

Are you being served?

Not all that well, say Britain's brokers in this year's survey of service from insurers. Hiscox and Chubb



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This summer, Newsquest Specialist Media Business Intelligence (the research unit owned by the publisher of *Insurance Times*) conducted a survey of service to brokers by commercial lines insurers. From July to early September,

the brokers were sent a link to a detailed online questionnaire; 468 completed it.

The result was a large bank of new data and frank comment from a cross-section of the commercial broking market – by size, type of firm and region. Respondents covered every key role. Thirty-eight per cent were partners, directors, proprietors or senior managers; 12% were middle managers; 4% were administrators, typically of claims and 6% were junior managers or team leaders. The other 39% were account executives, people who face clients and insurers every hour of their working lives.

Respondents were asked to rate each insurer they dealt with from "A" to "E" on five key aspects of service: quick access to decision-makers, underwriting expertise and flexibility, quality of cover, speed and accuracy of documentation and speed and fairness of claims handling.

Respondents were instructed to rate only those commercial lines insurers of which they had hands-on experience in the past 10 months – and then only on the aspects of service of which they had direct knowledge.

For each aspect, brokers were also asked to say, in their opinion, which insurer they used was performing best and which was performing worst – and to explain their answers. This commentary added muscle to the basic analysis.

How brokers scored insurers

The study's backbone, however, was the grading system. Brokers' grades were collated by insurer and by aspect of service before they were analysed. For each A, we awarded five points; for each B, four; for each C, three; for each D, one; and for each E, zero. Each insurer's points were totted up and divided by the number of brokers awarding them. If, for example, 10 brokers awarded Acme Insurance two As (5+5), three Bs (4+4+4), three Cs (3+3+3), a D (1) and an E (0) for underwriting, that would give 32 points. Dividing by those 10 brokers would produce an average of 3.2 points per broker. These scores were then multiplied by 20 to provide a percentage score. Thus, Acme's underwriting score would be 64%.

We also awarded "degree classifications", ranging from a First (80%-plus) through Upper Second (70%-plus) and Lower Second (60%-plus), down to a Third (50%-plus). Less than 50% was deemed a Fail.

Each insurer's percentage scores on the five distinct aspects of service were averaged to produce a score for quality of overall service. Those are the scores published in the table. The

THE 2008 RESULTS

Overall service	Insurer	Classification
1	Chubb	First
2	Hiscox	First
	HCC	Upper Second
3	QBE	Upper Second
	Beazley	Upper Second
4	Travelers	Upper Second
5	Ecclesiastical	Upper Second
6	Brit	Upper Second
	HSB	Upper Second
	Catlin	Upper Second
	Amlin	Upper Second
7	Markel	Upper Second
8	Fortis	Upper Second
	DAS	Upper Second
	Fusion	Upper Second
9	AIG	Upper Second
10	Ace	Lower Second
11	Zurich	Lower Second
12	Allianz	Lower Second
13	Groupama	Lower Second
	Primary	Lower Second
14	MMA	Lower Second
15	Equity Red Star	Lower Second
16	Norwich Union	Lower Second
17	RSA	Lower Second
18	Towergate	Third
19	NIG	Third
20	AXA	Third
	Quinn	Fail
	Tradex	Fail
Average		

The top 20 insurers, by number of broker respondents, have been given a ranking. A further 10 insurers have been given indicative mentions in the chart for interest's sake

study focused on the UK's 20 leading commercial insurers – measured purely by numbers of respondent brokers – as a "gold standard" for prominence in the broker market.

Brokers also contributed a lot of data on insurers with smaller distribution networks. For interest's sake, we have superimposed comparative scores for the next 10 of these, by respondent numbers, in the table above. As their response numbers are rather lower, these insurers' "unofficial" scores have no placings.

Sample sizes for the ranked 20 were substantial, with the 468 respondents providing 21,219 separate service gradings. Norwich Union (NU) gathered the most responses, with 401 brokers providing 1,886 service grades. But even MMA and Towergate were each rated by 124 different brokers and received 568-578 separate service grades.

This table reflects the concentrated experience of a sizeable, representative chunk of the UK commercial broker market. It includes large



got first-class honours, but it's a different story for companies in the chart's lower reaches

Percentage score	Number of broker ratings
81	848
80	886
76	416
75	736
75	318
74	648
74	781
74	747
73	391
73	311
72	343
72	785
72	767
71	470
71	403
71	1,412
69	901
68	1,623
68	1,826
66	784
65	396
64	578
64	621
64	1,886
62	1,660
59	568
58	1,359
51	1,803
49	468
38	535
68	

the people best placed to decide the peer group against which any given company should rightly be compared.

