

The emergence of insurtech is transforming the role of the broker

By [Vis Govender](#)

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Insurance is the cornerstone of our financial resilience. It protects us, our businesses and our families against unforeseen circumstances and ultimately ensures peace of mind.



Source: Supplied. Vis Govender, co-founder of Everything.Insure and group chief executive officer of FirstEquity Group.

The path to securing this peace of mind is often fraught with doubt, uncertainty, mistrust and missteps and requires expert guidance and advice. The best way to acquire this is through an independent insurance broker who will take one through the myriad options available and negotiate the best terms for us.

Unlike an insurance agent who represents and sells the products of a single company, a broker is the advocate of the consumer and is authorised to arrange cover from the entire market of available insurers.

Brokers are required to be experts on all insurers' products and are best placed to analyse the consumer's needs and match these needs to the most appropriate insurance product.

Traditionally, this has required the broker to invest the time to deeply understand their client before crafting a solution to mitigate or eliminate risks identified.

The broker has to research the coverages available and may have to stitch together several products from different insurers to address the client's unique needs. They then negotiate with individual insurers and reinsurers to achieve a price that matches the client's risk profile and risk appetite. All of this is quite a task without the aid of technology.

Increased value-add through automation

Insurance brokerages are labour-intensive and often overwhelmed by the tedious tasks that leave them little time to guide, advise and interact with their clients.

Many have become mere post-boxes, without the capacity to do the quantitative work that their professions and clients require. Others have reduced their scope to being tied agents for one insurer and not the truly independent expert clients are looking for.

While historically slow and hesitant to change, the industry has recently begun to rapidly adopt digital technologies. The global insurance technology (Insurtech) market size was valued at \$5.45bn in 2022 and is expected to grow at an annual compound growth rate of 52.7% from 2023 to 2030.



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As the insurance industry embraces the digital age, the role of the traditional insurance broker is evolving, driven by the transformative possibilities that this technology offers.

As much as we see an emerging breed of intermediaries offering new tailor-made products and services and accessing new opportunities through the insurtech revolution, we are also seeing traditional brokers embrace it.

They use it to automate monotonous tasks which frees them up to focus on the all-important customer relationship. They are also able to provide broader access to more insurers' products with the tools to compare these at the click of a button – all of which facilitates a better negotiating position.

Navigating the digital divide

While it is worrisome to some brokers (and insurers) who fear they will be replaced by technology, insurtech has a lot to offer those who embrace it to benefit from the dramatic increase in productivity and client experience, but these come with risks.

Interestingly, traditional brokers are better placed than technology startups to leverage their specialist expertise to capitalise on the benefits but avoid the inherent risks that digitalisation introduces.

Clients want choices and they demand this when dealing with a broker – the days of providing clients with a single option are over. It takes a broker days and weeks to request, receive, analyse, compare and collate say five different quotes before presenting these to a client.



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This is a big investment with no guarantee the client is going to accept any of them. Digitalisation is shrinking this effort

from weeks to minutes, helping brokers to increase their bandwidth.

This gives them the time and space to add real value to their clients while increasing their return on time spent. This is an excellent outcome for clients as more of the broker's time is spent on advice and choice and less on admin and paperwork.

Breaking down barriers

The other issue with providing choice is that many brokers cannot afford the investment in people and systems to be able to offer all insurers' products to their clients. With Insurtech, there is no barrier in terms of small brokers being able to access larger previously inaccessible insurers and their products. So, more choice and better prices for clients and better quote conversion rates allows for ultimate profitability for brokers.

The insurance industry, heavily regulated with continuously evolving requirements, poses a significant challenge for insurance brokers. Compliance burdens, when added to an already stretched practice, inhibit growth and scalability. It typically takes a decade for an independent brokerage to achieve scale, with most unable to grow beyond the "mom and pop" scale due to administrative workload and regulatory constraints.

Insurtech disrupts this pattern, offering brokerages increased efficiency and scalability. By automating regulatory compliance processes, insurtech streamlines operations, allowing brokers to handle more quotes, deliver client-ready presentations quicker, provide better advice, and ultimately, serve more clients and process claims faster. This shift benefits consumers by improving the overall insurance experience.

Insurtech-based digital marketplaces are changing the game, however, it's important for brokers to not lose sight of why clients choose to work with a broker. Technology is a tool that should be used to augment brokers' capabilities, to provide greater value to clients, and must be combined with strong relationship management.

It's a question of automate not abdicate.

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