GUIDE

THE DATA GAP

How Banks Are Falling Behind on Embedded Protection and What Leaders Are Doing Differently

COVER GENIUS

Contents

THE EVOLUTION OF THE FOUNDATIONAL BANK OFFERING

01.

Banking has evolved from a simple transactional utility into a quest to become the definitive home of a customer’s financial life. While traditional banks hold the primary account relationship, a persistent data gap between banking platforms and insurance providers prevents these banks from becoming the central hub for protection. This data silo often relegates banks to simple repositories for funds, rather than proactive partners in their customers' most important life events.

Banks now face a critical challenge as tech-native competitors move to capture the high-value interactions that define a modern financial ecosystem. By offering seamless, integrated protection, these digital banking and fintech challengers are inserting themselves into the moments where customer engagement and loyalty are won.

While banks possess the trust and data sovereignty required to lead this space, legacy bancassurance models fail to leverage these assets. Standalone journeys and repetitive data entry create a rough experience that alienates digital-first users. When insurance remains a siloed product rather than an embedded service, the bank is absent during the interactions that matter most, losing its opportunity to be the primary interface for the customer's financial journey.

The verdict

Traditional banks can no longer afford to remain passive repositories of capital. The mandate has shifted from simply managing transactions to building an integrated ecosystem that serves as the definitive home for the customer’s financial life.

WHY TRADITIONAL BANCASSURANCE IS FAILING

02.

For decades, bancassurance followed a predictable pattern: banks acted as distribution channels for third-party insurance products, often hidden in fine print or sold through manual, off-platform referrals. This model has changed due, in no small part, to a shift in consumer behavior that favors integrated, real-time financial ecosystems over fragmented, transactional service providers.

The hidden cost of outsourced protection

Because traditional banks currently manage insurance as a series of disconnected referrals rather than a unified service, customers don't have a centralized view of their protection portfolio. This lack of visibility is particularly problematic when customers attempt to interact with their policies. Instead of finding a single source of truth within their banking app, they are redirected to external third-party carrier portals, which often require them to navigate unfamiliar interfaces and re-authenticate their identity multiple times. This transition causes friction that sours the digital experience; one in five consumers avoids filing insurance claims due to frustrating and complicated processes, and 64% would consider switching to a competitor for a better experience.

