



# Insurance Brokers Insight Survey 2014 Underwriting Agencies – Relevance & Performance

Brought to you by Gratex International Pty Ltd  
in partnership with LMI Group Pty Ltd



**LMI Group**





As the Managing Director of Gratex International Pty Ltd, I am delighted to share with you the first Brokers Insight Survey 2014. The inaugural Underwriting Agencies CEO Survey 2014 'Business Priorities and Trends' has delivered significant value to the community.

The loyalty and performance of brokers have been highlighted as the top priorities for Underwriting Agencies. To gain deeper insight into broker business drivers in relation to Underwriting Agencies, we took the initiative to conduct our first 'Insurance Brokers Insight Survey 2014'.

We thank the LMI Group for their support in conducting the first broker survey illuminating their perception of the business relevance and performance of Underwriting Agencies in Australia.

The findings are invaluable for Underwriting Agencies to validate market perceptions and assist business leaders to determine future investment strategies to improve their competitiveness and attractiveness to the broker channel. For Brokers, this survey provides the opportunity to see how they compare to their peers.

We would like to thank all contributing organisations for their time and effort. As a local provider of business management solutions that improve operational efficiency and customer service, we trust that these insights deliver tangible and actionable value to your organisation.

**Sincerely**

**Milan Neklapil**  
Managing Director, Gratex International



# Key Insights:

## Market Optimism predicts **GWP GROWTH**

54% of brokers feel confident about the future and predict growth of GWP for Underwriting Agencies, while 99.5% of brokers state they will not move to an entirely direct business model with insurers.

## Speed of Quality Service is **CRUCIAL**

We see demand to accelerate turnaround times across all business processes, most importantly in claims processing. While there is still a strong need to have access to highly skilled staff, there is a strong correlation between operational efficiency and customer satisfaction.

## Customer Experience **RULES**

Creating a great customer experience is the paramount concern of the broker. Speed of service delivery together with transparent and efficient claims processing are seen as the key contributing factors. Service and customer experience are the most important criteria for Brokers when they chose Underwriting Agency partners.

## Online service presents biggest **OPPORTUNITY**

The access to online services is very relevant to the business of the broker community, however it is also a dimension where Underwriting Agencies can take advantage of a lot of room for improvement. Online services do not replace the need for qualified staff and proactive relationship development. They not only provide transparency but also operational efficiencies.

## Product development gives the **EDGE**

Empowered buyers and competitive markets drive the need for more and more personalised tailoring of policies. Underwriting Agencies not only need to understand customer requirements in niche markets very well, they also need to develop complex and highly customisable products at competitive pricing.

*“I believe Underwriting Agencies will find the thoughts and opinions of brokers contained in this survey to be both interesting and beneficial. The results are particularly useful when compared with the Underwriting Agencies survey released earlier this year.*

*On behalf of The Underwriting Agencies Council I would like to thank Gratex International for taking the initiative to conduct these surveys.”*

*William Legge, General Manager, UAC*

PRODUCT

BUSINESS

SERVICE

ONLINE

DIMENSION

Underwriting Agencies (UAs) believe they add significant value to the market through the development of innovative products servicing specific customer segments

### How important are the following product aspects for you?



### How do you rate the performance of Underwriting Agencies?



WITH AN AVERAGE RELEVANCE SCORE OF 4, THE PRODUCT DIMENSION IS CLEARLY OF CRITICAL IMPORTANCE TO the broker channel. It is interesting to see that UAs perform best in their ability to service tailored markets with specific niche products, while the biggest gaps between relevance and perceived performance are in their ability to create products that are flexible, allow complex options for individual needs and deliver new products within short timeframes. Overall, an average performance score of 3.3 out of 5 in the product dimension, suggests that there is room for Underwriting Agencies to improve their product strategies.

