

Abstract

The digital era has opened doors to a generation of young entrepreneurs eager to leverage on new technologies to transform business through innovation. Multiple industries, such as retail, transportation, telecommunication, information or hospitality, are disrupted by tech-savvy new entrants that modernize the way consumers and suppliers interact. The insurance industry resists to such transformation despite the aggressive emergence of digital start-ups that attempt to change the traditional operating model. Focusing on the Singapore insurance market, this paper opposes the nature of the digital entrepreneurs that enter the insurance market and the essence of the industry to explain the difficulties of an effective disruption of the insurance paradigm by new entrants. The study shows that insurance players are dealing with a complex industry that requires insurance expertise and experience beyond digital know-how. The barriers to entry (e.g., regulation, capital, compliance), the difficulties to respond to a passive demand (e.g., poor value perception, no willingness to pay), and the necessity to provide a well-processed supply (e.g., technical nature of insurance, underwriting, after-sale and claims management) favor the position of incumbents and challenge the fragile ambition of digital entrants – insurtechs. The study concludes that such paradigm not only slows-down the digital transformation of the industry but also delays its potential disruption.