

## How to select the right insurance broker

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Recent *RiskSmart Tips* have talked about the misery of having the “wrong” broker [[Tip#21](#)] and the benefits of having the “right” one [[Tip#22](#)]. How you go about addressing this issue can make a significant difference to your future broker relationships and your business’s reputation in the insurance marketplace. It’s important to be upfront and honest with your broker – if you’re dissatisfied, say so and ask how they suggest fixing it. It’s always easier and less disruptive to “fix” your current broker – if they have the skills and people equipped to handle your current business needs.

If it is time to explore a change, the ONLY way is to conduct a professional, objective broker selection project. Do NOT ask several brokers for competing quotes. That might be the worst thing you can do because it often spooks the best insurance companies who don’t want to waste their time with a broker boxing match. This is an important investment of your time and effort. Making sure you get it right can bring huge benefits in service, coverage improvements (closing gaps, eliminating over-laps) and possibly pricing and broker fees.

### So here are the basic steps to follow ~

1. Start well in advance of your renewal date and ask several well-qualified brokers if they are willing to participate and sign non-disclosure agreements (NDAs);
2. Prepare a complete Request For Proposal (RFP) document with details of your coverages and limits (not premiums!), operations, financials, losses and your key requirements for coverage and service. Let them know how and when you will make your decision;
3. Require a written response without contacting insurers. You might offer to answer certain questions – be sure to provide answers to all participants;
4. Create your internal scorecard; engage others in your firm to assist with the evaluations;
5. Assess responses; chose 2 or 3 for more in-depth interviews; make your final choice; and advise all participants of your decisions.

That’s it! Whew, it’s a lot to manage, but you will have made a very professional reputation for yourself and a good impression with a number of viable brokers.

You’ll then be in the ‘Transition’ phase. You’ll want to ensure there are no hiccups in transferring all policy, certificate-holder and claims information so nothing falls between the cracks. Get a service commitment – in writing if possible. The final phase is your Renewals and getting proposals for your program from insurers the new broker chooses. Beware of wording changes with new insurers – ask for full explanations in advance. Get your binders before expiration, and if your business depends on Certificates of Insurance and Auto ID cards, for example, make sure you get these as well before the renewal date.