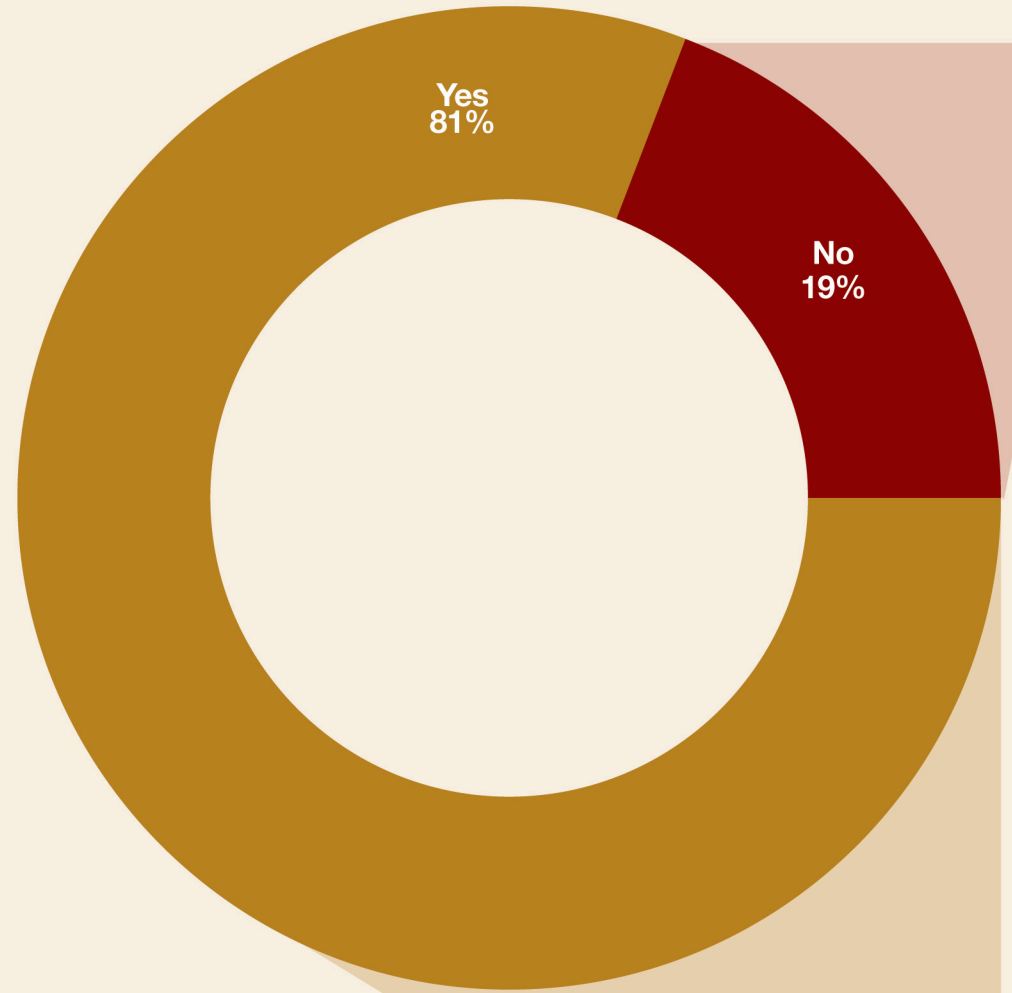
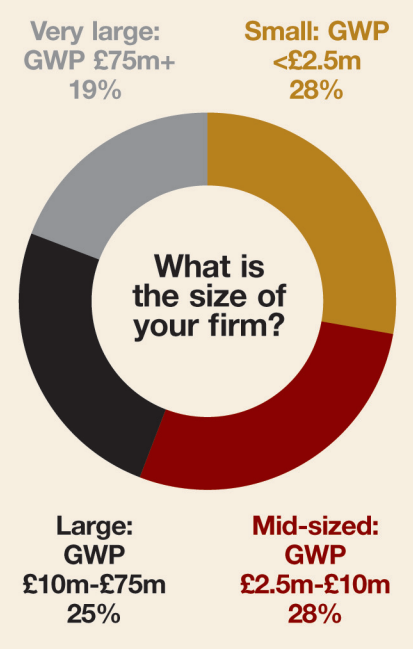


Insurance Times broker survey

Do you manage a scheme?



