

The Broker Landscape

DELIVERED BY DIANE JENKINS ACII, CHARTERED INSURANCE BROKER

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Introduction/housekeeping

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

Global brokers Consolidator groups Networks & alliances Independents Community based brokers Online





Characteristics of Global Brokers

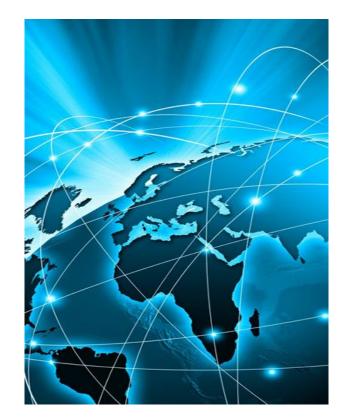
Global strategy Far reaching capabilities Need to satisfy shareholders Different customer group / market strategies and tactics Wide range / depth of relationships Strict placement policies Own wordings Need for wider fee sales Corporate approach and cost base Acquisitions always likely Lower loss ratios (?)





Behaviour of Global Brokers

- 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

- 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

- 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

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





Behaviour of Networks

- 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

- 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

- 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

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

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'

