

Finding an insurance broker

This guidance has been prepared to help smaller construction sector companies to find an insurance broker. It is aimed at explaining why you need an insurance broker, what services you can expect from them and how you can go about finding one who will obtain the most appropriate and competitively priced insurance products for your business.

Introduction

All construction businesses need to have some commercial insurance in place to cover their business risks such as property damage due to fire, flood, theft and liabilities arising from employees and the public. With so many insurance providers available how can you be certain that you have the right product at the right price?

You may be able to obtain cover directly from insurance companies and other sources but a competent independent insurance broker will have an extensive knowledge of both the insurance market and access to the full range of products available. By using their expertise and working closely with you to understand your business they can present your business to insurers and ensure that you get the right cover at the best available market price.

Being able to find the right broker is therefore essential.

What services should my broker offer?

A broker should be able offer you sound, impartial advice about all insurance matters affecting your business. Their primary role is to get to understand the nature of the insurable risks associated with your business, obtain the best cover for you and help with any claims that might occur. They should therefore be able to

help and advise you about:

- the range and types of cover you need;
- the products and cover available and any restrictions you ought to be aware of;
- how best to present your business risks to insurers to obtain the most favourable outcome;
- what you ought to be doing to get a timely renewal; and
- how to deal with claims and loss adjustors.

Increasingly brokers are also able to offer advice and guidance on improving risk management so as to reduce your claims potential.

Brokers can get paid for their services by fees from their clients and/or by earning a commission from the insurance companies for policies they sell. Some rely on both sources whilst others rely upon commission only.

How can I find a broker?

Your existing broker may well be providing you with good service already and in these circumstances it may be best to stay with a broker who already knows you and your business. However some small and less specialist brokers may not be fully aware of all of the possible insurance providers suitable for your insurance needs and a change of broker may be advisable.

You can find a broker via sources such as the internet, business directories or local newspaper. However for the sorts of risks involved in construction where specialist understanding may be required it is probably best to find a broker by:

- contacting your trade association;
- contacting the British Insurance Brokers Association (BIBA), Institute of Insurance Brokers (IIB) or Association of British Insurers (ABI);
- contacting banks and other financial services providers; or
- recommendation from a business contact preferably in the same trade as you.

How to identify a suitable broker?

Membership of the General Insurance Standards Council (GISC) is a good indicator of a broker's ability to provide good service.

The GISC is the voluntary industry body currently responsible for regulating the sales, advice and service standards of both insurers and insurance intermediaries. All GISC members agree to abide by its Code of Conduct. As from January 2005 the Financial Services Authority (FSA) will be taking over take over the regulation of general insurance market as a whole.

An individual broker's professional qualifications, such as those of the Chartered Insurance Institute (CII), and membership of trade bodies such as the British Insurance Brokers Association (BIBA) or Institute of Insurance Brokers (IIB) can also give you increased confidence that you are dealing with a reputable and competent broker.

You should also look for:

- an ability to demonstrate an understanding of your trade e.g. some brokers specialise in high risk construction activities;

- their use of insurance companies that are well known and financially sound as indicated by their insurer financial rating;
- availability of references from their clients, particularly those involved in a similar trade to yourself;
- their reputation.

Further help and information

Sources of further advice and information on finding an insurance broker for your construction business can be obtained from:

British Insurance Brokers' Association (BIBA)
BIBA House
14 Bevis Marks
London
EC3A 7NT
Tel: (020) 7623 9043
Website: www.biba.org.uk

Institute of Insurance Brokers (IIB)
Higham Business Centre
Midland Road
Higham Ferrers
Northamptonshire
NN10 8DW
IIB Tel: (01933) 410 003
Website: www.iib-uk.com

Association of British Insurers (ABI)
51 Gresham Street
London
EC2V 7HQ
Tel: (020) 7600 3333
Website: www.abi.org.uk

Lloyds of London
Consumer Enquiries Department
5-6 Lime Street
London EC3M 7DQ
Tel: 020 7327 5693
Website: www.lloyds.com

Further information on general insurance matters can be found on:

Constructing Excellence website
www.cbpp.org.uk