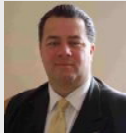




Trust and Respect in the Broker-Client Relationship

Paul C Rowland



Paul C Rowland
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Biography

Paul C Rowland is a highly driven Broker and Client Advocate who holds a BA (Hons) degree in History and Law from Lancaster University. Paul is an accredited Lloyds of London broker and holds the ISO 9001 certification for excellent corporate compliance and governance. In addition, he has been awarded an MCIM in 2015 from the Chartered Institute of Marketing and an MCICM in 2016 from the Chartered Institute of Credit Management after independent assessment of a decade of his work at an operational and senior management level in both disciplines.

On Wednesday 19th July 2017 in the FinTech Awards conducted by Wealth & Finance INTL Invictus Risk Solutions LLP was awarded:

“Best for Bespoke Corporate Funding Services - UK”

After 20 years broking and underwriting on behalf of some of the industry's leading practitioners, Paul has created his own company, Invictus Risk Solutions LLP, with the goal of offering a single point of contact and a high level of bespoke, dynamic and intelligent service to clients across a range of areas of insurance and risk management expertise.

Offering a truly personal and pro-active service driven by his UK and International client's needs, Paul applies his in-depth knowledge of insurance products and underwriting markets to expand upon all existing and new relationships to create close ties between colleagues, customers and providers through a diverse range of transactions to manage their Commercial, Financial, Liability, Trade Credit, Political Risk, Surety and receivables management programmes.

Paul is a regular contributor to **CREDIT CONTROL JOURNAL and ASSET & RISK REVIEW**, and has published articles in *Business Money*, *Insurance Times* and *Post Weekly*.

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Abstract

In this article, the author offers a personal validation that Clients are increasingly looking for the element of trust that comes from the combination of action, words and conduct. Within the UK broking industry there has been a marked diversion away from this type of environment. Accordingly, the author feels that a strong emphasis on the return of trust, dedication a experience will create a three-way relationship between broker, client and underwriter that will once more be viewed as being of equal importance to the price and cover of the policy being purchased. In fact, Paul believes that one cannot be gained without the other.

Introduction

My Father always advised me never to give advice because advice tended to be sought only when the situation was bleak and commercial fate, having biffed you in the eye, proceeded to kick you in the shins!



Analysis

Notwithstanding the above, I am pleased to start this article with an advisory statement that “trust” remains central to the theme of promoting a strong relationship between broker and client.

The consolidation of the UK insurance broking industry has moved it away from its “free market” environment of the 20th and early 21st Century to one of less choice and little differentiation other than the regional American accents of the owners.

In typically belligerent and British bulldog spirit there remain pockets of resistance as brokers seek to move away from the smash and grab and sell ‘em cheap broking culture of the 1990s and early 2000s, and back to a more refined culture of doing business. Accordingly, clients are once again beginning to attach a high priority to the nature of the relationship with their chosen broker vis-à-vis the policy management and negotiation skills that they encounter and value.

As far back as April 2005, Sir Digby Jones of the CBI was quoted in an edition of Business Standards as saying: “In a fiercely competitive global market, no business can compete on the basis of price alone ... business processes and practices and customer relationships is critical to success.”

A client’s high regard for the broker and their trust of the advice and judgement being given should provide the insurance industry with the confidence we require to present the “bad” news of hardening markets and premium increases and the harsh regulatory environment.

By contrast, there is up-to-date evidence of how the questionable conduct of other financial service providers in the world of banking, investments and pensions continues to have a hugely detrimental impact on their bottom line and industry PR.

The nature of the UK broking market is very competitive in comparison to the trading environment in which our European cousins operate where longstanding “local” companies are still able to be operate.

Notwithstanding the broker competition, we have learnt the valuable lesson of focusing a client’s attention upon recognizing and accepting the role that we play in encouraging market stability. In particular, we must bear in mind that there is always the danger of a rogue approach or quotation by underwriters or aggressive selling tactics by alternative brokers.

Our approach, mirrored by some enlightened individuals within the larger global brokers and many other independent broking houses, evidences that one can ensure the bond between us and the client has been proven by our service delivery.

The deep knowledge that we develop for a client’s business that should enable us to provide a personalized service that a newcomer might take months or years to match.

The way we manage contentious issues – and are able to relay bad news to our clients, as well as our ability to maintain a client’s position in the market and deliver



the solution required – ensures that we are able to provide a quality of advice over and above that provided by some of our competitors.

As a small insurance and risk management consulting practice we are more readily able to align ourselves to the decision makers within our clients by utilizing our extensive experience to understand their needs and thus provide a pro-active and prompt service.

Even if an alternative broker or underwriter is able to offer a small premium spend saving, our message is that this will simply not endure and provide a meaningful differential.

I recently went head-to-head with a broker whose sole argument for appointment was the size of the company for whom he worked while showing little regard for the Client's MD whose withering assessment was that: "I don't trust that broker as far as I can spit and I am a very poor spitter!"

We believe that clients do not need to take a risk with a newcomer; the continuation of an existing relationship will always create a platform of trust, from which a better service flows. However, this can work the other way too; occasionally where we have a strong relationship with a competitor we may withdraw from a tender, once we discover the holding broker's identity. In these circumstances, we are happy to explain to the client that their business and policy needs remain best served where they are; how many other brokers have the courage or integrity to do that?