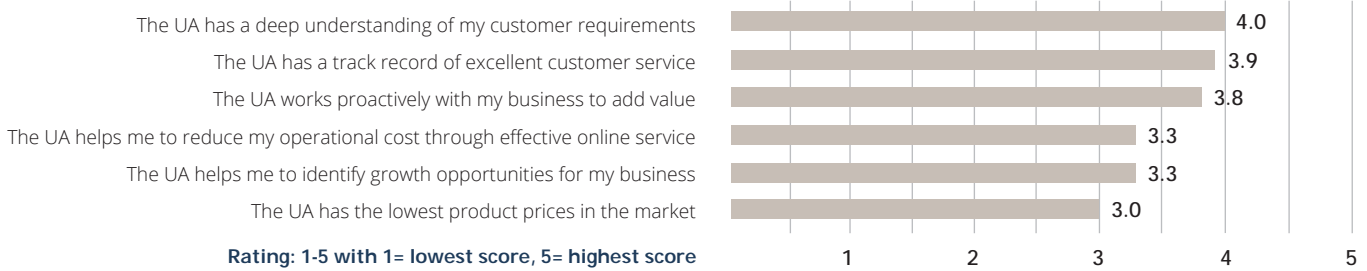


*“It is pleasing to see brokers place such significance on a highly satisfactory claims experience. Making a claim is a stressful and often difficult time for our customers and as an industry we have a social responsibility to deliver the right outcome for our clients. While a speedy resolution is always desired it may not be realistic in every circumstance. Where an Underwriting Agency can really excel is by creating a positive experience for the client and broker with a transparent process and above all remembering their obligation to deliver a positive outcome. The prudent use of progress payments, particularly in property/business interruption claims but also in some third party claims can result in both a positive customer experience and ultimately reduce the overall cost of claims”*

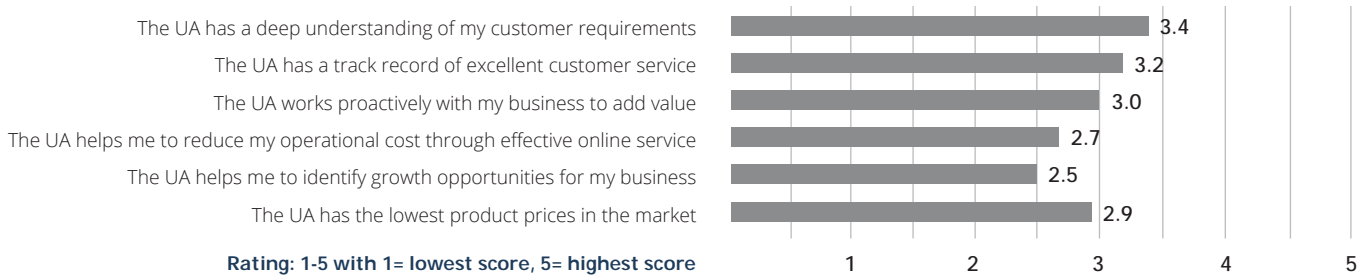
*Allan Manning, Managing Director, LMI Group*

Underwriting Agencies (UAs) believe they deliver a high level of service to brokers. How important are the following customer service elements in influencing your choice of an Underwriting Agency.

**How important are the following business aspects for you?**



**How do you rate the performance of Underwriting Agencies?**



**WITH AN OVERALL AVERAGE SCORE OF 3.5, BROKERS RATE THE BUSINESS DIMENSION WITH LOWER RELEVANCE** compared to the product, service and online dimensions. Customer Centricity encompasses the most valued aspects, like ‘understanding of customer requirements’ and ‘track record of excellent customer service’. The business dimension suggests there is a lot of room for UAs to compete in value adding services. With a score of 2.5 out of 5, perceived performance of Underwriting Agencies’ ability to help brokers identify growth opportunities is the lowest performing factor. With a score of 2.7, the same opportunities seem to present themselves to UAs when it comes to ‘operational cost reductions through effective online service’. The factor ‘The UA works proactively with my business to add value’ shows the biggest gap to close between reported Relevance and Performance.



*“As the insurance market becomes increasingly competitive, it is the ability of specialist Underwriting Agencies to differentiate themselves from ‘the pack’ that is critical to their success. This is the competitive edge of any Underwriting Agency. They must add value to their brokers in every interaction and the distribution of niche products is a key part of that strategy. This has been, and will always remain, a core foundation in the development of Brooklyn Underwriting.”*

