



Empowering MGAs

Leveraging Technology to adapt
strategies, boost profitability, and
drive growth.

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INTRODUCTION

In the complex ecosystem of the insurance industry, Managing General Agents (MGAs) are key players across the insurance chain. MGAs play a pivotal role in underwriting and distributing insurance products on behalf of carriers, and according to Matt Scott at Insurance Times, "MGAs have a bright future in the UKGI."¹ However, the landscape of Delegated Authority is fraught with challenges, ranging from operational inefficiencies to compliance issues. Dealing with and exchanging a large volume of data frequently can be time-consuming and might require manual data amendments. In this whitepaper, we delve into the core challenges faced by MGAs and present how a transformative technological solution can be tailored to address these pain points. By harnessing the power of advanced analytics, automation, and artificial intelligence (AI), MGAs can revolutionize their operations, mitigate risks, experience faster data exchanges, and unlock new avenues for sustainable growth and competitive advantage.

CURRENT LANDSCAPE

According to the MGAA, "Over 300 MGAs currently underwrite over 10% of the UK's £47 billion general insurance market premiums,"⁴ and within the London Market, there were 3,464 approved cover holders as of December 2022.⁵ In the current insurance landscape, an MGA has a distinguishable difference from other intermediaries. It has the authority from an insurer to quote and bind a policy that fits within pre-agreed variables. MGAs often have a niche or expertise that enables them to offer something extra when it comes to risk management.

But is this niche enough or expertise enough to keep them at the top of their game and continue to add value to the carrier or broker they are working with?

The MGA market is finding that brokers are delegating more of their risks to MGAs. Almost one-third of the 1,300 brokers who responded to the Insurance Times Five Star Rating Report noted that they had increased the volumes of risks placed with MGAs in the previous 12 months.¹



The contemporary landscape for Managing General Agents (MGAs) is characterized by a complex array of challenges, particularly with Delegated Authority. These issues encompass various aspects of the industry, creating a web of considerations that MGAs must navigate. The current environment demands careful attention to evolving regulatory requirements, shifting market dynamics, technological advancements, and changing customer expectations. MGAs find themselves at a critical juncture, needing to adapt their strategies to address these pressing concerns while maintaining profitability and fostering growth.

The current challenges of an MGA, particularly in the Delegated Authority, can be presented across the following five categories, which frame the current landscape.

1

Legacy Systems and Outdated Technology: Many MGAs still rely on legacy systems, which act as barriers to agility and scalability. These systems are often characterized by fixed architectures and outdated technologies, making them essentially inflexible and resistant to change. Incorporating new features into these systems is challenging and, in some cases, not feasible.

2

Insight Generation Challenges: MGAs are flooded with vast volumes of structured and unstructured data from diverse sources. Despite the abundance of data at their disposal, MGAs struggle to draw actionable conclusions. It is more difficult to find hidden patterns, trends, or anomalies when using traditional data analytics tools and methodologies to process, analyze, and correlate heterogeneous data sets.

3

Operational Inefficiencies: Traditional processes in Delegated Authority are often marred by manual workflows. This manual intervention introduces the risk of errors and leads to inefficiencies and severe delays. Additionally, it makes the workflow performance tracking mechanism hard to monitor.

4

Data Silos: Data silos between unrelated systems make it difficult to collaborate and make decisions, preventing information from flowing freely. This makes it difficult for stakeholders in different MGAs to obtain, share, and understand data efficiently, causing a breakdown in communication and delays in decision-making.