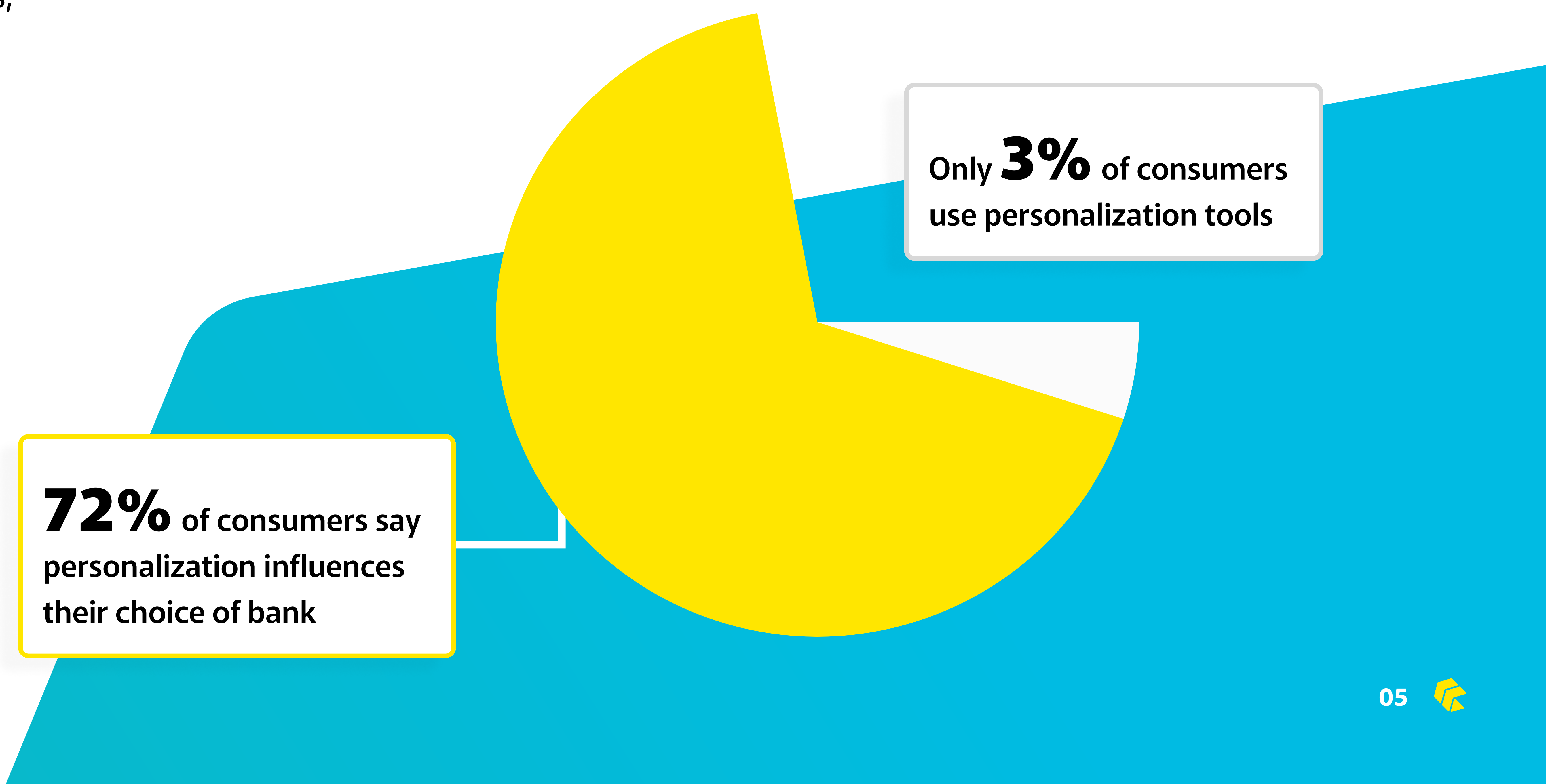
By referring customers externally to source insurance, the bank surrenders the opportunity to build deep loyalty during a customer's moment of greatest need. This fragmentation reinforces the bank's position as storage for funds rather than a primary financial partner. To secure a place at the center of the customer's financial world, institutions must bridge this management gap and bring the protection experience into the core banking ecosystem.

Impersonal, reactive protection

The traditional insurance distribution model is rooted in a fundamentally reactive approach that relies on the customer to either remember they have a benefit or proactively search for a standalone policy. This model fails to act on the contextual signals that pass through the bank every day. Because the bank does not leverage the data it already possesses to simplify the purchase decision, the opportunity to provide immediate protection is lost.

Legacy insurance products also operate in isolation from the bank's broader financial advisory ecosystem, excluded from the automated money-saving loops and financial health tools that engage customers daily. Closing this gap requires open banking rails, secure data infrastructure, and privacy protections that allow banks to communicate with insurance partners, respond to transaction signals in real time, and surface relevant protection at key moments in the customer journey. With this foundation in place, offering protection can become a dynamic, personalized component of a customer's holistic financial wellness strategy.

According to the Accenture Banking Consumer Study 2025, 72% of customers say personalization influences their choice of bank, but just 3% actually use the tools banks provide to personalize their experiences. This massive difference is due to the product-first mindset where legacy institutions stagnate. Instead of utilizing the deep repository of data they already own, like user-provided risk profiles and long-term financial goals, to offer comprehensive guidance, banks continue to push generic, one-size-fits-all services, like budgeting tools or automated alerts. Without a way to weave protection into the customer's broader financial wellness journey, banks remain unable to fulfill the promise of being a trusted partner that actively optimizes a customer's security and long-term well-being.



Limited understanding of NAC programs

No Added Cost (NAC) programs have long been positioned as premium banking differentiators, but managing disparate, third-party providers makes it difficult for banks to track the return on investment. Insurers reprice these bundled products annually using aggregate performance data, leaving banks with little visibility into which benefits actually resonate with customers. These programs effectively cost the bank money without actually fitting customers' needs.

