THE ROLE OF AN INSURANCE BROKER
MADE SIMPLE

Working with the profession to simplify the language of insurance

Hi, I'm Ciindy, and I can answer your questions on the role of an insurance broker.
INSURANCE CAN BE CONFUSING

We all need insurance, to protect our homes, belongings and businesses from the financial impact of events we can’t predict. And it needs to be the right insurance – to cushion the blow and put things right when things go wrong.

Knowing where to start can be difficult. You want to make informed decisions and get the best deals, but there are so many insurers, policies, offers and options to choose from. It can all be a bit overwhelming, so at times like these it might be worth talking to an insurance broker.

But what does a broker do and how can they help you?

What is an insurance broker?

An insurance broker is a professional person or a business, applying their knowledge and expertise to help you find the best insurance for your specific needs, at the right price. They work for you, not a specific insurer, so they can give you information about, and access to, a range of policies from different insurers. They can also provide a helping hand if you ever need to claim.

Be aware: Brokers are independent, but there are other types of intermediaries – such as consultants, agents and advisers – who might not be. Some only offer policies from one insurance company – so make sure you check before asking for their help.

An insurance broker acts as an intermediary between you and the insurance company, based on your needs, not theirs. While your insurance broker can arrange cover for you, and help with other admin and claims, they’re not the ones who provide cover or pay out on your claim. That’s down to the insurer.

Did you know? Insurance brokers sell 54% of all general insurance, and arrange 79% of all commercial insurance business.*

*Source: biba.org.uk/AboutBIBA.aspx
What does an insurance broker do?
Essentially, an insurance broker is your expert guide in the complex world of insurance. They offer a range of services, including:

- Assessing your individual needs and obtaining quotes.
- Comparing the cover and premiums offered by different insurers to find the best deal for you.
- Explaining the policy terms and conditions and anything else that’s unclear, like the small print.
- Making sure you receive the correct policy documents and certificates of insurance.
- Dealing with any mid-term changes or queries, and ensuring your policy is renewed on time.

A broker’s role is about more than arranging the best cover, though. They also provide help and guidance in the event of a claim, and ensure a fair and speedy settlement. Some may also recover any uninsured losses for you.

Why are insurance brokers regulated?
Insurance brokers are regulated by the Financial Conduct Authority (FCA), an independent body that sets and enforces strict rules. Brokers must act in your best interests, and give advice based on your needs and requirements. They must also treat you fairly at all times.

Why use an insurance broker?
There are several advantages to using an insurance broker. Here are a few things to consider:

- Finding the right insurance can be time-consuming. Using a broker can secure you the right cover, faster, and free you up to focus on other things.
- Brokers are professionals with the knowledge and expertise to find the best insurance for your needs and circumstances.
- Some brokers have access to exclusive deals, meaning cheaper premiums, or aspects of cover that you might not have access to if you approach an insurer directly.
- Having someone to guide you through the claims process can make the whole experience less daunting – especially if you’re also dealing with other knock-on effects of the incident that brought about the claim.
- Many brokers can offer advice on how to manage your risks and reduce the likelihood of losing out in a claim, and to keep your premiums as low as possible.

Tip: Some brokers run specialist schemes, for example for unusual risks you may be struggling to find cover for.
Do I have to pay to use an insurance broker?

If you’re a private individual or small business, there’s often no extra cost when using a broker, as the insurance company you choose pays them a commission.

If you’re a medium or large business, there is a growing trend of brokers charging fees for their services, instead of receiving commission from your insurer. If so, make sure you negotiate a fee you’re both happy with.

Tip: Some brokers charge administration fees – for example, for altering or cancelling your policy mid-term. So make sure you ask about charges for things like this.

How do I find an insurance broker?

There are insurance brokers in virtually every town across the country, so there are plenty to choose from. Ask family and friends for recommendations based on their experiences.

Most brokers are members of the British Insurance Brokers Association (BIBA) and must adhere to their standards and practices. To find your nearest BIBA broker, visit the ‘Find a Broker’ section of the BIBA website: biba.org.uk – or call BIBA’s Find a Broker service on 0870 950 1790.
Remember, I’m here to offer free independent insurance advice at askciindy.com