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September 29, 2022

Observations from InsureTech Connect

To our friends and clients,

Last week our team from Reagan participated in the [InsureTech Connect](#) meeting in Las Vegas. InsureTech Connect (ITC) bills itself as “the world’s largest and most comprehensive gathering of InsureTechs;” with everyone from startups to brokers and carriers to venture capital investors present for this three-day event.

From the perspective of the investors, insuretech valuations are down and venture capital firms are exercising diligence and pulling back in certain segments. New entrants are experiencing difficulty fundraising. For the insuretechs in attendance, two dynamics are at play. 1. Relief, if they actually completed a fundraising round prior to the interest rate increases or inflationary period. 2. Acknowledgment that these new economic headwinds limit fundraising to only those situations where capital is absolutely necessary in the near-term.

This dynamic forces insuretechs to carefully analyze their capital needs and determine how long they can stretch their current funds which in turn creates space for brokers to invest in insuretechs, potentially replacing some of the venture capital funding.

Going forward, we can imagine a world where brokers control more of the capital behind the technology. Who owns it matters. Oftentimes a broker adopts an insuretech solution, integrates it across the operation, and just when it’s beginning to deliver value, the insuretech sells to a larger industry player. This transaction changes the operations, frequently resulting in lost momentum and functionality inside the brokerage firm.

investments and influence the overall flow of funds in the insurtech space.

And today, many high-performing brokerage firms are getting in on the action by committing a significant amount of time, energy, and investment in technology or tech enablement. At the center of this effort is [BrokerTech Ventures \(BTV\)](#). BTV is a leading organization comprised of 15 top brokerage firms committed to bringing technology enablement to the distribution channel. On the first day of the conference, BTV hosted a program entitled “Fueling the Tech-Enabled Broker.”

What does “tech enabled” mean exactly? To be tech enabled means to leverage technology to better utilize data, reduce costs, increase efficiencies, and provide a better customer experience.

And why is it important to engage technology?

There is value in getting your reps in and forcing your agency to deal with inefficiencies, cost redundancies, and at times a painful customer experience. Long lasting benefits come from streamlined operations, impact on revenue per employee, and a more positive (and enjoyable) customer experience. These underlying business processes are linked to profitability. Simply put, this work will lead to future value creation at your firm. If nothing else, that should validate and promote the need to focus on technology.

Finally, how can we work together to continue to improve the level of focus and investment in technology from the broader industry?

We encourage your firm to mobilize your efforts around technology. This starts with hiring the right people to lead these efforts. Someone must own it every day. Push your firm to adopt new models that are scalable and commit to investing more time and focus on technology.

The future is closer than you think.

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Head of Strategic Development, Reagan Consulting

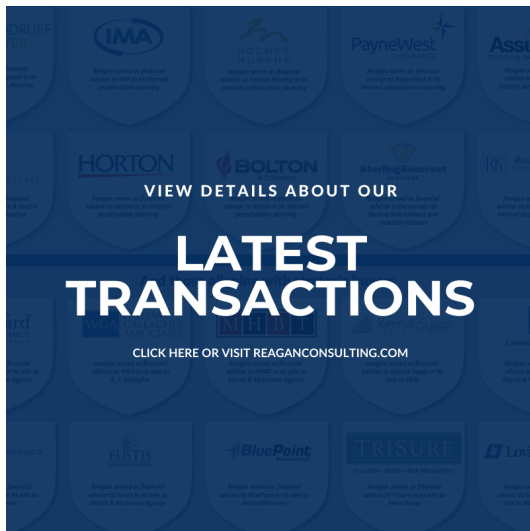
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