*David Porteous, Managing Director, Brooklyn Underwriting*

PRODUCT

BUSINESS

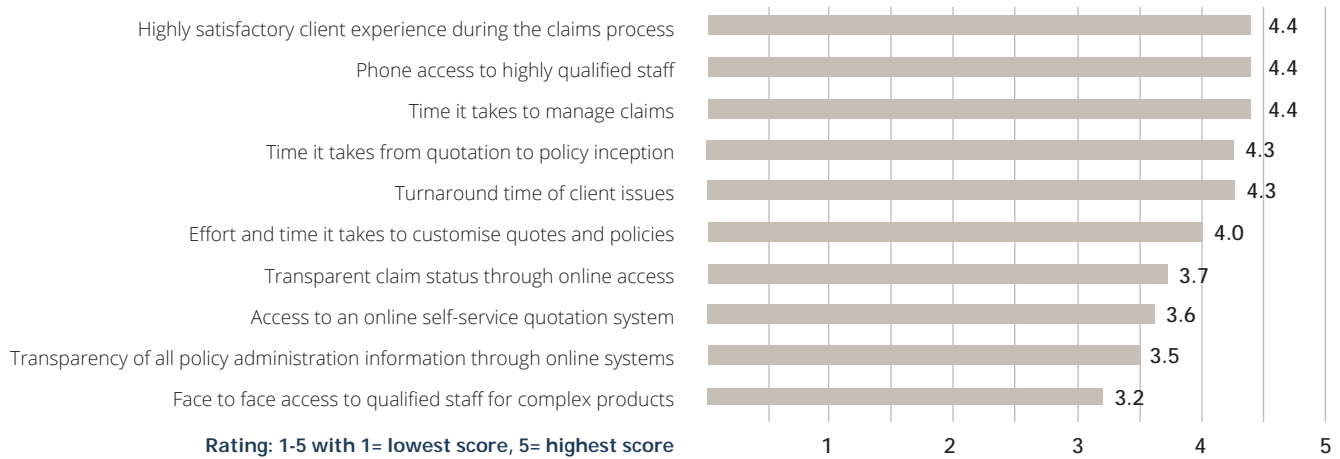
**SERVICE**

ONLINE

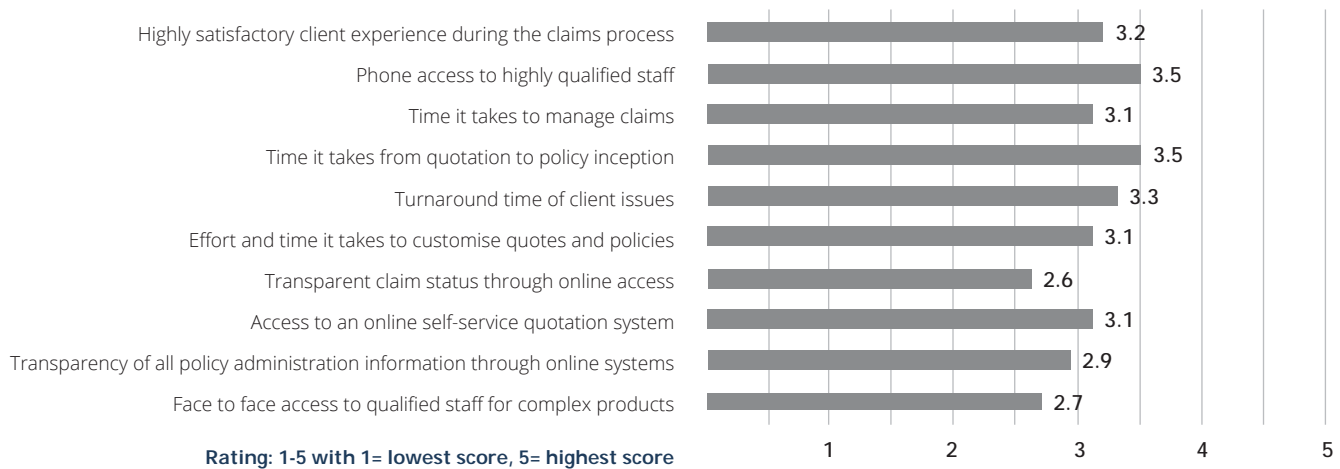
**DIMENSION**

Underwriting Agencies (UAs) interact with brokers in a variety of ways throughout the quoting, bind, endorsement and claims processes. How important are the following service capabilities for you when it comes to choosing an Underwriting Agency.

