

2021

BUILDING A FASTER, SMARTER, SAFER MARKET: RESEARCH REPORT

Exploratory insights on the challenges
facing the Insurance world

Research suggests the Insurance market is falling behind continuous technological advancements. The need to automate B2B trading is more prevalent than ever, so we ask, what's holding the market back?

*Powering the Insurance world to
accelerate compliant trade*



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INTRODUCTION

How can technology transform B2B trade and enhance regulatory processes for the Insurance world?

We live in an age where everything is accessed at the click of a button. As the world becomes more and more homogenised, tedious manual processes are now a thing of the past.

However the insurance world is seemingly still relying on outdated tools and unevolved processes, but with technology there to be taken advantage of, why hasn't the market caught up?

In December 2020 REG Technologies carried out research to understand attitudes and sentiment in the Insurance market around the following subjects:



Creating Agencies (the process through which B2B trade is initiated)



Use of Technology in Agency and Relationship Management



Information, News and Due Diligence

Respondents included and were categorised as Brokers & Intermediaries and Insurers & MGAs.

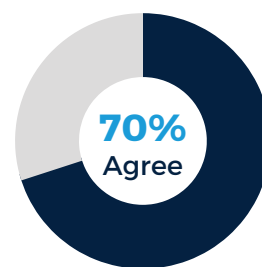
This document summarises the results of the research and includes analysis and views from REG Technologies.

DOES REGULATION GET IN THE WAY?

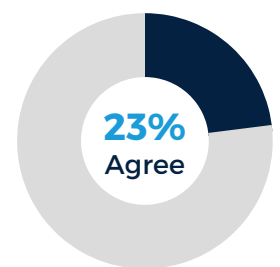
In an on-demand world are insurance products and capacity as easy to access as they should be?

The mechanisms to keep the market safe also stifle it and many suppliers are in denial of this.

Do statutory and regulatory obligations slow down starting new business relationships?



Brokers & Intermediaries



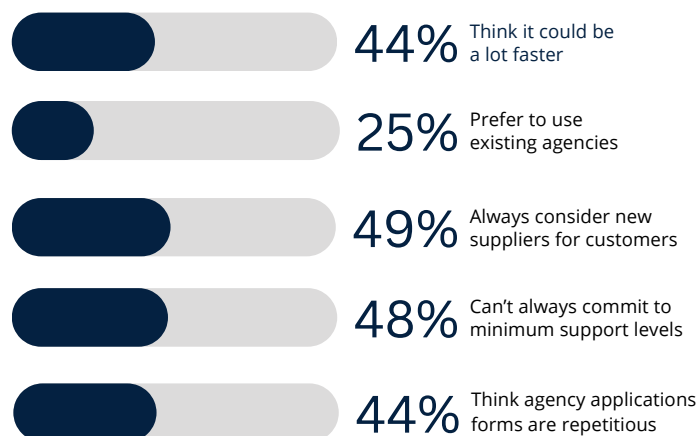
Insurers & MGAs

Almost 70% of brokers feel that regulatory and statutory obligations slow down starting new business relationships, but 77% of insurers and MGAs don't agree. With both groups reliant on each other and brokers wanting to offer business to access new supply, Insurers and MGAs could be missing opportunities by promoting slow processes and hard to meet demands on brokers.

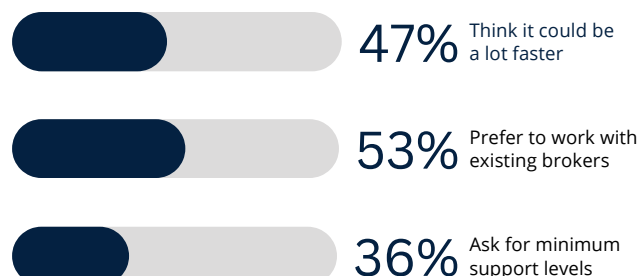
AGENCY APPLICATION PROCESSES

Brokers move opportunities around the market but are often hampered by slow processes and onerous commitment requirements. This limits customer choice and can create unfair competition when suppliers stick to existing partners.

Brokers & Intermediaries



Insurers & MGAs

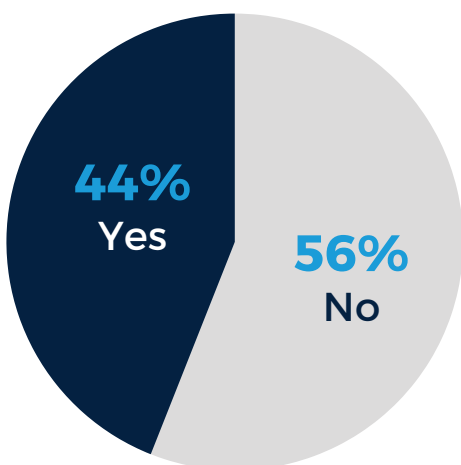


- Firms limit their numbers of agencies simply because the process to open and administer them is slow and costly.
- **Over half** of insurers prefer to work with existing relationships and **one third** insist on minimum levels of support to cover their costs. Brokers, however, are more open to considering new suppliers, but **half** of them struggle to commit to minimum support levels.
- On average **45%** of all respondents felt that agency application processes could be a lot faster.