If you do not currently manage a scheme, is your firm planning to set one up?



What our broker survey on schemes revealed

The latest exclusive *Insurance Times* survey of brokers reveals the extent of industry backing for schemes. Some 81% of brokers surveyed already manage a scheme, while among those that do not, more than half plan to set one up, the research shows.

Jelf insurance chief executive Phil Barton says that the logic of schemes is clear: "Schemes win in a tough market because they offer the customer a demonstrably different, tailored product." This helps the broker both win and retain customers, he says.

For this reason, Jelf plans to grow its schemes business from its current level of 15% of gross written premium to 25% over the next two years.

Despite the usefulness of schemes in a difficult market, the survey of brokers strongly suggests that the current enthusiasm for schemes is not simply recession-driven. When asked whether the depressed economic climate had spurred them to set up a scheme or consider doing so 65% answered no.

Foulsham believes schemes will continue to flourish long after economic recovery: "Although schemes have increased during the recession, I believe they are here to stay, regardless of the economic situation."

The simple reason for this appears to be the higher profit margins associated

with schemes thanks to the economies of scale they deliver. The survey shows that 92% of brokers find margins more favourable on schemes than on open market business.

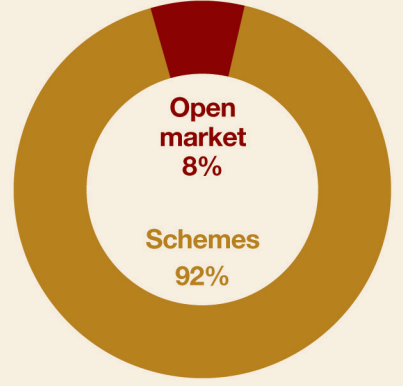
The degree of improvement in profit is significant for many, too, with 45% of brokers saying profits were 11-20% higher on scheme business. A further 10% say schemes are as much as 21-30% more profitable. This suggests that even if open market conditions improved, schemes could still be a better bet for brokers.

The survey also suggests that for all the appeal of schemes, this area of the market has problems. Around half the brokers running schemes have changed provider in the last five years. When asked about the key factor driving the switch, 43% of brokers cited "lack of effective working relationship with the insurer".

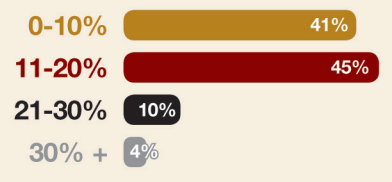
Ageas head of commercial pricing and underwriting Roy Watkinson admits schemes do not always work. "Schemes are like a three-legged stool. They need to work fairly and positively for three parties: the broker, the insurer and the insured.

"If you can come up with an arrangement that works for all three, the scheme has a great chance of success. If not, it will fall over quickly."

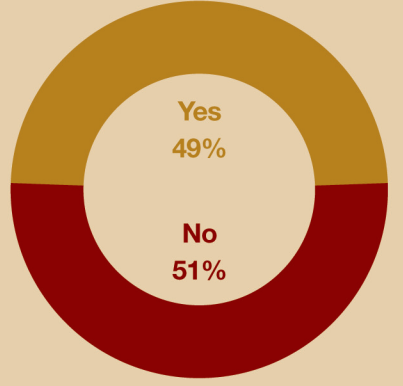
Are profit margins better on open market or schemes business?



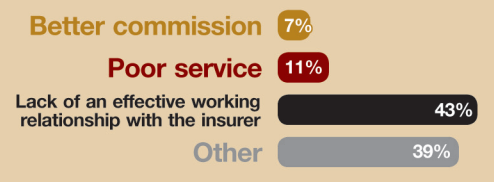
... and by how much are margins better on schemes?



If you run a scheme, have you changed the provider in the last five years?



... and if you changed your scheme provider, what was the key factor driving the decision?



Has the depressed economic climate spurred your firm to set up a scheme or consider doing so?