### How important are the following service aspects for you?



### How do you rate the performance of Underwriting Agencies?



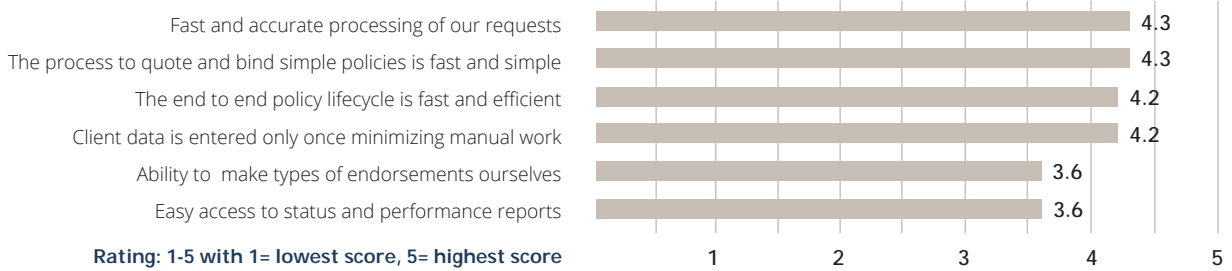
**THE CLIENT EXPERIENCE DURING THE CLAIMS PROCESS AND PHONE ACCESS TO HIGHLY QUALIFIED STAFF SHARE THE TOP SPOT** when it comes to the factors that are most relevant in the service dimension. They are very closely followed by the time it takes for claims management, turnaround of client issues and customisation of quotes and policies. The perceived performance of UAs suggests that there is significant scope to compete more aggressively at a service level, especially in reducing turnaround time for claims processing and policy customisation. The results suggest that UAs need to find a fine balance between controlling the cost of highly qualified people to reduce turnaround times, while lifting their service levels.



- PRODUCT
- BUSINESS
- SERVICE
- ONLINE**
- DIMENSION**

The adoption of online services over the last years has changed business dynamics and introduced new business models. How important are the following online service capabilities for you when it comes to choosing an Underwriting Agency.

**How important are the following online aspects for you?**



**How do you rate the performance of Underwriting Agencies?**



THE RESPONSES SUGGEST THAT THE DELIVERY OF ONLINE SERVICES PRESENTS ONE OF THE BIGGEST OPPORTUNITIES for Underwriting Agencies to add value to the broker community and make themselves more relevant as business partners. With an average performance score of 3 out of 5 this dimension is perceived as the lowest performing dimension, while online services in terms of business relevance to brokers takes with a score of 4 out of 5 the second highest ranking overall.

Speed is the common theme when it comes to the biggest gaps between relevance to the broker’s business and perceived performance of the Underwriting Agency. The most significant variance is in the broker’s ability to make certain types of endorsements themselves and general speed of processing of requests. The most important online service is ‘the process to manage simple policies from quoting to binding’. The responses point to win-win outcomes, where Underwriting Agencies could provide self-service online capabilities, while adding significant value to broker organisations.



*“Delivering superior service is a prerequisite for success. It requires that employees, our most valuable asset, have the time to achieve superior service outcomes at a competitive cost base. Well-designed business management systems are the essential building block to enable Back of Office automation leading to improved efficiency. As a result, highly skilled staff supported by online services have more time to deliver superior service outcomes across the business.”*

