

The Broker of the Future



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The distribution landscape is becoming increasingly challenging for UK insurers. A softening market and increasing regulatory costs are eroding margins while technology – not least AI – and growing customer expectations present new challenges and opportunities. Our research highlights five key levers that allow brokers to create and demonstrate value, and we also propose four new broker ‘archetypes’ to thrive in this new competitive landscape.

UK commercial insurance rates fell by an average of 8% in the second quarter of 2026, with property rates down 11%.¹ For brokers paid on commission, these falling rates can reduce income even when the work required to advise and service clients remains unchanged. This creates a particular challenge for growth-focused brokers, as revenue can come under pressure despite maintaining client volumes and service levels.

At the same time, regulatory expectations around controls, reporting and evidencing value create significant fixed costs. A 2023 study by the British Insurance Brokers’ Association (BIBA) found that direct regulatory costs for brokers were 40% higher than in 2019, and the overall direct and indirect costs were equal to 8.1% of brokers’ fees and commission income.² Since then, firms have also faced increasing requirements relating to operational resilience, Consumer Duty, data governance and AI governance, suggesting that regulatory and compliance costs are unlikely to have reduced.

Capco’s own survey of 53 broking activities across client acquisition, risk assessment, market access, administration, servicing and claims, we found around 64% are highly exposed to digitisation, commoditisation or disintermediation.³ Administration being the most exposed area, followed by lead generation, onboarding, quote comparison and standard servicing.

There is no question that AI is reshaping the broker value proposition. Generative AI and digital platforms are automating activities from policy administration to risk analysis, creating efficiency opportunities while increasing the importance of specialist expertise, trusted advice and access to capacity. Looking ahead, agentic AI has the potential to automate increasingly complex workflows, from market submissions and placement support through to claims triage and portfolio analysis, further reshaping broker operating models. Adoption is accelerating rapidly, with 93% of Lloyd’s market firms now having or developing formal AI frameworks in the 12 months to April 2026.⁴

Traditional distribution models are also being challenged. Insurers are moving closer to customers through digital channels and value-added services, while brokers are moving closer to underwriting and capital. Aon’s partnership with Blackstone through Cortina is one example of how brokers are increasingly connecting risk with alternative capital, blurring traditional value-chain boundaries. At the same time, delegated authority business at Lloyd’s has more than doubled since 2018 and now represents over 40% of market premium.⁵

Consolidation continues to reshape the competitive landscape. As growth becomes harder to achieve and technology investment requirements increase, firms are increasingly

using M&A to acquire capabilities rather than scale organically. Zurich's acquisition of Beazley, Howden's acquisition of Atlantic and Ardonagh's acquisition of PSC Insurance Group all point to the same trend: the race to secure specialist expertise, distribution, capacity and capital. In the future market, advantage will come less from scale alone and more from owning strategic positions across the insurance value chain.

While brokers are looking for ways to defend margins, clients are raising their expectations. In a market where coverage and pricing can often be replicated, service quality, specialist expertise and claims advocacy are increasingly becoming the primary sources of differentiation. Research

from the BIBA-supported Gracechurch UK Insurers Monitor shows that insurers are increasingly competing on service rather than price, with customer experience, responsiveness and claims performance emerging as important sources of competitive advantage.⁶ For brokers, personalised service is no longer just a retention tool, but a key lever for organic growth.

In the face of these challenges, there is a world of opportunities. The underlying question for the broker of the future is which elements of the traditional operating model are no longer defensible, which become more important, and whether there are completely new capabilities that will be critical in the future.

Five levers to redefine broker value

Our own proprietary research points to five key levers that brokers can use to create and evidence value.

1. Risk-to-capital optimisation

Elevate the broker's core role around matching risk with capital through better data, automation, analytics and customer experience. By improving risk presentation, reducing placement friction and simplifying interactions for clients and carriers, brokers can deliver better outcomes while reinforcing their role at the centre of the insurance ecosystem.

2. Advisory and outcome-based monetisation

Expand beyond traditional broking by introducing new advisory services and taking greater responsibility for clients' total cost of risk. 46% of brokers surveyed already plan to grow by offering new services. This includes greater risk-management support (34%) and more sophisticated understanding of clients' risk exposures, business operations and strategic priorities (32%). Benefits include lower dependence on placement margins, stronger referral growth and reduced price sensitivity.