The results

So how did they do? This year, Chubb elbowed past Hiscox to the top of the table, registering the highest scores on access, underwriting, quality of cover and claims handling. Hiscox was close behind, however, and was the only other insurer to bag an overall First.

Seven insurers managed Upper Seconds. QBE took third place for the second year. Travelers and Ecclesiastical also recorded strong showings.

Eight insurers landed in the Lower Second belt. These included Zurich and Alliance, the two best-performing large composites, plus NU and RSA. The Third class contained Towergate, NIG and – scraping a pass with 51% – AXA. Brokers revealed some serious service issues, particularly with AXA's call centres, documentation, quality of cover and approach to claims. One small comfort, however, was that of the 381 AXA brokers in this year's study, 50 mentioned recent efforts by the company to get its act together.

Could do better

None of the 20 ranked insurers scored less than 50% overall. But two less prominent companies, included for interest, recorded Fails: Quinn and Tradex. Quinn, with 468 ratings from 99 brokers, scored badly – particularly on quality of cover and claims handling – to obtain 49% overall. A few brokers did OK with Quinn. But most struggled. "They don't seem to understand what they are quoting for," said one. "No appreciation of underwriting," thought another. "Apparently happy to trade on price only." Cover was "basic to say the least" and brokers said it often contained what they saw as vaguely worded clauses and "trap-doors" that could scupper claims. Quinn's documentation, said one senior manager, "arrives on a slow train from Moscow and looks like it was processed by a blind man".

Worst, though – as Britain's brokers experienced it – was Tradex. Tradex's scores, based on 535 ratings from 114 brokers, were 42% for access, 49% for underwriting, 35% for cover, 35% for documentation and 30% on claims handling, for an overall service score of 38%.

The commentary confirmed those scores. Not one of the 101 remarks on Tradex's performance was positive. Brokers complained of being kept on hold and of Tradex staff's "couldn't-care-less" attitude. "Tradex staff appear to have very little understanding of the most basic concepts of insurance and are often unable to answer simple queries," reported one account executive of his experience. "If you can get a decision-maker there," said another, "they invariably don't understand the decision they make." A third said: "They don't really listen – they prefer to get rid of the enquiry." Thirty-six brokers said Tradex's

cover was restrictive, vague, ambiguous, "a minefield of exclusions and exceptions".

Feedback on its documentation and claims handling was no better: another 28 opinions, all negative. "Just no idea on customer service," said another account executive. But few insurers have cause to be smug. Several were accused of serving parts of their own distribution networks just as badly, particularly on small business risks.

Working productively with brokers

So what do brokers want? It's simple: prompt access to a friendly voice with the experience and judgment to make underwriting decisions. Where insurers can't put such professionals in the front line, they need to ensure people possess basic insurance knowledge and interpersonal skills. And they need a reliable referral system to deliver an answer – ideally a decision – without delay.

Cover needs to be weight-bearing, sales-minded and up-to-date with the needs of the businesses it is meant to protect. Documentation needs to be plain enough to be easily checked, no bulkier than necessary and, as an option, available electronically to the increasing number of brokers who prefer it that way.

On claims, insurers need to act efficiently and with honour. If a client's business has been burnt, burgled or flooded, insurers can bank up valuable broker goodwill by assigning ownership of that claim to a named staff member, communicating proactively – and paying up promptly. Claims, as one senior London-based broker put it, are "the shop-window of the industry".

Business appetite can be a sore point. Quite rationally, not every insurer wants to write much in a soft market. Brokers can understand that. But they hate wasting time chasing an insurer, only to get a "no quote", without any explanation. Several insurers failed to give their brokers a clear sense of the risks for which they were competitive, they thought, and were wasting lucrative opportunities as a result.

Relationships matter too. Brokers like to know their underwriters. Insurers that were thought to employ lightweight relationship managers to go through the motions got little credit. But those that could demonstrate they were investing the effort to build client-focused partnerships with their brokers, backed by solid professional service, were seeing their books swell.

Brokers have harnessed this study to send their insurers a thorough, frank message. Which ones will listen? Next year, no doubt, we shall see.

composites, small specialist underwriters, providers of limited ranges of "cookie-cutter" policies – and all species of commercial lines insurer in between. It also includes two managing general agencies (MGAs) – Towergate and Primary – as well as Fusion, which is owned by Towergate. Since underwriting agencies deal direct with brokers as "virtual insurers", we believe their service provision should be open to the same scrutiny as that of pure insurers. In any case, professional brokers and insurers are

UK COMMERCIAL BROKERS REPORT 2008

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