

# CLIENT GUIDE

## SHOPPING YOUR INSURANCE

LloydSadd  
INSURANCE BROKERS



### SETTING YOURSELF UP FOR SUCCESS

Inviting a small and qualified group of insurance brokerages for consideration is a wise start, and part of a good 'due diligence' process. Doing so *well in advance* of the renewal (at least 90-120 days) is especially useful.

### UNDERSTANDING THE PROCESS

The insurance business is a unique one, with industry specific rules and practices. So to set yourself up for success when shopping for the right partner and solution, it is important to know the rules of the game, and to make them work *for you*.

To that end, consider these facts:

1. Insurance Companies operate on a 'first-come first-serve' basis, where Insurers will deal *only and exclusively* with the *first broker* who approaches them for a proposal. **Broker A** cannot get terms from Insurer 1 if **Broker B** had already sent in a submission to Insurer 1. Conversely, **Broker B** cannot get pricing from Insurer 2, if Insurer 2 were already approached by **Broker A**.
2. All brokers will ultimately approach the same limited pool of Insurance Companies. So whether 3 brokers each obtain pricing from 2 insurers, or 1 broker obtains terms from 6 insurers, the client ends up with the same amount of proposals. Unfortunately, when multiple brokers canvass the same pool of insurers, the Insurers get skiddish, like a fish in an over-fished pond, and their best terms are not offered.
3. When a customer engages multiple brokers to source insurance proposals from the market, they naturally assume the insurance business works like other businesses, and that the more brokers they invite, the more insurance options they'll have to choose from. In fact, because of the protocol described above, the opposite is true; the customer will end up with less options (and as importantly, lower quality options). We have attached an infographic that speaks to this dynamic, see "Multiple Brokers vs. Single Preferred Broker Approach".



## BEST PRACTICE

Sophisticated businesses looking for a strong risk adviser and the best insurance terms available in the market have developed a 'Best Practice' approach as follows:

1. Invite a select few brokers in for a visit (in person / video), to discuss your company, learn about theirs, assess the capabilities of the brokerage, and 'get a feel' for the fit between the firms.



2. Design the process to gauge the brokerage firm's knowledge of your industry and its specific risks, their servicing philosophy, and their overall value proposition. You should also look to determine how much clout the broker has in the insurance market, how broad their access is to the relevant industry insurers, and what sets them apart from other brokers.

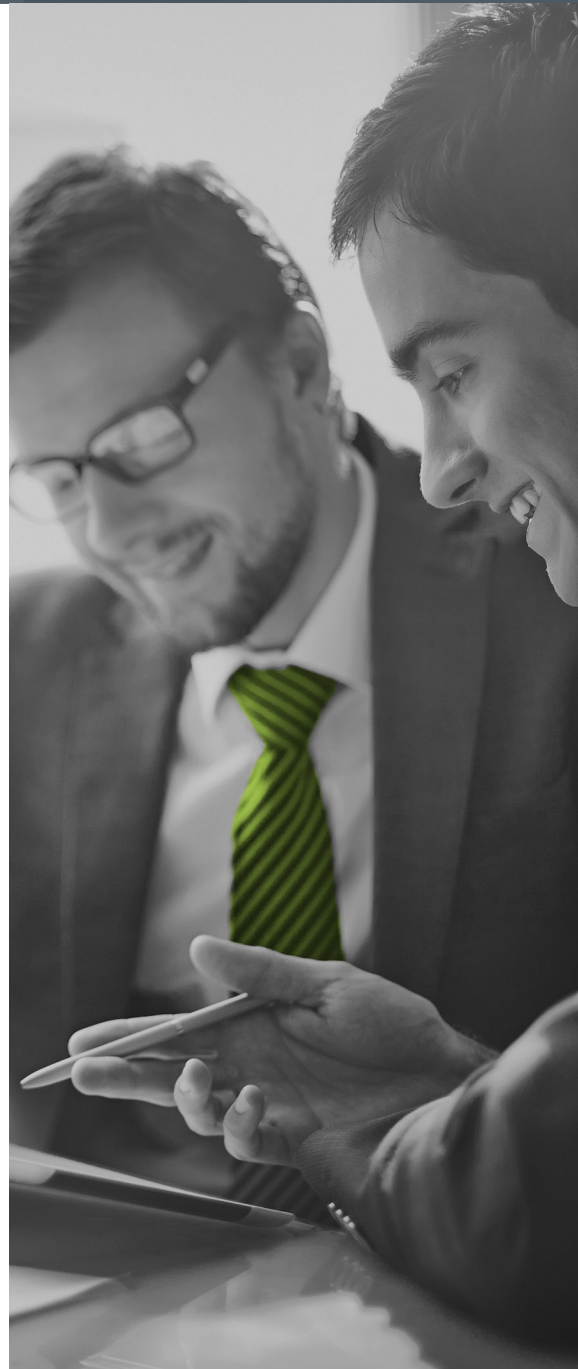


3. Get a handful of references that are similar in nature and size to your business and talk to them.



4. Once you've made a qualitative decision on which broker will do the best job for you, then work exclusively with them. Give them the tools they need to access the market on your behalf, so as to get the best terms for your business. Otherwise, you won't get the market's best terms, and likely will end up having to choose between the broker you felt was the best fit, and the broker that happened to reach out to the winning insurance company first (a broker who may be ill equipped to provide the guidance, advice and service you deserve).

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Still have questions, please reach out to your Lloyd Sadd Advisor,  
we'll be happy to answer any questions you may have.

LET US HELP YOU MANAGE YOUR RISK

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