3. Portfolio capacity orchestration

Expand beyond individual-risk broking into the design, aggregation and financing of portfolios and programmes that can be presented as investible propositions to insurers, reinsurers and alternative capital. This creates new advisory and structuring fees, recurring portfolio economics, and deeper relationships across MGAs, carriers and capital providers. Capco's analysis suggests

that many of the activities associated with portfolio design, complex placement strategy and capital access are among the least susceptible to digitisation and disintermediation, reinforcing their potential as future sources of broker value.

4. Lead capacity facilities

Industrialise suitable placements through facilities that use carrier-agreed pricing models to set lead terms and attach follow capacity in one step. With Lloyd's portfolio capacity rising from 3% of premium in 2017 to 7% in 2024 and £5.1bn of portfolio-solutions capacity forecast for 2026, this can generate facility fees and profit commission, secure recurring flow and materially improve placement efficiency.⁷ This aligns with Capco's analysis, which found that standardised placement and execution activities are among the most exposed to digitisation and automation, increasing the attractiveness of facility-led models that combine efficient execution with differentiated access to capacity.

5. Emerging risk underwriting and product innovation

Quantify risks for which established products and loss histories do not yet exist, design the first wordings and attract initial capacity. This creates first-mover economics while helping clients address growing exposures such as AI liability, data centre concentration and grid dependency. Our analysis suggests that some of the least exposed broker activities are those requiring specialist expertise, risk assessment and complex judgement, reinforcing the value of helping clients understand and transfer new and emerging risks.

The broker archetypes of the future

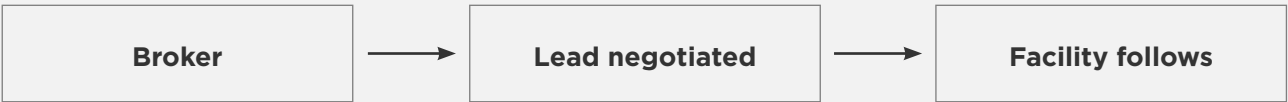
In the future broker market, competitive advantage will continue to depend on trusted client relationships, deep understanding of clients' businesses and risk exposures, strong connections to insurance and capital markets, and the ability to harness data, analytics and AI at scale.

Rather than replacing these traditional strengths, emerging technologies will amplify them, enabling brokers to deliver more insightful advice, access capacity more effectively, and provide a more differentiated client experience. Capco sees these capabilities supporting four distinct future broker archetypes.

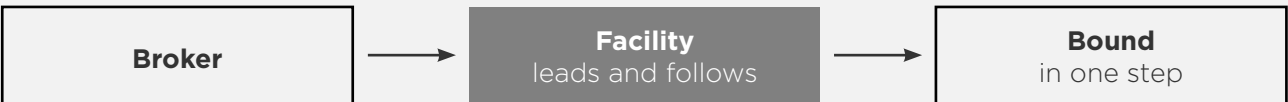
Lead capacity builder

Develops arrangements with insurers (broker facilities) based on pre-agreed pricing models, allowing one insurer to set the terms (lead capacity) and others to provide additional coverage (follow capacity). This simplifies the placement process by enabling multiple insurers to commit the same risk in a single step.