Additionally, because these offerings are buried within complex terms and conditions rather than being surfaced at relevant digital touch points, they remain nearly invisible to the consumers they're meant to serve. Cover Genius recently conducted a survey of over 1,400 global consumers and found that 43% have a limited understanding of their existing protection benefits. This knowledge gap is widened by a demographic divide: while around 34% of Millennial and Gen Z customers use their embedded protection benefits, only 13% of Boomers do the same. The opacity of these programs and the data generated from them prevents banks from using NAC to its full potential, ensuring they remain hidden expenses rather than drivers of brand preference.

43%

of consumers have a limited understanding of their existing protection benefits

DEPLOYING AN INTEGRATED INSURANCE HUB

03.

To remain competitive, banks can pivot from a product-centric model toward a unified ecosystem. Instead of being sidelined after referring customers to external carriers, institutions should position embedded protection as a core, native component of the modern financial relationship.

This strategic transformation has four main pillars: consolidating infrastructure, delivering proactive solutions, activating contextual intelligence, and optimizing platform yield.

Consolidating infrastructure

Modern banking leaders recognize that to stay relevant, the bank must move beyond being a transactional utility to become a primary financial partner. A key to this transformation is the deployment of a Protection Hub: a centralized, digital interface that serves as a single source of truth for all of a customer's protection needs, regardless of the underlying carrier.

Through integrating protection management directly into the core banking app, banks transition from a collection of fragmented referrals to a cohesive, central ecosystem. The Protection Hub does more than display policy documents; it pulls in back-end banking data to create a unified experience. For example, it can correlate a specific account transaction with an active insurance policy, allowing customers to view coverage, manage payments, and initiate claims, all without ever leaving the bank's secure environment. This consolidation effectively eliminates the external referrals that currently bleed customer engagement. By bringing these processes in-house, the bank retains total ownership of the customer relationship.

Delivering proactive solutions

As streamlined, but impersonal, digital services are becoming the norm, banks must move towards becoming proactive, personalized partners, closing the distance between themselves and their customers. Rather than passively monitoring transactions, banks can actively optimize a customer’s long-term security by incorporating protection into the broader financial health conversation.

When data feeds into the Protection Hub through open banking rails, the platform can aggregate a customer's financial habits, savings rates, and debt-to-income ratios to evaluate total risk exposure. For instance, if a customer is consistently growing their assets and accumulating liabilities but has stagnant or mismatched coverage levels, the Hub can proactively deliver recommendations that focus on long-term risk resilience.

Banks unlock three critical advantages by weaving protection into the broader advisory ecosystem:

Consolidated policy management

Instead of scattering policies across third-party portals, the Protection Hub brings everything into the banking app. Customers can see what they're covered for, make changes to their policies, and file a claim, all within a single, hosted experience that keeps the bank at the center of the relationship.

Personalized financial health

By treating protection as an integral part of the customer experience, the bank provides personalized options that maintains the right balance between cash flow and future risk exposure. This builds a level of trust and authority that generic product pushing can never achieve.

The AI advantage

As a customer engages with their Protection Hub, continuous data integration allows the AI to gain a more nuanced understanding of the customer’s risk appetite and financial complexity. This creates a cycle of loyalty, where the advice becomes progressively more relevant, turning the bank into an indispensable partner for the customer's entire financial life.

Activating contextual intelligence

Personalization extends beyond traditional financial advice. By analyzing transaction data in real-time, the bank can surface pre-filled, relevant protection offerings at the exact moment of need. For instance, upon detecting a high-value flight purchase, the bank's core system can trigger an immediate, one-tap travel insurance offer. Because the bank already possesses the relevant customer data, the application process is pre-filled, effectively eliminating the disrupted journeys that cause high abandonment rates in legacy models. Once an offer is accepted, often with a single tap, the policy is instantly managed within the customer's Protection Hub, removing the friction of tracking coverage across fragmented, external carrier portals.

