



Services

# The Digital Revolution in Insurance: *An Industry Reshaped by D2C*

The insurance industry was once defined by in-person sales by agents. Now changing customer expectations and new technology are fueling a surge in direct-to-consumer (D2C) sales. This digital shift is especially pronounced in North Asia.

In the past, agents carefully assessed a client's needs. They recommended tailored life policies and health coverage and guided them through the sign-up process. Today, digital channels are gaining popularity. The trend is particularly strong among mobile-first younger generations.

The first wave of digitization began with low-value products like travel insurance. This segment is now sold almost entirely online. The trend has moved up the value chain to auto insurance, with more customers buying directly online from insurers. Even life insurance – traditionally the largest premium segment – is moving online, especially in Asia Pacific.

InsurTechs are intensifying the shift. These digital-first players innovate by offering unique products without the cost of building a traditional distribution team. Instead, they rely on mobile platforms and search optimization to acquire and retain customers.



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In addition, they forge strategic partnerships with platforms. Travel insurance via airlines and booking websites is one example. Such tie-ins are making online distribution and self-service the norm.

### Optimizing Operations: From Paper to Digital

Until recently, a segment of consumers or policyholders still preferred traditional interactions with insurance companies. The pandemic changed that by pushing even the most traditional users online. This has allowed insurers to redeploy resources from legacy, paper-based operations into new online customer journeys.

A critical aspect of modernization relates to sensitive customer information, particularly credit card details. Storing card details requires insurers to meet strict compliance requirements under the Payment Card Industry Data Security Standard (PCI DSS). This requires rigorous security protocols and significant resources to ensure data safety. Direct handling of card data also exposes insurance companies to potential reputational and financial risk in the event of cybercrimes.

Tokenization technology offers a significant solution to address these challenges. In a fully-digital set-up process, customers enter payment details into a secure third-party gateway. The gateway validates the card details with the network, replacing it with a unique token. For all future transactions the insurance company simply collects premium payments from the token. Their system or personnel do not have access to the actual 16-digit card number or card details, such as expiry date.

Tokenization dramatically reduces compliance requirements, security risks and manual work. Instead, the foundational, most stringent level of compliance is undertaken by the gateway provider. Insurers still need to conduct self-assessments to ensure their systems securely redirect customers and prevent malicious intercepts. However, the overall risk and compliance burden are more manageable.

Expanding from the secure and fluid payment process, insurance company can then proceed to further reduce other manual form filling and data input workflows. The result is a seamless sign-up experience for policyholders, as well as more efficient onboarding and underwriting operations for the company.

## E-Commerce as a Growth Engine

The transition to an e-commerce model is not just about operational efficiency. It is a powerful growth driver for the insurance sector, particularly for cross-border life insurance. Traditionally, local interactions limited the geographical reach of insurance companies. However, online engagement makes cross-border policies more viable and accessible. Once clients sign up, they often expand coverage to family members or add medical policies.

For instance, Hong Kong acts as a gateway for consumers from mainland China seeking savings-type products.<sup>1</sup> Mainland Chinese visitors purchased approximately HK\$62.8 billion in new life and medical insurance premiums in Hong Kong in 2024.<sup>2</sup> This marked a 6.5% increase from about HK\$59 billion in 2023.<sup>3</sup>

Similar trends are seen in Luxembourg for European customers. In 2024, international life insurance premiums from European Union countries, collected by Luxembourg-based members of Association des Compagnies d'Assurances et de Réassurances (Association of Insurance and Reinsurance Companies), reached €26.6 billion.<sup>4</sup> This represented a 42.3% increase from 2023.<sup>5</sup>

The D2C model's considerable cost advantages also help to facilitate cross-border activity. Compared to the commissions traditionally paid to agents or brokers, a direct-to-consumer approach reduces the cost-to-underwrite and cost-to-serve for insurance companies. These savings more than offset the costs associated with credit card charges. As a result, cross-border e-commerce becomes an attractive option for growth.

Domestic markets are also shifting toward cheaper, faster payment options. Instant payment systems in Hong Kong, Singapore and Thailand confirm payments immediately, preventing chargebacks. This finality of payment also benefits consumers by enabling instant policy activation. By offering a range of payment methods, insurers can reach more customers and accelerate service.

<sup>1</sup><https://www.deloitte.com/cn/en/Industries/insurance/perspectives/2025-insurance-industry-outlook.html>

<sup>2</sup><https://www.scmp.com/business/banking-finance/article/3307930/hong-kongs-2024-life-insurance-sales-soar-21-record-led-wealth-estate-planning>

## Navigating the Digital Future

Digitization is no longer a luxury. It is a strategic necessity for insurers. The rise of D2C models, the opportunity to digitize paper-based operations, and the vast potential of e-commerce as a growth engine will define the next chapter of the industry's evolution.

In this transformative era, selecting the right strategic partner is crucial. Citi aims to help insurers mitigate risks, improve cost efficiency and streamline operations with solutions designed to be robust and secure. With a unified platform spanning multiple countries, Citi simplifies complex international processes. This can enable faster settlements and more uninterrupted payment reconciliation. As well as easing financial and operational burdens, this approach empowers insurers to focus on growth.

By collaborating with Citi to embrace digitization, insurers can work to boost efficiency, help reduce risk and explore new opportunities. This helps them thrive in the fast-evolving digital economy.

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<sup>4</sup><https://www.aca.lu/en/discover-the-industry/insurance-key-figures/>

<sup>5</sup><https://www.aca.lu/en/discover-the-industry/insurance-key-figures/>

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