

The Hare and The Tortoise

Netflix, Amazon, and the Insurance Market

The victory of the slow, steady tortoise over the speedy but complacent hare is all too familiar in the fable. But in 2020 can slow and steady still be a virtue of the insurance market when **so many hares have already crossed the line?**

2020: A Time of Instant Gratification

We live in an on-demand world. Amazon now has 150 million Prime members and gets products to their doorsteps in 24 hours. Netflix can stream any of 50,000 titles to your phone, laptop or TV instantly. These firms and thousands like them are connecting large numbers of people to large numbers of products rapidly and everyone benefits as a result.

In making these things happen Amazon and Netflix are the middlemen – intermediaries in a digitally powered supply chain. Whether they are connecting manufacturers to consumers or filmmakers to audiences they sit in the middle and make the transactions happen, in their cases, on-demand.

Same Formula, Different Timeline

The insurance market isn't so different. Billions of insurance buyers are connected to thousands of product providers by millions of intermediaries. **Why does it take an average of 90 days for intermediaries to open new channels for supply or distribution?**

A new seller can start distributing on Amazon in a few minutes, but an Insurer cannot trade with a new broker for months. Conversely, Brokers can't trade with suppliers without undergoing the painstaking process. To understand why it takes an average of 90 days to 'open an agency' we have to look at the typical process suppliers follow to 'grant' them.

Paul Tasker, CEO



90 Days to Launch

Initial Contact

(several weeks to several months)



Engagement and/or discovery teams - either the broker approaches the insurer, or the insurer researches and approaches a proposed 'panel' of chosen distributors.

Involves: Underwriter, Broker, Business Development Manager, Marketing Team



Business Case

(2-4 weeks)

Minimum levels of support are often required to 'justify' the cost of establishing and maintaining the relationship. Often a circular process as the parties have not worked together before so find it hard to commit without previous experience.

Involves: Business Development Manager



Due Diligence

(1-2 weeks)

Application forms and a range of checks carried out, including licenses, credit, data protection, sanctions, client money permissions etc.

Involves: Compliance Officers, AML, Governance, Finance



Sign Off

(1-2 weeks)

Senior management agree to enter into a Terms of Business Agreement.

Involves: Underwriter, Broker, Senior Manager



Offer of TOBA

(1-2 weeks)

Establish the details and both parties sign the TOBA.

Involves: Business Development Manager, Legal



Continual Due Diligence

(ongoing monitoring)

The counterparties maintain diligence on each other to make sure they remain compliant with the principals of the TOBA and their legal and regulatory responsibilities.

Involves: Compliance, AML, Governance, Finance

The process is typically linear and involves a multitude of people, process and activities. There is huge opportunity cost for all parties as relationships simply take too long and cost too much to create.

As a result many firms seek to limit the number of trading partners they have which limits distribution and placement opportunities. **Processes and bureaucracy are holding back an industry where others are delivering on-demand services.**

Faster, Smarter, Safer.

It won't come as any surprise that Amazon and Netflix use a combination of simplified processes and technology to deliver their products and services quickly, safely and efficiently. So how can the insurance market catch up?

An array of sophisticated tools is already available that helps move insurance relationship building quickly and efficiently, and the technologies behind them are constantly evolving.

Software applications seamlessly integrate enabling internal stakeholders to collaborate in real time, smashing linear processes and connecting counterparties so fast that business opportunities are not missed.

Forming relationships quickly and safely is about using on demand services

- Engagement
- Communication
- Market Identification
- Automation
- pipeline



- Regulators
- Auditors
- Data Protection
- AML/KYC
- Legal

Imagine knowing a broker or insurer is approved for trade BEFORE you approach them? Imagine identifying your market for distribution and opening trade routes without a single form needing to be completed?

When Customer Relationship Management ('CRM') and Regtech solutions work together relationships are not only made quickly, but they remain monitored to ensure consistency in meeting legal and regulatory obligations.

The technology available to insurance businesses really does leave no excuse for agency processes running into months. It's time the sector started running, improving revenue streams and maintaining faster, smarter and safer relationships.



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