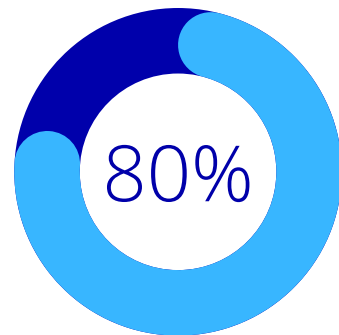
5

Compliance and Regulatory Difficulties: With regulations evolving rapidly, navigating the labyrinth of regulatory requirements poses significant challenges for MGAs. Failure to comply with regulatory requirements not only exposes MGAs to severe penalties but also risks reputational damage

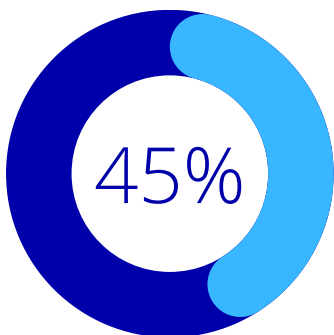
Taking these 5 key areas into consideration, often a differentiator for the MGA is that their offering is becoming tech-enabled. This tech is now enabling the MGA to present strong advantages in the way they are able to deliver the data to brokers and carriers and prove their ability and expertise in writing risk.

There's a maturity in the MGA space, a recognition on the part of carriers that MGAs can offer access to expertise and tech and to the development of new, innovative, and flexible products.

Rob Crossingham, Partner, Clyde & Co.⁶



80% of MGAs have invested in some form of technology in insurtech in the past year compared with 55% of carriers⁶



45% of carriers said they would increase⁶ their MGA partnerships in 2023.

The MGA market is becoming an increasingly important subsection of the UKGI landscape, fuelled by new entrants, new products, and a growing appetite from brokers for MGA services

Matt Scott - Insurance Times¹

THE NEED FOR TECHNICAL INNOVATION

Embracing technology-driven solutions is imperative for MGAs to overcome these challenges and thrive in an increasingly competitive landscape. If MGAs invest in technological innovation, they have the ability to "make the value chain more efficient."³ According to Mark Breeding, an Insurtech expert and strategic advisor, "a third of MGAs are planning to add Insurtech partners over the next three years."² Selecting technology partners that enable MGAs to prioritize their business and decision-making processes will help ensure the longevity and solidity of business relationships in the future. MGAs with a strong ability to use data and technology to empower decision-making, risk selection, and prioritization will ultimately become the best long-term partners. Delegated Authority can be easily revolutionized by a robust yet straightforward technology solution designed specifically for its intended purpose within the insurance sector. A good Delegated Authority solution would:



Embrace Digital Transformation: By leveraging cutting-edge digital tools, MGAs can deliver superior customer experiences, drive engagement, and differentiate themselves in a competitive marketplace.



Streamline Operations: Automating underwriting, and claims processing workflows to enhance efficiency, reduce costs, and accelerate time-to-market. By deploying advanced automation technologies, MGAs can minimize manual errors, and improve overall operational agility, which will allow them to position themselves for sustained growth and competitiveness in the insurance industry.



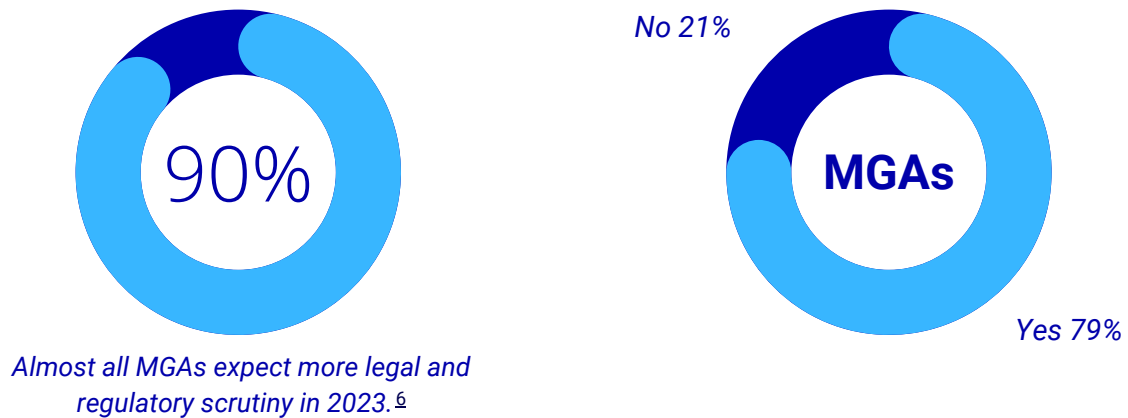
Facilitate Collaboration: Leveraging cloud-based platforms to break down data silos and foster seamless collaboration between MGAs, carriers, and other stakeholders. This smooth cooperation increases openness, simplifies correspondence, and quickens decision-making, which eventually boosts operational effectiveness and produces better results for all stakeholders in the Delegated Authority ecosystem.



