



# The Broker Landscape

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INSURANCE BROKER

NOVEMBER 2021

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# Introduction / housekeeping

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Welcome and thank you!

Webinar format – muted and video off. Interactive features – polls, Q&A

Recording and slides made available post-session

Diane Jenkins

- Background in Insurance Broking Sector – technical programme design, M&A due diligence, BI reviews
- Former chair and education secretary of London Business Interruption Association

Nick Thomas & Associates

- Up to the moment solutions addressing the challenges of the modern insurance professional
- Technical insurance, sales, business and soft skills, performance, resilience and wellbeing, leadership and management training
- Specialists in virtual and hybrid solutions for sales, client interaction, management, performance and wellbeing



# Session Learning

*'Begin with the  
end in mind'*  
Stephen R.  
Covey, *The 7  
Habits of Highly  
Effective People'*

- Overview Broker Models – Global, Consolidator, Network, Alliances, Independents, Community
- Characteristics of each Broker model – overview financial model, ownership, challenges
- How do Broker characteristics drive their behaviours
- Hard market Broker issues and behaviours
- How can insurers address and deal with these behaviours?

# Types of brokers and business models

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Global brokers

Consolidator groups

Networks & alliances

Independents

Community based brokers

Online



# Characteristics of Global Brokers

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Global strategy

Far reaching capabilities

Need to satisfy shareholders

Different customer group /  
market strategies and tactics

Wide range / depth of  
relationships

Strict placement policies

Own wordings

Need for wider fee sales

Corporate approach  
and cost base

Acquisitions always  
likely

Lower loss ratios (?)



# Behaviour of Global Brokers

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- Local deployment
- Competing with insurers
- Pressure on commissions
- Many contact points/hierarchies
- Strict adherence to silos
- Wider cover/non-standard wordings
- Interested in extra services/income
- Little flexibility
- Changes to distribution methods common
- Risk management important



# Characteristics of Consolidators

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- Group acquisition strategy
- Often funded by Private Equity
- Higher loss ratios and CORs
- Local decision makers
- Exit strategies for experienced business owners
- Shared regulatory management



# Behaviour of Consolidators

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- Need earnings to pay for funding
- Higher commissions deals needed
- Short (3-5 years) approach
- Less risk management offered
- Group governance and placing strategies
- Changes - loss of knowledge/experience





# Characteristics of Networks

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- Share information
- Broader capabilities
- Economies of scale
- Preserved independence
- Branded propositions
- Good client relationships maintained



# Behaviour of Networks

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- Utilise shared information
- Offer services may not be familiar with
- Drive harder bargains and better remuneration
- Leverage independence
- Seek wider network wordings
- Value client retentions



# Characteristics of Independent & Community Brokers

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- No external shareholders
- Decisions made locally
- Remuneration generally agreed locally
- Vulnerability to acquisition and buy out
- Flexibility to deal with different markets
- Strong relationships with local offices
- Easier access to decision makers
- Value face to face client service
- Compliance cannot be shared



# Behaviour of Independent & Community Brokers

- Can make 'maverick' decisions
- Like to support local offices
- Pressure for higher remuneration
- Look to have exit strategy
- Flexibility to deal with different markets
- May use wholesalers increasing cost base
- Little formal training – value this from insurers
- Personally invested in clients
- Compliance can be flexible



# Issues faced by brokers

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- Economic outlook
- Environmental, CSR, diversity
- Customer loyalty /changing customer needs
- Regulation
- Attracting/retaining talent - well being
- Trust and reputation
- Emerging risks
- Hard market - less capacity/selective underwriting



# Broker hard market trading skills and strategies

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Manage client expectations – tackle lack of understanding

Provide early budget and maximise available spend

Technical expertise

- Provide options
- Demonstrate innovation
- What client needs only

Differentiate risk from competition - make insurer want to say ‘yes’



# Insurer hard market trading skills and strategies

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Understand the reasons for your rate

- Obtain and use superior information – question and listen
- Confidently articulate the story on a case

Ensure no surprises – keep in contact – communicate

Maintain your professional approach – calm and firm

Use your widest relationships

Know your strengths and capabilities

Offer support to brokers – training, visits etc



# Thankyou! Questions?

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*'Up to the minute training solutions addressing the challenges of the modern insurance professional'*

