



THE INSURANCE TIMES

Digital Broker 2020 Report



Executive Summary & Key Findings

Digital transformation is at an all-time high in the insurance industry as digital technologies continue to open avenues to how people interact with brokers and insurers. To be successful in this evolving environment, brokers need to offer customers an effortless insurance experience while maintaining high quality tailored service and choice.

Modern-day brokers face the challenge of providing customers with a new experience and building new expertise that can digitally reinvent their businesses while keeping the customer at the heart of the transformation.

Produced by Insurance Times in association with Applied, the Digital Broker 2020 report looks at the findings of the 2019 survey, which was designed to reveal the evolving role of the broker during digital transformation and the business impact of a broker management system on efficiency, productivity, processes, customer retention and more.



Broker Confidence Levels

When it comes to meeting customer expectations, digitally transforming their businesses and competing with online aggregators, UK brokers feel less confident overall year on year.

66%

of brokers feel “somewhat confident” or “very confident” in their ability to meet the growing expectations of consumers. Year on year, confidence level decreased 7% compared to 73% in 2018.

41%

of brokers feel “somewhat confident” or “very confident” in their ability to transform into a digital broker. This was a significant 27% decrease compared to 68% in 2018.

38%

of brokers feel “somewhat confident” or “very confident” in their ability to compete with online aggregators/online comparison sites. This was a dramatic 22% decrease compared to 60% in 2018.



“ There is a lot going on right now that is outside of their control. Our job is to provide tools to enable brokers to execute well on things that are within their control, such as having a strategy for deploying digital capabilities to your customer. ”

Jeff Purdy, Senior Vice President of International Operations at Applied Systems



Digital Transformation Outcomes

UK brokers are experiencing increased business value in terms of efficiency, customer retention and growth from transforming digitally; however, implementation cost is the biggest barrier to entry.

68% of brokers said improved efficiency at their business was an outcome of transforming digitally. This was an 8% increase compared to 2018.

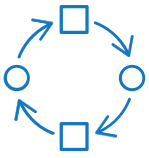
64% of brokers consider customer retention and gaining new customers the leading benefits of transforming digitally. Both options saw an increase year on year of 10% and 4% respectively.

62% of brokers said “cost of implementation” is the biggest barrier to digital transformation at their companies. Year on year this barrier has risen 8%.



“ UK brokers need to evaluate their current technology to understand if it enables them to, first, meet the current needs of the business in terms of efficiency and customer experience, and, secondly, create a runway for future digital transformation through technology that is consistently updated with the latest innovation. ”

Taylor Rhodes, CEO at Applied Systems



The Stages of Digital Transformation

Brokers indicate which stage best describes the progress of digital transformation at their companies.

Investment Type	I Don't Know	Not Done and No Plans to Do So	Plan to Do	In Progress Early Stages	In Progress Mature Stages	Fully Completed
IT Cloud Infrastructure	15%	9%	10%	25%	24%	18%
Mobile Technologies	15%	15%	18%	29%	16%	7%
Data Analytics	16%	19%	17%	25%	18%	4%
Digital Skills, Training and Talent	16%	12%	22%	24%	21%	5%

Note: All statistics are 100% (+/-1%) since findings have been rounded up or down to the nearest whole number.

Investment in IT cloud infrastructure

More brokers in 2019 are in the mature stages of investment in this area, rising 4% since 2018. Last year more brokers had no plans to invest (13%). Positively, brokers are understanding the need for investment as this proportion has fallen in 2019.

Investment in mobile technologies

Year on year more brokers are investing in this area, this is evident from a 9% increase from last year for those companies that are either at the early, mature or completed stage. Meanwhile, brokers that have for now fully completed this investment have seen the biggest rise among the three mentioned variables being explored. Again, positively, last year 27% of brokers had no investment plans in this area, but this has reduced to 15% in 2019 decreasing 12% year on year.

Investment in data analytics

More brokers are in the mature stages of investment in this area, with an 8% rise from 2018. Brokers now seem to be understanding and harnessing the power of the insights their data is able to bring into their business strategies and customer engagements.

