. This integrated approach boosts cross-selling and retention. Customers holding four or more contracts have a 98% retention rate, far higher than single-product users.

By connecting services and channels across its ecosystem, Ping An makes it easier for customers to adopt multiple products, increasing overall stickiness.

Marsh

Amazon requires all third-party sellers to carry product liability insurance, safeguarding their businesses against costly claims or legal action resulting from defective products or accidental damage. To make coverage easier and more affordable, Amazon partnered with Marsh to launch the Amazon Insurance Accelerator. This program connects sellers with a curated network of top small-business insurers.

Through a simplified application process, sellers can obtain competitive quotes and policies that are both Amazon-compliant and tailored to their specific risks.

Uber

Uber has built a global mobility ecosystem that connects riders, drivers, vehicle providers and service partners on a single platform. Insurance plays a critical but embedded role within this ecosystem. To meet varying regulatory and risk requirements, Uber maintains commercial auto insurance on behalf of drivers, working with different insurance carriers across states and renewing these arrangements regularly so coverage aligns with local requirements. Coverage for drivers is integrated directly into the platform, activated dynamically based on trip status and usage, and designed to remove friction for both drivers and riders.

By embedding insurance into the broader mobility journey and coordinating with multiple carriers, Uber protects ecosystem participants while maintaining control over the customer experience. Insurance becomes an enabler of the broader ecosystem, not the focal point.

These case studies underscore that ecosystem success depends on understanding and reshaping the full customer journey, not just individual touchpoints.

Rebuilding the customer relationship through ecosystems

Many insurers engage at discrete touchpoints within noninsurance ecosystems such as by offering auto coverage at the point of sale. This reactive approach leaves pre- and post-interactions a mystery, driving limited engagement, inconsistent loyalty and overlooked opportunities.

Disintermediation and limited touchpoints have weakened customer loyalty. Retention can no longer be assumed; it has to be earned continuously. Insurers that continue to serve customers at distinct touchpoints, either directly or through third parties, won't understand broader customer needs and therefore limit the value they can deliver.

> *"In a more transparent market, customer buying power will only increase. Insurance companies must understand, anticipate and deliver against these needs to remain relevant in the new ecosystem. To be successful, these companies will need to revisit core value propositions, invest differently and commit to change."*

Ecosystems as growth engines

There are three paths to ecosystem participation:

- **Participants:** Plug into existing ecosystems
- **Enablers:** Provide infrastructure to ecosystem leaders
- **Orchestrators:** Build and govern the ecosystem

Whether insurers participate, enable or orchestrate, they gain access to valuable customer data. This data can help them better understand the customer life cycle, meet multiple needs, increase engagement frequency, tailor solutions and deepen relationships.

Consider a home purchase. Traditionally, insurers offered homeowners' coverage and optional riders such as for jewelry. However, a true ecosystem orchestrator understands the broader chain of potential needs triggered by a home purchase, including home security, auto purchase, life insurance and even pet adoption. By connecting the dots through partnerships, insurers can capture a larger share of wallet and build stickier relationships.

Orchestration is complex and costly. Understanding the differences between orchestrators and enablers/participants is essential, particularly for insurers that have traditionally operated as enablers. The chart maps out key considerations of ecosystem players (see Figure 1).

Figure 1

Ecosystem orchestration can be highly accretive as insurers gain access to partner value opportunities and data is leveraged as an asset