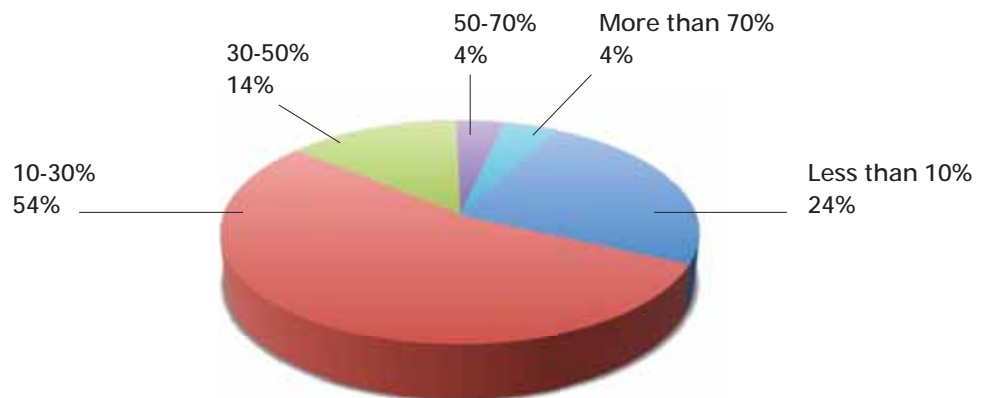
*Glenn Lambert, CEO, GT Insurance*



## Show me the money – GWP distribution in Broker organisations

54 %, more than half of all respondents, report that they transact 10-30% of GWP through Underwriting Agencies while only 21% of respondents transact more than 30%. 24% of respondents report that less than 10% of their GWP is going through agencies.

### We transact the following percentage of GWP through Underwriting Agencies



**A LARGE MAJORITY OF 55% OF RESPONDENTS ARE CONFIDENT THEIR GWP WITH UNDERWRITING AGENCIES WILL INCREASE OR STRONGLY INCREASE** over the next 24 months.

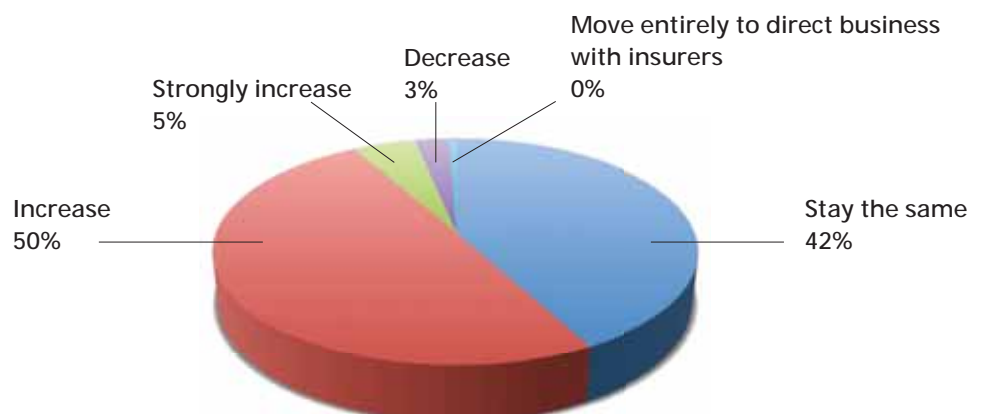
42% are somewhat more conservative and expect GWP with UAs to remain the same, while only 2.7% expect GWP to decrease.

99.5% of the respondents do not expect to move entirely to direct business relationships with insurers.

The anticipated growth in GWP through Underwriting Agencies provides UAs with a major opportunity for new business growth through broker channels, whilst also allowing them to drive strong policy renewal rates. Quality customer service and ease of online facilities will be pivotal to securing this growth.



### Over the next 24 months, do you expect the GWP volume your business conducts through Underwriting Agencies to:



# Survey approach and methodology:

## Survey Audience:

The anonymous survey was conducted in collaboration with the LMI Group during August and September 2014. Insurance brokers Australia-wide were invited to participate in the LMI Group online survey. All data is treated as confidential. This survey shares summary data.