The impact of contextual intelligence also extends post-purchase. A bank that actively leverages its transaction and travel data can detect a flight delay in real time and respond before the customer even opens their app, automatically delivering the insurance payout or other benefits, such as a lounge pass and a pre-loaded gift card directly to their digital wallet. By taking advantage of the data that already exists within the bank's ecosystem, the bank can ease a traditionally stressful situation with a proactive gesture that deepens trust and generates the kind of loyalty that a regular points program can't replicate.

However, delivering this level of personalization at scale requires navigating a significant demographic divide in sentiment. Cover Genius's survey found that 72–73% of Gen Z and Millennials respond positively to personalized offers. For these cohorts, the bank's ability to anticipate their needs is viewed as a welcome, tech-forward service. 77% would actively shift their booking behavior to a platform that offers embedded protection. However, for Boomers, the response rate to personalized offers drops to 39%, with 17% actively resisting due to privacy or data concerns. To mitigate this resistance, the Protection Hub must double as a transparent data control center, giving privacy-conscious users absolute clarity and control over how their transaction signals are used to generate protection offers.

Leveraging contextual intelligence removes the need for manual data review, allowing banks to present the right offer at the right time. This strategic pivot ensures that protection is not just an insurance product, but an extension of the customer's intent, significantly increasing conversion rates while deepening the bank's role as an intuitive partner.

Optimizing platform yield

As non-interest income (NII) remains volatile, forward-thinking leaders are leveraging embedded protection to drive new, capital-light revenue streams. The objective is to transition underused No Added Cost (NAC) programs into dynamic levers for customer loyalty, by showcasing these benefits within a centralized Protection Hub so customers won't have to go hunting for information.

Leaders are moving away from annual repricing models built on stale data in favor of adopting an agile approach toward dynamic, embedded NAC, characterized by:

Real-time feedback loops

Banks can continuously monitor benefit usage to identify exactly which features drive customer retention, shifting away from static annual reports to make smarter, data-driven strategic investments. Over time, NAC benefits can be customized based on the customer's spending behavior for a personalized experience.

Streamlined, automated claims

By leveraging existing transaction data to enable automated digital payouts, banks transform the traditionally high-friction claims process into a seamless and satisfying experience.

Active experimentation

Through ongoing A/B testing of approved benefit presentation and messaging, institutions can pinpoint the specific value propositions that most effectively trigger customer engagement and reduce churn.

This structural modernization directly answers the shifting expectations of younger cohorts. 81% of Gen Z and 83% of Millennials respond positively to automatic payouts, making it the single most effective conversion tool. Even 51% of Boomers say automatic payouts would make them more likely to make purchases. Furthermore, when an issue arises, all ages prioritize speed and efficiency above all else, viewing a seamless claims experience as the ultimate test of the bank's commitment to their financial health.

Ultimately, upgrading to a dynamic, embedded NAC model allows banks to not only drive higher non-interest income but also create a tangible reason for customers to stick with the bank for future transactions. This effectively turns the bank's hidden expenses into the primary engines of future growth.

THE STRATEGIC ADVANTAGE OF INTEGRATED PROTECTION

04.

The shift toward embedded finance represents a massive value migration in the global financial landscape. As traditional distribution models falter, a multi-trillion-dollar market opportunity is emerging for institutions that can successfully move away from standalone digital referrals and instead deploy an enterprise-grade Protection Hub capable of consolidating the user's total risk profile. For the traditional bank, this represents a unique opportunity to reclaim market share from digital-first insurance competitors and niche providers by leveraging existing high-frequency touchpoints.

A significant portion of this market potential lies in resolving the high friction associated with standalone policy acquisition. By embedding relevant, timely protection into daily transactions, banks can convert previously uninsured transactions into active policies, taking advantage of the massive customer bases they already have and increasing visibility of the benefits they offer.

Moving beyond legacy bancassurance

Offering protection used to involve slow, manual integrations with external brokers and co-branded landing pages that disrupted the customer experience. The new protection standard is embedded protection. Cover Genius is a trusted partner in the space, offering a seamless protection model:

A single integration for global scalability

Access a broad suite of protection products across 60+ countries through a single API. Eliminate the need for fragmented legacy systems, providing a unified infrastructure that scales across your entire global footprint with no additional development work required.