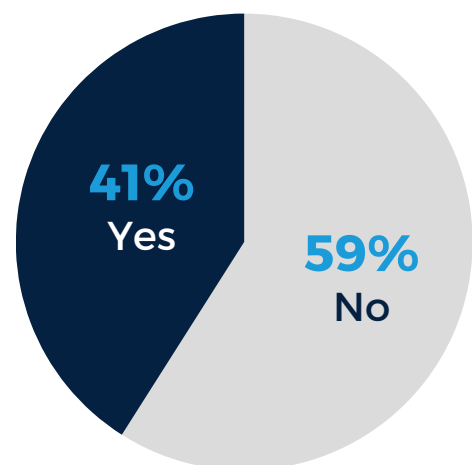
LIMITATIONS ON DISTRIBUTION CHANNELS

Relationships are slow to create and costly to maintain so firms limit the size of their relationship networks. In doing so they limit opportunity and scalability.

Do Brokers try to limit their panel of Insurers?



Do Insurers have a maximum number of Brokers they trade with?

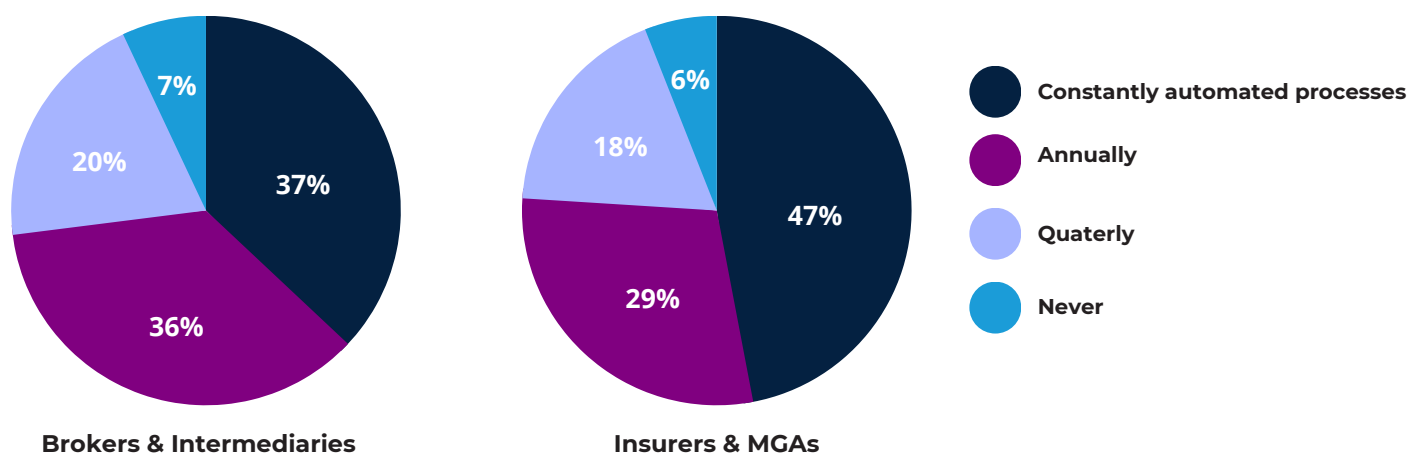


- ▶ Whilst the majority of Brokers and Insurers have no limit on the number of B2B relationships they create, a significant minority does.
- ▶ Over 40% of all businesses place limitations on the number of counterparties they will trade with and the reason is nearly always the same... **Cost and Speed.**

REVIEWING RELATIONSHIPS

Continual due diligence helps prevent compliance and financial crime violations, but also provides a rich vein of information that can drive business development and accelerate trade.

How frequently do you review your trading partners?



