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Revealed: Brokers' £1.5bn Productivity Gap

Brokers losing out due to poor communication channels

Inadequate market communications are costing insurance brokers over £1.5 billion a year in lost productivity, a report from broker solutions company Insurecom today reveals.

Brokers estimate that improved communications channels to customers, insurers and other brokers would enhance productivity by up to 20%, adding a staggering £1.56bn in annual turnover to the UK brokerage industry*.

The report, *Adapt or Die: The Next Five Years for Insurance Brokers*, is based on research among senior managers in 100 of the largest UK brokerages.

Phillip Walter, CEO at Insurecom, commented: "Brokers interact with a complex series of markets, and are counting the cost of ineffective communications channels to these markets."

Communications Conundrums

The report finds that easier access to trading portals such as imarket would enhance productivity by over a fifth (21%) according to UK brokers.

In addition, more efficient e-business channels to customers would enable a similar productivity uplift (20%), brokers estimate.

Yet despite struggling with inadequate market communications channels, the overwhelming majority (98%) of brokers see improving these as a key growth opportunity for the next five years.

Phillip Walter commented: "Brokers realise that improved communications channels offer huge growth potential, yet are struggling to exploit this opportunity."

Compliance Woes

The Insurecom research also identified regulatory compliance as a barrier to broker productivity.

FSA compliance was found to be the number one obstacle to business growth by insurance brokers, cited by three quarters (75%) of respondents.

Brokers believe that their firms could be almost a tenth more productive with more efficient Financial Services Authority (FSA) compliance procedures. This would equate to an added £0.5 billion across turnover across the industry.

The Role of Technology

Technology has a clear role to play in helping brokers to overcome productivity challenges, Insurecom's research found.

Software applications better adapted to brokers' requirements could increase productivity by almost 15% or £1.15 billion, according to respondents. In addition, brokers believed that improved automation of work processes and systems could create an uplift of over 8% - or £0.5 billion in additional revenue for the industry.

Yet more than half (55 percent) of major brokers cite poorly adapted and ageing broker software applications among the main barriers to business growth.

Phillip Walter said: "More robust and suitable IT solutions have a role to play in helping brokers to overcome the productivity barriers they face and realise their full potential."

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Further Information

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About *Adapt or Die*

The Insurecom report - *Adapt or Die: The Next Five Years for Insurance Brokers* - is based on research conducted among 100 senior managers in large UK broker firms to gauge the outlook for the insurance brokerage industry.

About Insurecom Limited

Insurecom's groundbreaking business solution, agencyPlus, is empowering a growing number of large consolidating insurance brokers to break free from the constraints of ageing legacy systems.

Built from the ground up, using the latest modern technology, together with a unique consultative approach, Insurecom is enabling brokers to meet their strategic business goals more efficiently than ever before.

Insurecom's end-to-end broker solution delivers substantial productivity benefits, by creating a single view of all customer data and automating processes including FSA compliance; whilst driving accelerated growth through the ability to make agile maneuvers into new markets.

Insurecom is dedicated to ensuring their clients deliver a superior customer experience.

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**Source of financial figures: BIBA, based on FSA data from July 2006, as quoted in The Broker*

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The Broker Solutions Company