Ensure Compliance: Implementing AI-driven insights and advanced analytics to use to detect and reduce compliance risks and guarantee regulatory compliance proactively. This strategic use of technology minimizes regulatory exposure and fosters a culture of compliance, instilling confidence among clients and regulators alike.



For MGAs that are driving the business forward or at least striving to, data is essential. And with data visibility comes technology. In the Clycde&Co MGA Opinion Report,⁶ nearly 80% of MGAs report to have invested in technology or insurtech offerings in the past 12 months. This overwhelming trend underscores the importance of technological adoption and data-driven strategies in maintaining competitiveness and fostering growth in today's evolving insurance landscape



TRANSFORMING DELEGATED AUTHORITY WITH CUTTING EDGE TECHNOLOGY

There are few solutions in the marketplace at the forefront of innovation, offering a comprehensive technology solution designed for MGAs to overcome the demanding challenges of Delegated Authority. The task of finding a digital workbench and data exchange platform for all parts of the insurance chain might initially appear daunting, but the reality is, that the options are limited. MGAs need a unified, end-to-end solution that streamlines operations, ensures compliance, offers insights, and drives growth.

Key Features

1. **Unified Data Management:** Break down data silos and boost collaboration between MGAs, insurers, and other stakeholders for informed decision-making. Enable real-time data sharing to resolve any delay and allow faster action to be taken.

2. **Flexibility and Client-Centricity:** Ability to support any data format and can provide customized solutions based on the client's needs. A platform that empowers MGAs to adapt seamlessly to evolving business needs and driving efficiency. A personalized approach ensures that the clients receive solutions that are comprehensive and perfectly aligned with their strategic objectives and operational workflows.

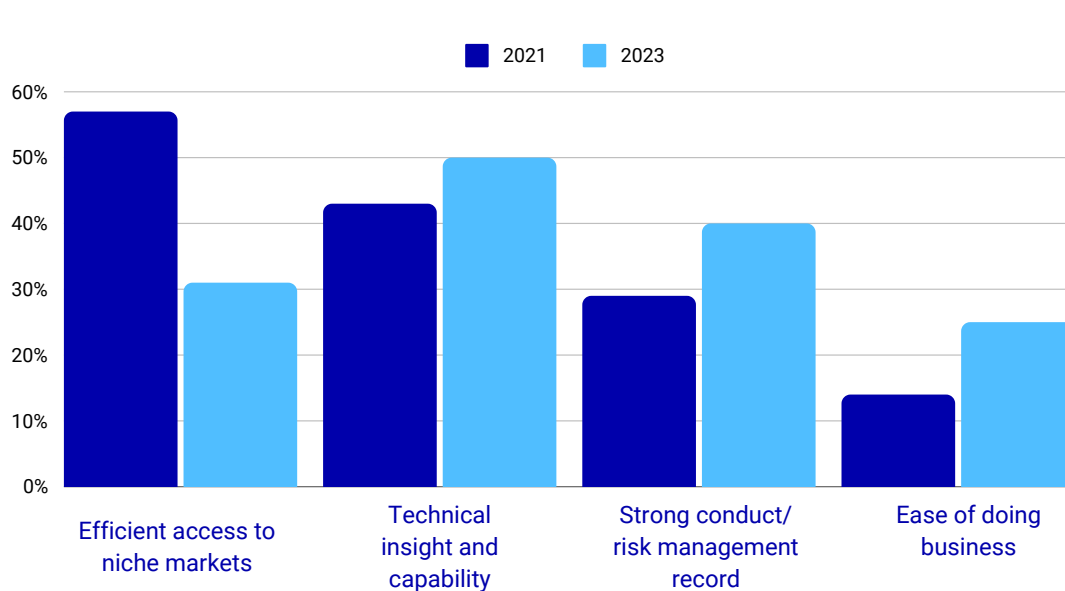
“ **The more and better quality data they get, the more it supports their insurance buying decisions and their risk management decisions** ”

*Phil Hobson ⁸
International Affinity Leader of Marsh*

3. **Support Full Life Cycle:** Implementing a platform to support Risk, Premium, and Claims data will allow the MGA to have an overall holistic view of its portfolio management. By consolidating all relevant data streams, a solution must empower MGAs to make informed decisions, optimize performance, and mitigate risks across every stage of the insurance life cycle.

