

# Brokers need to focus on advisory in digital world

***The acceleration of digitisation means there is no longer any question that the insurance broker's role will transform from transactional to advisory. The only question is when it will happen. Ronny Reppe, chief executive officer of Norway-based insurance platform provider Noria, discuss how brokers can seize this opportunity to reshape their relevancy in an increasingly automated environment***



For a glimpse of the future, the insurance industry should look at what happened to stockbrokers approximately fifteen years ago. As transactions became digitised and automated, it seemed for a moment that the role of the stockbroker would become obsolete.

Yet customers still possessed a strong, ongoing need for advisory services, and stockbrokers were able to evolve into this role. Today, their job is not to push the transaction through, but to use their knowledge and experience to help the customer choose the right stock.

This is precisely what we can expect to happen within the next five years in marine insurance as the process becomes digitised and brokers will need to find other ways to create value.

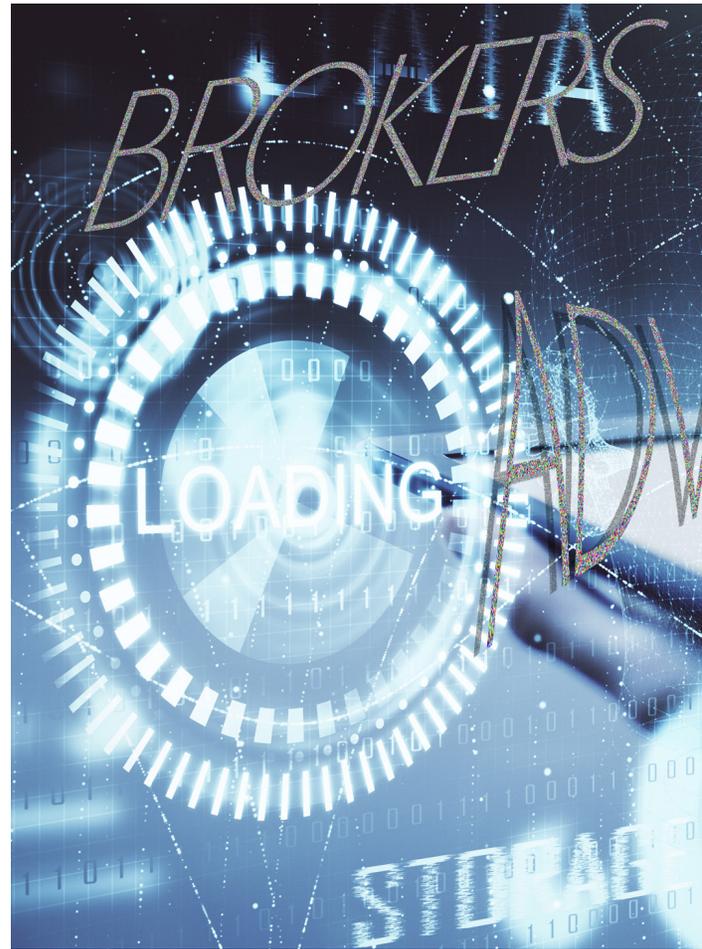
Although the transaction itself will be self-service, customers will still seek to know what to buy, who to buy it from, and advice on what kind of contract they are getting with the insurer.

Sceptics are saying this will never happen because the industry is too complex, but in my opinion it's just a question of it happening a little later.

## BUILDING THE PLATFORMS

One key question is: Who will build the automated transaction platforms?

The media loves a David vs Goliath story about Insurtech start-ups taking on established incumbents. But in the race to



create the platform for transaction execution, it is unclear whether the brokers, insurance market incumbents, or third parties (including start-ups and big tech) will succeed first.

For me, the favourite is the big brokers because they have the budget to invest heavily in scalable IT and make these changes happen. We've seen other industries being digitised, and it's the large incumbents that have succeeded. Some of the biggest brokers are already making moves towards taking the strongest position in the market.

When it comes to the future of transactional brokers, I believe they will still be around in five years from now, but there will be fewer brokers in the market with stronger market-share.

My advice to brokers is not to invest millions in building execution platforms. Focus on the advisory side of your role and depend on the major players' white-label platforms for transaction execution.

## SETTING UP FOR SUCCESS

What technology support is needed to make this digitised future happen? Brokers must invest in digital customer journey tools within which the end-customer can perform self-service data maintenance.

Customer experience (CX) must be central to any tool. Salesforce's [The state of connected customer report](#) found that 84% of customers say the experience a company provides is as important as its products or services.

IBM's [Elevating the insurance customer experience](#) report found "85% of insurers are deploying CX initiatives



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*Ronny Reppe,  
Noria Software*

throughout the customer journey, while 90% employ a Chief CX or Chief Customer Officer (CCO)."

Reduced manual data transfer is critical in this process. Importantly, changes inputted by customers in the self-service system should go straight through to the core system without the need for brokers to transfer or re-input that data. Not only will this reduce or eliminate manual input, but it will help ensure the data is as real-time as possible.

Personalised policies and platform experience is

another key factor.

Through the power of customer data, insurers can create personalised insurance policies and experiences on the platform. This creates a trust loop through which the customer recognises the value gained from sharing their data and will be more willing to share additional data in the future.

### STANDARDISED DATA

Brokers also need a cloud-platform environment where they and insurers interact to negotiate and exchange data. To make this happen, the client, the broker, and the insurer will need to use [standardised data formats](#) to minimise manual input in the data chain. Parties should be able to import the data directly into their systems without manual intervention.

Advanced analytics is another core requirement for this transformation.

This level of digitisation will enable advanced data analytics. Brokers will be able to provide superior advice by reusing the customer-centric data analytics in the platform, combining in-house data with any available open data to analyse patterns, predict risk, generate insights, and provide the best pricing.

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Customers should be surveyed at key decision points in the digital customer journey to create a continuous improvement loop. This is a technical change, but also an operational change to the process that will ultimately improve the quality of broker advice.

### DIGITAL ADVICE

The provision of advice can be digital, too. Although customers are willing to embrace a self-service model and manage their insurance online, a gap still exists where customers seeking advice still need to pick up the phone or attend a face-to-face meeting. By using an omni-channel approach to meet the customer on their platform of choice, brokers can move their advisory services online as well.

Capgemini and Efma's *World Insurance Report 2021* highlighted this issue when it found that only 32% of insurers believe digital channels are effective in securing sales because "they lack personalised advice capabilities ... [with an] inability to provide in-depth, personalised advice to customers seeking complex products." The report predicts this gap will be filled through the rise of "[digi-intermediation](#)", where agents are digitally empowered and virtual channels are humanised.

For brokers still relying on a transactional model, now is the time to begin the IT investment required to automate this part of the business, create a seamless digital customer journey, leverage the power of customer data and shift your service offering to advisory.