The right protection at the right time

Deliver personalized, contextual protection and instant automated resolution that keeps your customers in your ecosystem. Use real-time transaction data from Cover Genius's Partner Portal to surface the right offer at the right time, meeting customers during their specific journeys.

A superior claims experience

Cover Genius turns the worst part of insurance — the claim — into a seamless, intuitive experience that delivers peace of mind when it's needed most. When customers need help, they get it quickly, not after weeks of paperwork, so claims become a loyalty moment.

The Evolution of the Bancassurance Standard

Feature	Legacy broker (old way)	Embedded protection infrastructure (the new way)
Integration	Multiple APIs / co-branded links	**Single global API**
UX quality	High friction / off-platform	**Native / seamless**
Claims process	Manual / paper-based (takes weeks)	**AI-powered automations (minutes)**
Revenue model	Referral fee (one-off)	**Recurring NII / subscription**
Time to market	12–18 months	**As little as 4–6 weeks**

Ownership of the experience and data

Enterprise-level institutions often have specific requirements regarding how protection is surfaced to the customer. While a bank may choose to own the end-to-end infrastructure for deeper control, the right embedded protection provider is capable of delivering the entire journey. There are two approaches you can take:

1 Bank-led experience

The bank builds the front-end UI and trigger-based events internally. This ensures protection feels like a native part of the banking journey and keeps sensitive data within the bank's immediate perimeter.

2 Provider-led experience

The provider delivers an embedded journey via a global API that also feels native to the customer journey. In this scenario, the priority shifts to tight technical alignment and robust PII safeguards and permissioning, while alleviating the bank's internal engineering burden. The provider also leads the underwriting experience, speeding up time-to-value with a lightweight, revenue-driving solution.

In either model, the infrastructure provider acts as the engine, providing the global licenses, underwriting capacity, and automated claims handling that would otherwise require the bank to build an insurance company from scratch.

A successful launch in a Tier-1 banking environment requires custom solutions, not generic products. It requires a dedicated period of co-authored solutioning. This process is a collaborative, technical and compliance effort to:

1. Define exactly who owns each step of the customer journey
2. Establish secure data transfer protocols to ensure PII is handled with absolute integrity
3. Navigate internal red tape and security sign-offs to ensure the architecture meets the bank's specific standards for privacy

Build vs. buy: how a specialized provider can help

By choosing to orchestrate via a specialized provider rather than building from scratch, banks avoid the multi-year risk of securing individual insurance licenses in 60+ countries and managing capital reserves for claims. This allows the bank to focus on strategic data application, while the provider manages the underlying insurance underwriting and management.

Modern backend fulfillment is equally critical. By integrating a secure, automated claims layer, banks can offer their users a resolution speed that legacy insurers cannot match. According to the J.D. Power 2024 U.S. Claims Digital Experience Study, customers who use digital-only tools to file and track claims report significantly higher satisfaction.

POSITIONING FOR SUCCESS

05.

The path forward with Cover Genius

Cover Genius provides the global protection layer that allows the world's largest banking institutions to unlock revenue and enhance loyalty through seamless, AI-powered protection.

By integrating a single API, your institution gains the capability to deploy a world-class Protection Hub, giving customers access to a licensed, compliant, and automated ecosystem that scales as fast as you do. Whether it is consolidating a fragmented protection ecosystem into a single command center or driving capital-light revenue growth through automated embedded benefits, the goal is the same: to turn every financial interaction into a protected, high-value relationship.

About Cover Genius

Cover Genius is a global embedded protection infrastructure that connects your customers with the right coverage at the right time. We turn disrupted customer experiences into trust-building moments that drive high-margin growth. Our platform adapts to your global needs and any risk carrier, giving you total control over your insurance and protection program while we manage the complexity. Licensed or authorized in over 60 countries and all 50 US States, Cover Genius is trusted by the world's leading brands, like Amazon, Uber, eBay, and Priceline.

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