



Commercial insurance brokers need to digitalise to survive

Digitalisation is transforming the insurance industry. Yet, commercial insurance intermediaries such as brokers still rely on manual processes, which lead to inefficiencies and errors, according to Agiliux's Mr Mohandeep Singh.

By Sarah Si



Digitalisation is continuing to transform the insurance industry, Agiliux founder and CEO Mohandeep Singh said, speaking to *Asia Insurance Review*.

For instance, according to a research report published by the Information Services Group in July 2024, many insurers in the region are starting to implement advanced technology platforms to catch additional business.

However, despite this progress, Mr Mohandeep said commercial insurance intermediaries such as brokers are "facing a range of challenges, due to relying on manual processes, [which lead] to inefficiencies, errors and delays".

He said, "They must adapt to new technologies and business models to stay relevant and competitive."

Improvement with digitalisation

As current levels of digitalisation among commercial insurance brokers are "really low" according to Mr Mohandeep, InsurTechs are able to assist on multiple levels.

"Barring the large MNCs, most [brokers] use some legacy accounting system without any operational automation," he said.

For instance, he noted an area InsurTechs can digitalise was communications with insurance companies and reinsurers, as these processes are still highly manual and may experience delays.

He said, "This can be improved by using machine-to-machine communication, using standards-based data exchange (such as) ACORD, instead of sharing PDFs and excel sheets over email."

Despite this, because commercial

insurance cannot be fully imported to technology platforms due to its complexity, adoption of technology among insurance brokers remains low.

"That is exactly what digitalisation can help with. It can take away the [complexity and] save time for brokers, so that they can spend more time building relationships with clients," he said.

Challenges

When asked why commercial insurance brokers should digitalise, Mr Mohandeep indicated that it was due to survival and relevance, as without technology, the companies may cease to exist.

He said, "Digitalisation empowers brokers to transform operations digitally, enhance insurance distribution efficiency, deliver exceptional customer experiences and foster seamless interactions with insurers and reinsurers."

Another reason, he believes, is that brokers are being pressed on multiple sides. On one side were MNCs with resources that are able to aggressively expand into new markets, usually by acquiring an existing player. He was also keen to point out that MNCs tended to be "highly digitalised".

On the other side, he said, brokers are "facing competition from new-age InsurTechs, who are also encroaching (on) their territory, with better digital solutions as well as venture capital funds in many cases".

Moreover, brokers face a lack of quality solutions which focus on commercial insurance and reinsurance broking, according to Mr Mohandeep.

However, he also believes that the biggest challenge was the traditional mindset. He said, "Once [the mindset

is] overcome, it is easy to start changing things."

Interesting developments

Over the past year, a major development in matured markets has been the evolution of ePlacement platforms, where insurers and reinsurers could communicate with brokers digitally, according to Mr Mohandeep.

On these digital platforms, he said, "brokers can send the risk details to be placed, and insurers and reinsurers can respond to it also through the platform".

He said, "This shortens the time taken for placing risk and also improves accuracy."

When asked about AI, Mr Mohandeep said that while it could "impact the way insurance brokers operate, in almost all areas of risk placement as well as claims management", brokers would need to digitalise progressively.

"For AI to work effectively we need data. And for data, we need the system of records," he said.

The future

Mr Mohandeep believes that a lot will change in next few years in terms of digitalisation for commercial insurance brokers.

Which roles will change, and which new skills would be needed as broking organisations adopt technology and digitalise?

According to Mr Mohandeep, while "the traditional roles especially in risk assessment (and) claims processing will change ... [operations]", he does not believe brokers will require any major new skills, as technology is getting easier to use. ■