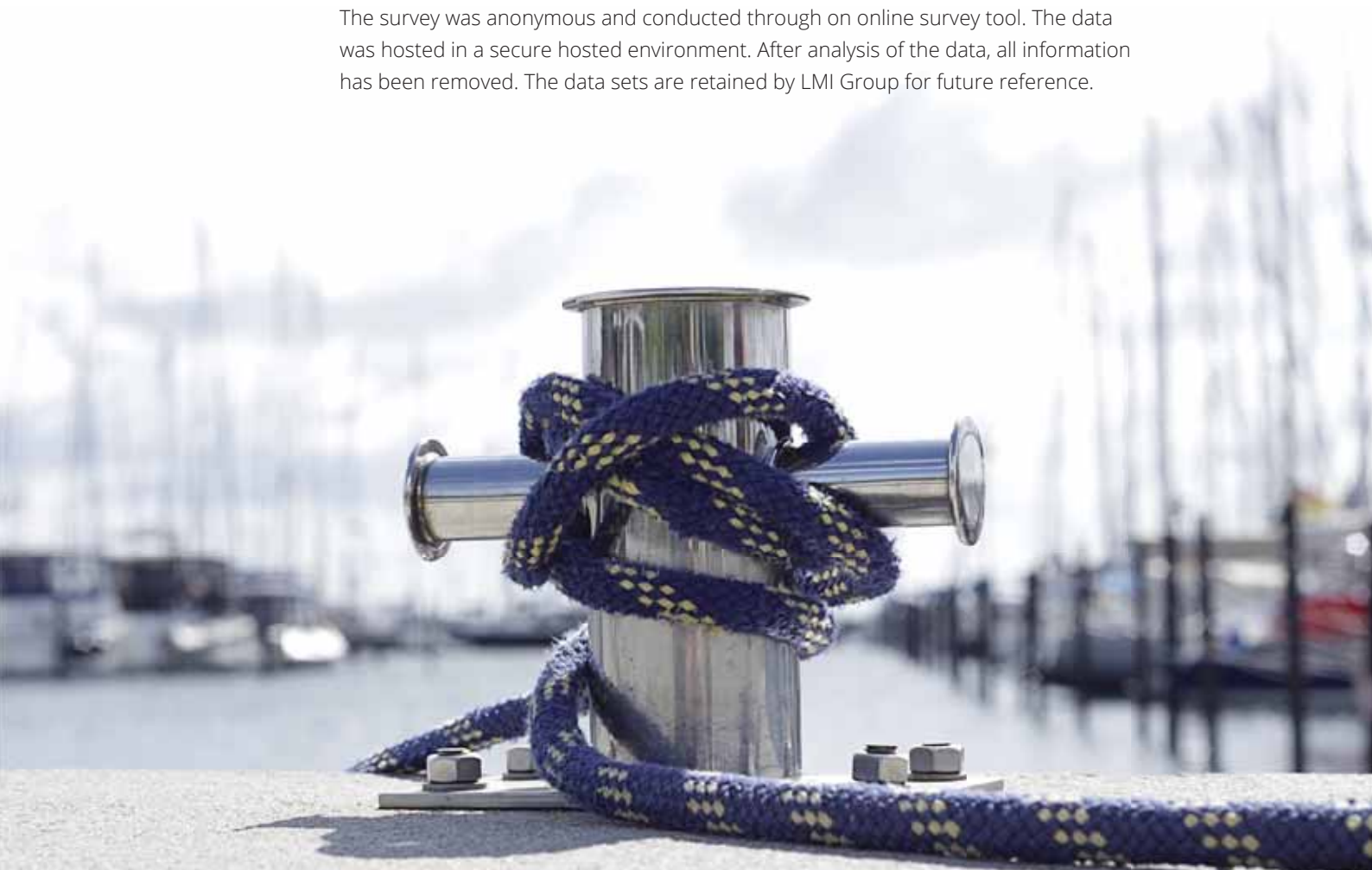
This report represents aggregate data from all respondents (185 in total):

56% of respondents are part of Steadfast, 25 % are part of Austbrokers with 18.4% representing independent or "other" ecosystems.

69% of respondents generate revenue from one state in Australia or New Zealand, while 28% cover multiple states in Australia. 2.7% of respondents generate revenue in both Australia and New Zealand.

## Methodology:

The survey was anonymous and conducted through an online survey tool. The data was hosted in a secure hosted environment. After analysis of the data, all information has been removed. The data sets are retained by LMI Group for future reference.



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Founded in Europe in 1991, Gratex International is a business systems solution house with offices in Australia, Europe and Korea. With more than 350 specialists globally, the company develops and supports specialised business management software solutions for some of the world's largest finance and insurance organisations.

Since 1999, Gratex Australia has been a leading business systems solution provider for the local Insurance Industry, providing software application development, cloud strategies and end-to-end IT services.



Specifically designed for insurance agencies in Australia and New Zealand, UPM2 is a fully integrated business management system that automates workflows and improves efficiency across the entire policy lifecycle. The software allows firms to focus on customer retention and business growth rather than underlying administrative processes.

Developed in Australia, UPM2 is fully configurable and supports agency staff and brokers through every step of the insurance process. The system capabilities includes Product Design, Online Quoting, Customer Portal, Policy Administration, Claims Management, Financial Management, Audit Trails, Business Analytics and Reporting.

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