Today



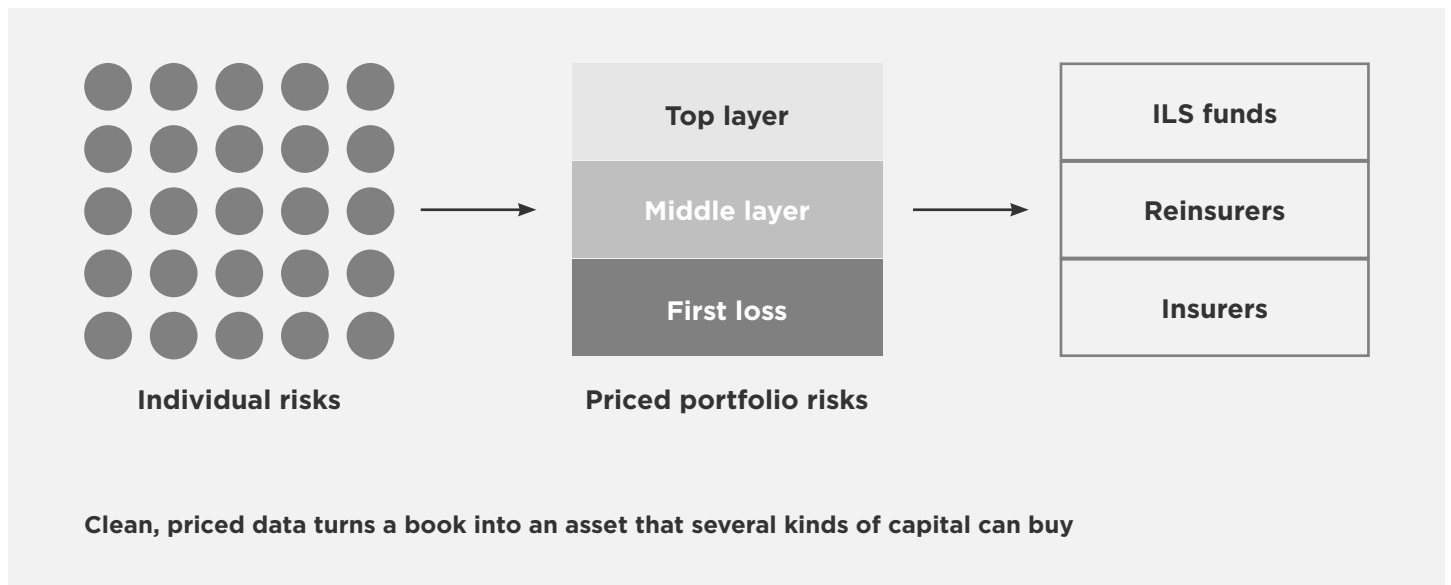
Lead facility



Lead terms come from pricing models carriers agreed in advance

Portfolio architect

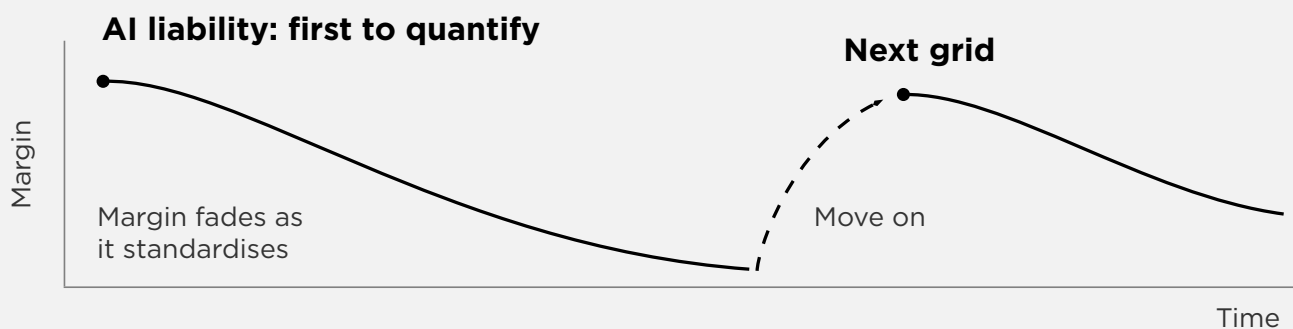
Groups and assesses individual risks to create structured portfolios that appeal to insurers, reinsurers and other investors. By analysing and pricing these portfolios, brokers can attract different sources of capital and generate revenue not only from placing the risks but also from structuring and managing the portfolios.