Clients are more informed than ever vis-à-vis what is available and are beginning to value the customization of their policies, personal relationships and on-going service levels with ever increasing scrutiny.

It is our belief that no matter how successful in the past, brokers unable to meet customer expectations of contract certainty, accurate and fair pricing, integrity and trust, will not survive the increasingly fierce UK and global competition.

The people that drive a business, whether family or corporate share holder, are looking for an industry specialist able to evidence his/her expert knowledge to gain the client a competitive advantage.

The broker that travels the extra mile to meet the client's needs by explaining and predicting the realities of the trade sector, the risks being faced and the resulting price mechanisms, will always be seen as a reputational asset by the client.

Also, the broker that is able to look its client in the eye when things go wrong and assure them that no stone will be left unturned in the effort to execute and deliver a solution in their best interest, is the broker who will win or retain a client's commitment.

Trust is the key to customizing policy products and developing unbreakable customer relationships. This in turn will enable the client portfolio to ride out any difficult economic cycle or the competitive trading environment.



Analysis

In 2001, a report commissioned by The Centre for Future Studies stated that a 5% reduction in customer defection could result in profit increases from 30% upwards and a mere 2% in customer retention is the equivalent of cutting operating expenses by 10%. I am not sure whether the values have increased significantly over the past 16 years but given increased in core costs for most businesses to operate, I would suggest that this report's maxim remains a very important and valid one.

The standard for most brokers is to inflict upon the underwriting community a generic submission and covering letter that requests "20 options and any others that you can think of." Our view is that this is the way of the broker who neither understands his market nor his client's specific needs.

There is a growing desire for underwriters to align themselves to the broker who offers a prequalified risk to the market.

While maintaining complete FCA compliance and transparency, we encourage a preferred partner to force the pace around policy structure and premium spend. The rationale for this is that the chosen underwriter, and more importantly the client, understands that what is being actioned is a market review which has been segmented by us according to the client's needs and the underwriters' different service offering.

The result is that the client is given a financially sound assessment and a suggested pricing to reflect the service level they wish to experience before the submission to market is executed.

This process is the cornerstone of our pursuit of reputational and service excellence. We seek to offer our clients the benefit of our knowledge on how to best structure a policy in tandem with an underwriter. This in turn helps us to move away from the legacy of driving the client into a cheap and quick win which leads to mistrust and the loss of the business when things go wrong.

Many years ago I learnt from a fabulous broking mentor who had seen active service as a Rhodesian African Rifleman (with the medals, scars and remarkable "boys own" stories of daring-do) that it is time to act when you can see that a client, while not actually disgruntled, is far from being grunted!

It may sound a bit old fashioned but many senior officers in British industry still expect long term relationships with their advisers, through thick and thin.

Trust matters

The role of the broker is to ensure that at all times the client feels that their company has made the correct partner selection. This can only be gained through the broker's ability to establish achievable and realistic goals for the suite of solutions being sought; evidencing that they possess the knowledge to understand and manage the risks; being able and willing to construct a strong relationship whereby closeness, integration and reciprocity is expected, needed and valued;



and finally, being able to leverage their underwriter relationships to add value to their clients.

If the above is achieved, the broker will build the knowledge and trust required to pro-actively manage the changing markets.

The goal of this article has been to show that a broker who is able to evidence that they operate strong principles and that they understand what this means to the wider business community, will be the broker that survives and prospers across the UK and European playing field and beyond.

The role of the forward thinking FD or CEO is to search out and embrace this type of broker. In doing so, they will enjoy the personal experience of being able to look the broker in the eye, ask that a task be done and know that the broker will always deliver on their promise.

The key is to provide a service to a client that offers:

- Expertise and strong market relationships, attentive, personal and pro-active service.
- Specialist knowledge with a very strong market influence and position.
- Evidence an ability to be a “risk manager” not just a “price negotiator.”
- Assess and understand the commercial business risks and then provide solutions to meet the needs.
- Offer continuity of contact by winning new/renewal business and servicing thereafter.
- Understand the mind-set of the underwriting market with advice given to achieve the best outcome possible.
- Evidence of a core value being customer focused with a responsive and consistently high quality of service through innovative solutions.
- An ability to improve operating success and competitive edge.
- An ability to Increase and maximise market position, reputation, efficiency and profit.

What a broker does not want to suffer is the utterly memorable commentary of an Irish MD who once told me about his general insurance broker who sought to win the Trade Credit Insurance and Political Risk policy away from me ... during the broker’s presentation the MD asked a series of detailed questions with regard my previous commentary vis-à-vis the specialist underwriting market, pricing trends and the commitment of the UK Government to support the export of the company’s goods and services into developing Eastern European and Islamic North and



Analysis

Middle Eastern countries ... such was the non-expert's response that the MD reported to me that: "He had just about enough intelligence to open his slack jawed mouth like a maggoty goldfish when he wanted to breath but certainly no more."

The growth of the financial services sector in which most of the readers of this article operate is being followed by a second wave of innovation aimed at tailoring and targeting services through vast increases in computing power. As such, the ability of the internet to customize offerings to ever more demanding customers in ways they could not before means that an intimate relationship with its client base is more important than ever.

A personal touch is still important ... those insurance and financial services companies that are able to personalize their services are likely to gain and retain more loyal customers, more income, more growth and more security.