	Enabler	Orchestrator	Participant
Description	• Builds/powers the infrastructure layer that enables ecosystem connectivity, scalability and operability • Operates behind the scenes, providing foundational tools, APIs, and platforms without offering direct customer-facing products or services	• Serves as the face of the ecosystem, engaging directly with customers and participants • Leads ecosystem strategy and governance, shaping both direction and incentive structures • Designs and owns the customer experience, including the full journey and all touchpoints	• Provides specialized products/services within an ecosystem orchestrated by another entity • Connects into existing platforms to reach customers without owning the full customer journey/infrastructure
Technology role	• Builds integration frameworks, data rails, auth layers and standards • Enables seamless connectivity via scalable, modular platforms • Accelerates innovation by simplifying complexity and speeding time-to-market	• Builds and maintains the core platform, enabling connectivity, workflows and scalability • Provides developer tools and integration layers for seamless participant onboarding • Sets tech standards and architecture, ensuring consistency, performance and control	• Builds lightweight, modular integrations (APIs, SDKs, connectors) for ecosystem embedding • Ensures interoperability while meeting performance, compliance and security standards • Adapts to evolving requirements, staying plug-and-play across ecosystems
Data responsibilities	• Aggregates, routes and manages ecosystem data flows securely and efficiently • May offer data normalization, enrichment or analytics capabilities • Maintains compliance and data-sharing protocols, acting as a trusted intermediary	• Owns and governs ecosystem data, controlling access, usage rights and compliance • Uses data to enhance products, personalize experiences and optimize operations • May limit data sharing with competitors, balancing openness with competitive advantage	• Uses shared ecosystem data to tailor services, refine risk models and boost efficiency • Shares performance data back to enhance ecosystem-wide intelligence • Follows orchestrator-led data rules, with limited control over data ownership
Value and monetization potential	• Earns value through usage-based or platform-access models (e.g., API calls, data throughput, integration fees) • Monetizes ecosystem data as a product, offering insights, benchmarking, or operational services to orchestrators and participants	• Greater value potential from owning the ecosystem and accessing multiple touchpoints • Monetization via own solutions or by sharing in partner revenues • Data becomes a monetizable asset, used internally or shared across participants	• Typically, limited to scope of participation and ability to extract value from those • Can be high if role is outsized relative to the other participants (e.g., solution provider vs. technology provider)

Source: L.E.K. research and analysis

Ecosystems unlock growth, but only if you choose your role with intent: orchestrator, enabler or participant.

Finding your role in the ecosystem

We help insurers shift from closed, vertically integrated models to open, ecosystem-driven strategies. Insurers have to first develop a thorough understanding of their customers' needs and intentions. The central question shifts from "What do we offer?" to "What is the customer trying to achieve?"

Before repositioning, insurers must answer these questions:

- What parts of the customer journey can we influence?
- Which partners expand our ability to solve more of the customers' problems?
- How can we better position ourselves to shape the journey?
- How can we enhance the customer journey by improving customer experience and outcomes?

Once insurers define where they want to play, they must evaluate internal realities, including: Is our performance management system equipped to drive innovation, or do we need strategic partnerships to fill the gaps? Do we have resources to commit? Is there an appetite for shared risk?

This self-assessment is critical. To make the leap from product to solutions, insurers must identify capability gaps and determine how to address them, whether through partnerships, acquisitions or targeted investments.

Take auto insurance: Delivering personalized policies often requires partnering with original equipment manufacturers to access real-time driver behavior data in addition to investing in a customer-facing platform. For carriers without the appetite for building these capabilities, acquiring or partnering with a technology provider that offers the necessary infrastructure can provide a faster path.

Who should orchestrate vs. participate?

Embedded insurance alone presents enormous potential, with a projected CAGR of approximately 26% through 2033. But capturing this growth depends on more than attaching products at the point of sale. It requires insurers to define their role in the ecosystem — participant, enabler or orchestrator — and to act decisively.

Not every insurer should orchestrate, but all insurers must determine their role within the ecosystem. The table illustrates what is at stake (see Table 1).

Table 1

Model type features

Model type	Revenue potential impact	Ability to increase customer ownership	Cost	Risk
Participant	Low	Medium	Low	Low
Enabler	Medium	Low	High	Medium
Orchestrator	High	High	High	High

Source: L.E.K. research and analysis

Why insurers must build, not just protect

The next insurance leaders won't be those that protect their turf. Instead they will be those that build the terrain. The window to orchestrate ecosystems is open now, and hesitation will only result in irrelevance. Insurers don't need to rebuild from scratch; they need to define the role they intend to play and recruit partners who will help them own the customer journey.

The future isn't about owning more; it's about becoming indispensable to the journeys customers are already living.

Contact us to find out more.

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