Frontier specialist

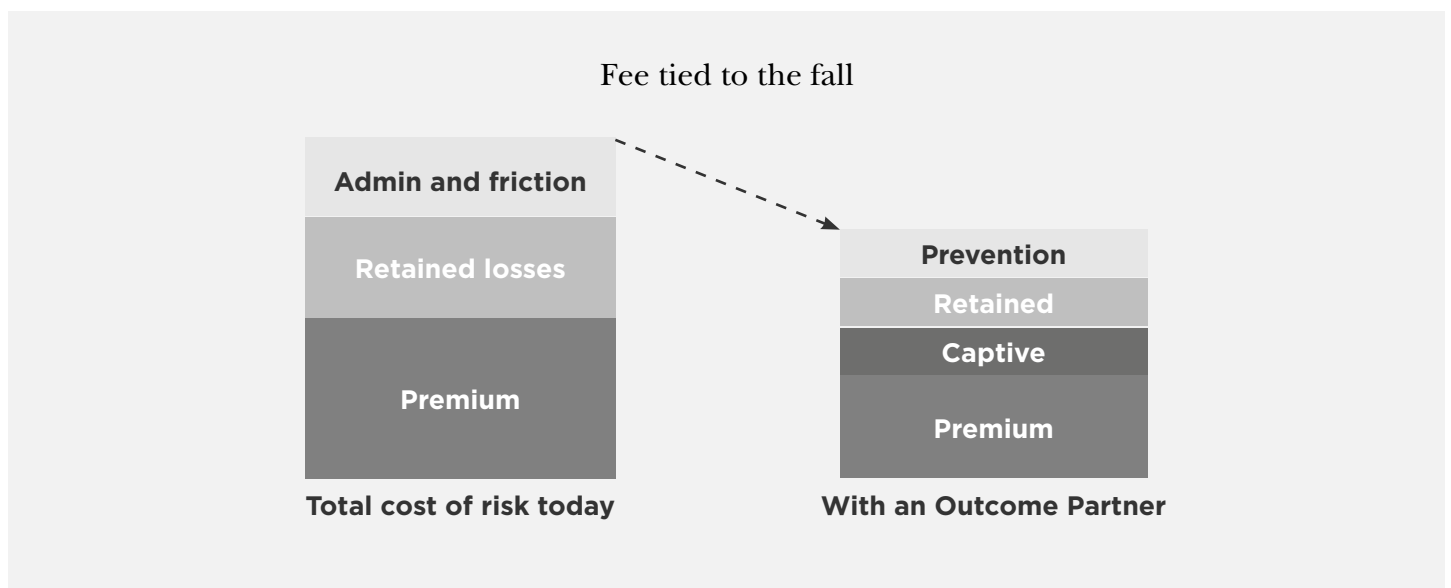
Identifies and assesses emerging risks, such as AI liability or power grid dependency, where established insurance products and historical loss data are still limited. This type of broker develops new insurance solutions, including policy terms and conditions, and secures initial insurer support (capacity) to provide coverage for risks that are not yet widely insured.

Success depends not only on understanding the risk itself, but on creating credible approaches to exposure assessment, modelling, rating and pricing where traditional loss data does not yet exist. Increasingly, brokers are developing proprietary risk models to help insurers quantify and underwrite emerging risks. JLT's Sunstone political violence and terrorism platform provides an early example of this approach, demonstrating how brokers can help establish the analytical foundations required to create entirely new insurance markets.



Outcome partner

Helps clients manage and reduce their overall cost of risk by combining measures to prevent losses, risks they choose to cover themselves, and risks transferred to insurers. This archetype uses traditional insurance alongside options such as company-owned insurers (captives) and other tailored arrangements, with fees linked to measurable results, such as lower costs or fewer losses.



These four archetypes are not mutually exclusive. The right approach will depend on each broker's strategic position, client needs, insurer relationships, data capabilities and team expertise.

Most brokers will combine elements of several archetypes, but they need to be clear about where they can add the most value, how they will differentiate themselves and how they will be paid for it.

Conclusion

The insurance brokerage landscape is changing – but the broker’s core role of matching risk with capital remains. What is changing is how that role is performed, who performs it best and where value is created.

There is no single winning model. However, the brokers that thrive will be those that successfully combine trusted relationships, market expertise and capital access with AI, analytics and technology-enabled operating models.

The future may not be a story of all brokers becoming more digital. It may be a story of increasing divergence, where the strongest firms use AI, analytics and technology to deepen their advantages, while those that underinvest gradually become marginalised.

In that future, the critical question is not whether broking survives, but which brokers emerge as the industry’s next winners.

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Capco, a Wipro company, is a global technology and management consultancy shaping change in the financial services and energy industries. For almost 30 years, we have been trusted to help our clients adapt, transform and create long-term value across capital markets, banking, payments, insurance, wealth and asset management, and the energy and utilities sectors. Our deep industry expertise, partnership mindset and award-winning Be Yourself At Work culture are amplified by our strengths in advisory, technology, data and AI innovation. We support our clients to establish clear priorities, connect vision to value, and deliver measurable impact when the stakes are highest.

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