4. **Additional Reports:** Apart from the in-house insights that the platform provides, there needs to be the flexibility to create additional customized reports tailored to the client's specific needs that cover a wide range of metrics, trends, and performance indicators. With this capability, MGAs can access comprehensive analytics that align precisely with their strategic objectives, and enable data-driven decision-making.

What do you look for in an MGA partner?



CONCLUSION

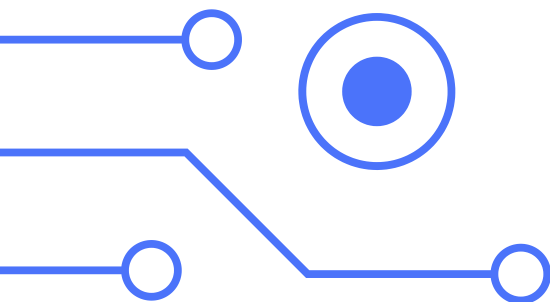
In conclusion, the current landscape of Delegated Authority is demanding for the MGAs. They need to face several challenges across different areas of their businesses. The key element that will allow them to move forward is the technology. With the right technological solution, these challenges can be transformed into opportunities for growth and innovation. distriBind is a cutting-edge digital exchange platform and is poised to revolutionize the way MGAs operate, empowering them to thrive in a rapidly evolving insurance landscape. With distriBind, MGAs will benefit across compliance and data management, they will experience flexibility and advanced automation.

Embrace the future of Delegated Authority with distriBind and unlock the full potential of your business!



“ Investment in technology will be a linchpin for MGAs - one that has the potential to reshape the competitive landscape for years to come ”

(Vertafore) (Carrier Management)²



1 Headline: MGAs have a bright future in UKGI

Link: <https://www.insurancetimes.co.uk/analysis/mgas-have-a-bright-future-in-ukgi/1443977.article>

2 The MGA Market Boom Fuels Channel Distribution Plans

<https://www.linkedin.com/pulse/mga-market-boom-fuels-channel-distribution-plans-mark-breeding/>

3 Insurance MGAs: Opportunities and considerations for investors

<https://www.mckinsey.com/industries/financial-services/our-insights/insurance-mgas-opportunities-and-considerations-for-investors>

4 MGAA Home Page

<https://www.mgaa.co.uk/>

5 Lloyd's Market Website

<https://www.lloyds.com/about-lloyds/our-market/lloyds-market>

6 MGA Opinion Report 2023

<https://www.clydeco.com/en/reports/2023/07/mga-opinion-report-2023>

7 Vertaforce, Carrier Management

<https://www.carriermanagement.com/brand-spotlight/vertaforce/2024-outlook-4-ways-tech-fueled-mgas-will-accelerate-the-industry/>

8 Wallace, M. (2024) What's happening in the Affinity Insurance Sector?, Insurance Business UK. Available at: <https://www.insurancebusinessmag.com/uk/news/breaking-news/whats-happening-in-the-affinity-insurance-sector-471495.aspx>

ABOUT US

distriBind was formed in 2018 by Dave Connors with the mission to eliminate bordereaux from Delegated Authority and cure the insurance industry of its spreadsheet addiction. Dave had worked in the Insurance Industry for many years and had first-hand experience of delegated authority reporting issues before moving into functional design and innovation roles for software vendors. In 2019 distriBind was awarded a grant from Innovate UK for its Machine Learning Premium Prediction algorithms and was in the Lloyd's Lab in 2021 under the Claims Stream.



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