

## WHY USING A BROKER IS THE BEST OPTION

| INSURE WITH AN INSURANCE BROKER?   | INSURE DIRECTLY WITH AN INSURANCE COMPANY, BANK OR BUILDING SOCIETY?   |
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| <p><b>Impartiality –</b><br/>An Insurance Broker is not biased towards or against any particular provider and will therefore pick the best option for their client, <u>every time</u>.</p>   | <p><b>Cannot offer Impartiality –</b><br/>A Direct operation can only offer their product range and service and so are biased in their approach. The client takes <u>100% responsibility</u> for their own coverage decisions and for any mistakes they make as a result.</p>  |
| <p><b>Relationship –</b><br/>An Insurance Broker is interested in building customer loyalty and long term relationships with his / her clients. They will spend time getting to know and understand their clients in order to provide long term satisfaction and service.</p>  | <p><b>Cannot offer a Personal Relationship –</b><br/>In most cases clients will be dealing with a different person every time they contact a Direct operation through a Call Centre. As a result no personal relationship or loyalty is built up or maintained over time.</p>  |
| <p><b>Claims Service –</b><br/>In this most important area of all which deals with the key reason for the purchase of the product in the first instance an Insurance Broker will guide the Customer through the claims process and effectively manage the claim on the client's behalf, taking away the burden and stress of claims handling from the Consumer.</p>  | <p><b>Claims Self Service –</b><br/>When dealing with a Direct operation a customer must handle the claims process themselves, a process that often leaves clients bewildered and confused and at a disadvantage to negotiate settlements and conflicts that may arise.</p>  |
| <p><b>Best Price –</b><br/>An Insurance Broker will provide the best price for the appropriate cover from the best provider, <u>every time</u>. Value for money comes down to more than price when picking an insurance provider and while the broker may well get the lowest price, their focus will be on true value for money i.e. benefits to the client.</p>  | <p><b>Single Price Only –</b><br/>A Direct operation can only provide a single price for their own specific product, which may not be the best product choice for the client when all factors are considered.</p>  |
| <p><b>Choice –</b><br/>An Insurance Broker has full access to the insurance marketplace and can therefore offer consumer choice – a one stop shop if you like.</p>   | <p><b>Cannot offer Choice –</b><br/>A Direct operation can only offer their own particular product range which does not offer choice to the consumer.</p>  |
| <p><b>Professional Advice –</b><br/>An insurance Broker will offer a consumer a Statement of Suitability document outlining all the options available to him / her and the reason why they are recommending one particular policy over another.</p>  | <p><b>Restricted Advice –</b><br/>A Direct operation can only provide a Statement of Suitability document on their own products and therefore only offer advice on that particular product or products.</p>  |
| <p><b>Simplicity –</b><br/>An Insurance Broker communicates in layman's language i.e. insurance by nature, is a jargon filled world and confusing for many. By dealing with an Insurance Broker you will clearly understand all the risks that exist and the choices available to you to reduce or eliminate these risks. Many Insurance Brokers have been in the business for years and have built up experience of how to communicate in this way, making it easier for a client to make decisions on what's best for him / her.</p> | <p><b>A Direct Provider –</b><br/>The Direct provider often suffers from a high turnover of staff and as such often employs young staff. They may lack the communication skills to explain clearly and accurately the differences in their particular products and service. They may not take the time to ask enough questions to satisfy the concerns of clients because they (personally) may not be dealing with the same client again in the future.</p> |
| <p><b>Market Service Standards –</b><br/>An Insurance Broker has access to a variety of Insurers products and knows the service levels of each Insurer in his/ her market. As such they can compare the various product offerings and service standards and can advise on the best service provider, best cover at the best rate from the most suitable provider, <u>every time</u>.</p>   | <p><b>Only their Service Standard available –</b><br/>A Direct provider can only advise on their own products and as a result the consumer is not getting a full picture of products available in the market. The consumer also totally depends on whatever service level the Direct operator provides</p>   |

## WHY A BROKER GETS PAID COMMISSION

**Commission is remuneration paid to brokers for the transaction and placement of business with the Insurance Company (i.e. the acquisition cost for Insurers). The activities undertaken by a broker to receive this remuneration would include:**

- ▶ **Proposing** the risk to the Insurance Company.
- ▶ **Assisting** the Insurer with any information required by them in relation to the risk.
- ▶ **Incepting** the policy and **delivering** all policy documentation on behalf of the Insurer to the consumer.
- ▶ **Ensuring** the consumer is notified and advised on renewal of the policy on behalf of the Insurance Company.
- ▶ **Collecting** the premium on behalf of the insurance Company.
- ▶ **Handling** the premium in a designated client premium account for onward transmission to Insurance Company.
- ▶ **Ensuring** the staff are qualified in accordance with legislation to advise on the Insurance company's products.
- ▶ **Bearing** all compliance and administration costs associated with transacting the business on the Insurance Company's behalf.
- ▶ **Assimilating** the costs of implementing I.T. and security requirements from Insurers to ensure that all online products are safely transacted on the consumer's behalf.

## WHY A BROKER WOULD CHARGE A FEE

**A fee is remuneration paid to the broker by the consumer for services, unrelated to the transaction of placing the business with the Insurance provider, in relation to:**

- ▶ **Researching** the insurance marketplace on behalf of the consumer and providing best advice on available products and covers.
- ▶ **Recommending**, given their insurance knowledge and expertise, the best product to suit the consumer's needs as outlined and aligning their budget where there is a financial constraint.
- ▶ **Explaining** the terms/conditions/warranties etc. included in a policy.
- ▶ **Handling** Mid- Term Alterations to existing policies and following through with Insurance Companies to ensure the MTA's are implemented.
- ▶ In the event of a claim, **assisting** the consumer in the handling of the claim and bringing the claim to a satisfactory outcome for the consumer assuming the risk is covered under the policy and all conditions etc have been adhered to by the policy holder.
- ▶ **Furnishing** consumers with duplicate documentation where required or requested.
- ▶ **Assisting** with any complaints the consumer might have in relation to service or product.
- ▶ **Complying** with the cost of significant regulatory directives from the Central Bank.