Investment in digital skills, training and talent

Year on year the proportion of brokers who are in the early stages of investment in this sector has reduced by 10%. However more are in the mature stages, rising by 9%.



Survey Highlights

Broker Management System Users

Nearly three quarters of UK brokers surveyed use a BMS; however, many do not have advanced capabilities like mobile or analytics.

71%

of brokers said they use a broker management system daily within their company.

85%

of brokers said their broker management system does not have the capability of providing customers with access to information through a custom-branded app.

64%

of brokers said their broker management system is hosted in the cloud as opposed to an on-premises server.



“ Brokers can only move so quickly. We have only seen a 2% increase year on year in brokers implementing a digital strategic plan. They are still not fully equipped to satisfy customer expectations and they need to do more to keep up with where consumers are going. But the good news is they’re paying attention to it. ”

Kristin Hackney, Executive Vice President of Customer Experience at Applied Systems

Non-Broker Management System Users

Just over a quarter of UK brokers surveyed do not use a BMS but would find the advanced capabilities they offer beneficial.

29% of brokers said they do not at present have a broker management system.

67% of brokers said their customers could not access documents or file claims through a self-service portal.

79% of brokers said it would be useful to access their broker management system outside the office via mobile/tablet device to review accounts, add prospects and so on.



“ We do know there are brokers who don’t have a BMS in place, but the days of maintaining those spreadsheets and holding information that way or even holding manual information is not sustainable. There’s the security of the customer’s data, and then being able to be efficient and cost effective. Inefficient processes lead to higher costs and if costs are too high that is unsustainable. For some brokers it does, maybe, feel like a large investment for them to make, but it will add value to their business. ”

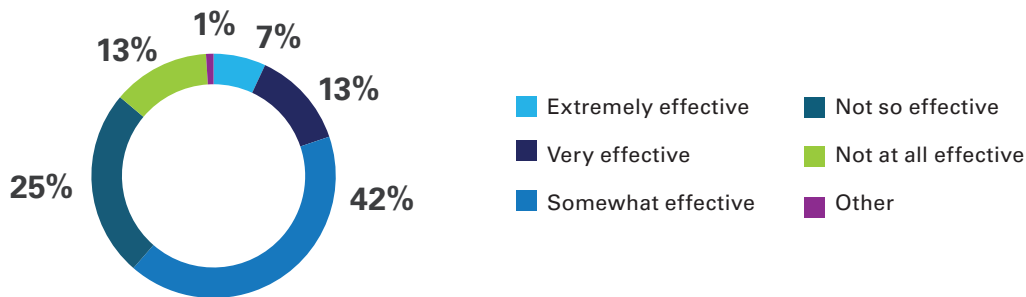
Joe Sultana, Managing Director of Broker Solutions at Applied Systems

Cloud & Analytics

Top reason for investing in cloud technology:

76% of brokers are investing in cloud-based technologies to improve operational efficiency

Effectiveness of using analytics for business insights:



Mobile app adoption among brokers:

27% of brokers said they are implementing a mobile app this year that enables staff to access and manage customer, prospect and overall business information remotely via a smartphone or tablet

Self-service portal adoption among brokers:

72% of all brokers (with and without a BMS) said their customers cannot access documents, file claims and more through a self-service portal



“ We’ve seen about a 25% decrease in administrative calls because our customers can go to their online portal and mobile app to access and manage their own documents without having to pick up the phone. It has become a vital piece of the way our business works now. ”

William Cooper, Managing Director at Stanhope Cooper

Conclusion

That's just a snapshot of the state of the digital broker.

For complete survey insights and discussion from industry experts, visit appliedsystems.co.uk/db2020 to read the full report.

Don't wait until tomorrow to start your digital journey. The digital revolution of insurance is here. Are you ready? Applied's cloud-based digital broker software empowers brokers to stay ahead of the competition with a single view of their business so they are more informed and can act more quickly than ever before.

Start your digital transformation today.

Call +44 (0) 1273 852000 or visit appliedsystems.co.uk

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