



## **The role of the broker**

### **What is a broker**

A broker is an intermediary whose primary function is to provide their clients with an insurance policy that meets their requirements and to service that policy thereafter

### **What do they do**

A broker's role is to source the most suitable policy for their client and to service the business once placed with an appropriate insurer. The key issues for the client are:

- Appropriate cover befitting the individual's, company's and/or organisation's insurance needs
- To process and administer all claims on behalf of their client
- To deal with mid term amendments such as changes in circumstances
- To advise the client on their insurance needs as their circumstances evolve

### **Is insurance more expensive by using a broker**

The short answer is "no" as many insurers will charge the same premium for any particular policy regardless as to whether a broker (or intermediary) is involved. In practice most insurers would rather deal with your insurance needs through a broker as the broker is better placed to be impartial in the event of a disagreement or dispute

### **What protection do you have by using a broker rather than going directly to an insurer?**

All insurance brokers in the UK are registered and are required to trade under the terms and conditions of the FSA ([Financial Services Authority](#)). All insurers have to abide by the same regulations unless they operate outside of the UK (as some do). Your broker should advise if the insurer they recommend is trading outside the FSA regime.

### **Why are they important in acquiring insurance**

A broker has access to a wide variety of insurers to whom they could transfer your risk for a premium. The more specialised the market, the more limited the number of insurers that would be able to take on the risk. The broker uses its skill to find the best fitting insurer for the risk involved.

### **What should you expect from a broker**

Complete disclosure of commissions generated by the broker from the insurers with whom the broker deals with on behalf of their clients

Some brokers work for a fee as opposed to taking brokerage or commission. Naturesave believes that remuneration by commission serves the clients best interest throughout the policy period.

Naturesave's view is that brokerage/commission ensures an ongoing level of service which "fees" do not necessarily do. Whilst there are many brokers that work quite reasonably on a fee basis, it is our view that the servicing of a policy is an ongoing process which is not best served by an up front fee as this may result in the attention being taken away from the customer's needs. Naturally this is a generalised view and in some extremely rare cases the charging of fees (as with accountants and solicitors) may be necessary.

### **Is it necessary to use a broker for all types of insurance**

There are some types of insurance for which a broker may not necessarily add any value in acquiring a policy. These instances are generally related to personal lines insurance – i.e. household, motor, travel and personal accident insurance.

There are certain types on insurance for which a broker is specifically required. Examples are where the nature of the cover is specialised and needs to be sourced from a range of limited and specialised markets:

- Professional indemnity insurance, Directors & Officers & Trustee Liability policies;
- Specialised liability cover (occupations with a generally higher degree of risk);
- Contingency insurance (non appearance, cancellation and abandonment, prize indemnity, corporate extortion, credit insurance, computer crime, etc).
- Renewable Energy Insurance (contractors, designers, operators).

.....if you are in doubt as to whether a particular policy can be sourced directly from an insurer contact Naturesave for further advice. Bear in mind that though that removal of a broker in any insurance transaction will not necessarily entail a level of service that you would expect as the insurer's primary function is to protect their own stance on any day to day dealings whilst a broker will negotiate on your behalf to ensure that their client is being heard and their needs addressed.

At the end of the day we all want to be treated the way we treat others. If you do not feel that you are getting that level of reciprocal treatment then maybe its time to try another insurer and/or broker. After all you pay the premium because you want to protect your assets, interests and liabilities and be able to make a claim in the unfortunate event that you need to

Remember the FSA is here to protect you. If you have exhausted all options there are channels through which you can go which will provide, hopefully, a satisfactory response.