



Key Issues

Good governance requires all businesses and organisations to regularly assess and monitor the effectiveness of outsourced activities. In the insurance arena, it is, therefore, important that you have effective processes in place for assessing and monitoring your insurance broker's performance. Some questions you might like to ask yourself are:

- Are you satisfied that the broker is representing your risk to insurers in the most advantageous way and achieving the right cover with secure insurers at a genuinely competitive price?
- Is your broker sufficiently proactive and are your needs and commercial drivers really understood?
- Do you have a clearly defined and measurable service level agreement with your broker that has been formally documented?
- Does your broker explain to you the key terms of your insurance contracts, including any warranties that may affect the way you operate from day to day?
- Has your broker explained to you any alternative insurance structures (such as captives) that may be available to you and that might enable you to benefit financially from your own good risk management and escape the volatility of the traditional insurance market?
- If you are engaged in any way in the sale of insurance to third parties, has your broker given you any formal advice on the Financial Services Authority (FSA) implications of this?
- Has your broker advised you of the potential impact on your insurance programme of commercial contracts you enter into from time to time?
- Are you happy with the basis of your broker's remuneration and the transparency of the fees?
- In essence, can you justify to your management board why you engage your current broker, rather than another one?

If your answers to these questions leave you with any doubts, it is likely that you will benefit from our **Insurance Broker Procurement Services**.

The Benefits to You

- Clearly established and documented roles and responsibilities.
- Ongoing performance measurement that establishes a continuous improvement regime.
- Reduced cost through fee transparency and through identifying and removing:
 - redundant processes,
 - unclear roles and responsibilities and
 - non-valuable parties involved in your insurance arrangements.
- Greater control over your insurance broker relationship.
- Greater protection from FSA enforcement action.
- Better understanding of what you are buying with your insurance spend and your responsibilities to insurers.
- The ability to explore alternative insurance structures for your business or organisation.

Insurance Broker Procurement Services



The Service

Our **Insurance Broker Procurement Services** have been developed by leading insurance consultancy idRisk Advisory Limited in conjunction with specialist insurance law firm O'Connors LLP, and is designed to put you in control of your insurance broker relationship to ensure that your broker is working efficiently and effectively to meet your objectives.

The service provides you with a totally independent review of your entire broker relationship by benchmarking it against industry best practice and analysing its current:

- Strengths and weaknesses,
- Role definition, appointment documentation & contractual agreements,
- Performance measurement methodologies and
- Fee levels and fee transparency.

Our deliverables provide you with the tools and methodologies for assessing and monitoring the performance of your insurance broker and include:

- Process flow charts, including defined roles & responsibilities,
- A tailored model for performance measurement,
- Improved service level agreements and
- Key performance indicators for monitoring performance and establishing a fair basis for performance related fees.

Additional support services include:

- FSA Compliance Support – to provide legal opinions on your FSA status (where relevant) and on your level of compliance with relevant FSA rules and regulations.
- Commercial Contract Reviews – to ensure you are not entering into terms which potentially put your insurance cover at risk.
- Alternative Insurance Structures – to assess the feasibility and impact of financing risk transfer outside the traditional insurance market.

The Solutions Team

idRisk Advisory Limited comprises a team of over 70 highly experienced insurance consultants. It is authorised and regulated by the Financial Services Authority. To find out how our **Insurance Broker Procurement Services** can add value to your business or organisation, please contact [Stephen Mooney](#).

O'Connors LLP is a specialist law firm delivering insurance-based solutions and regulatory advice to private and public sector organisations. It is regulated by the Solicitors Regulation Authority. For further information please go to www.oconnorsllp.co.uk.

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