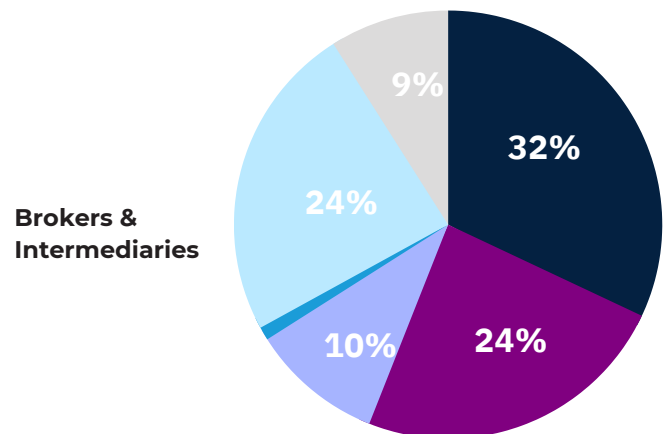
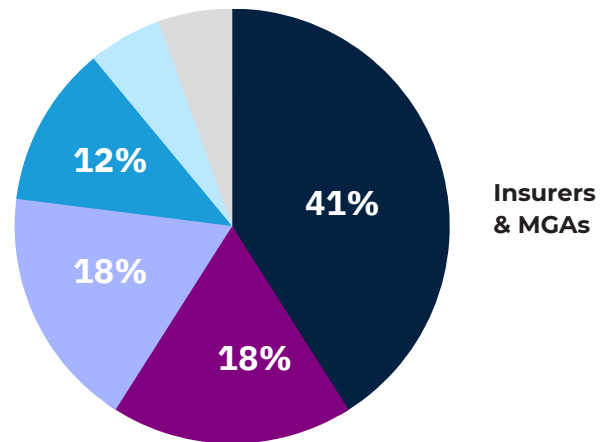
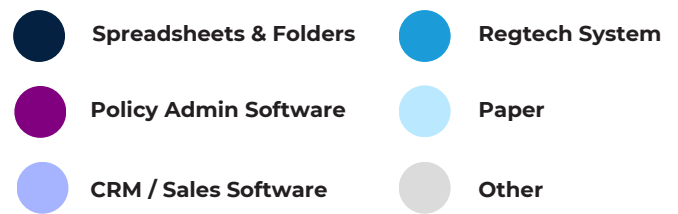
Continual due diligence on counterparties can be time consuming and costly but is vital to maintaining legal and regulatory compliance. Annual and quarterly reviews dominate, with a growing minority having automated processes to provide instant due diligence. With insurers and MGAs carrying the largest burden of due diligence, **over 70% are yet to move to on-demand surveillance** and they still rely on infrequent, costly and manually undertaken processes.

RELATIONSHIP TECHNOLOGY

"The market relies on outdated, unsuitable technologies and processes to manage relationships."

Spreadsheets and folders (which have gradually replaced paper) are the dominant technology for agency management. CRM software and policy admin systems are also used, but whilst slightly more dynamic than spreadsheets, these are not fit for purpose.

Regtech solutions are used by a small minority, Brokers & Intermediaries seemingly more reluctant in acquirement. The slow adoption of focused solutions means cost and time remain a debilitating factor to growing trade.



B2B NETWORKS

The B2B Insurance market is complex, fragmented and ever-changing. The market thrives on intermediation and international supply chains.

40%

Wholesale

Brokers have complex B2B networks. 40% trade with other Brokers (wholesale) in addition to with Insurers and MGAs. 46% trade with businesses overseas (both with other Brokers and Insurers).

Over one third of Insurers trade overseas and it is likely that Brexit will increase the amount of trading across borders.

35%

International

KEEPING UP TO DATE

Can the market continue to survive and thrive on stale data and yesterday's news?

Do you want to be kept up to date with the latest news and coverage about your trading partners?



77% Brokers & Intermediaries
Yes



66% Insurers & MGAs
Yes

Insurers and Brokers, overwhelmingly want news and information, but collect it quarterly or annually.

Agreeably, both parties insist that information is power, 68% of all respondents displaying interest in news articles and coverage about their trading partners.

SUMMARY

15 years on since the introduction of statutory regulation and the market still blames the burden of compliance for slowing trade and impeding opportunities.

The market is heavily intermediated. Legal and regulatory requirements show no sign of abatement, yet only a small number of businesses have sought to automate processes around due diligence, onboarding and surveillance. The vast majority of the market is struggling to keep up!

The research is clear. Costly and time-consuming bureaucracy is frustrating for brokers and costs Insurers opportunities. Can both groups afford to continue with processes that have barely evolved in the past 15 years?

It's great to see that in a competitive and constantly changing marketplace that a majority of players value information in the form of news, insights and alerts. Using technology to identify and effect trading relationships quickly and safely has to be an obvious choice. The tools are available to take advantage of opportunities in a **Faster, Smarter, Safer way.**

The players that arm themselves with the best data, information and analytics, are arming themselves for success.



Alerts of emerging due diligence risks



Identifying and approving trading partners



Rapid, compliant onboarding and contract exchange



Global coverage of 330m companies

REG

TECHNOLOGIES

Making Insurance
Faster, Smarter, Safer

For more Information on how REG can help transform your business, visit our website or book a demo today.

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