

Market talk

Commission disclosure

John Sims votes for disclosure

A lively meeting recently enjoyed with managing director **John Sims** at Vizion Brokers resulted in what amounts to a HNW 'mini-supplement' to be found elsewhere in this special issue of IP.

Here, on this page, we cover the thorny topic of commission disclosure. This came up when John spoke about the effects of the growth of consolidation currently taking place in our market. Over to John:-

“ The last decade has witnessed an unrivalled period of consolidation in the general insurance broker market. I believe the drive for growth by the broker consolidators is having a negative effect on our market, and presents insurers with a very real challenge.

The case is that a handful of large companies now control a significant proportion of this market. In their efforts to maximise returns, insurers are being forced to increase commissions - dramatically in some cases - or pay large overrides, and even sign up to a 'Pay to Play' deal.

Meanwhile, at the same time they expect their staff to do more for less, so that service standards are falling, already inevitably leading to unhappy customers and unhappy staff.

We all know that the real value brokers provide is the strong personal relationships they have built over the years - a relationship that crucially relies on great service and offering value for money.

But the longevity of these relationships is being disrupted in recent times with lots of movement of really good account executives between brokers. And of course, this process will continue to accelerate unless the larger brokers reconsider their approach.

If insurers continue to lose money as the result of this consolidation and other adversities, then innovation will fall further down their agenda.

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However this situation does offer a significant opportunity for those smaller brokers who can offer great service, and are not saddled with the huge corporate overheads that now face the consolidators.

I'm sure these words won't be popular in some areas, but I feel strongly that the balance needs to shift. And the only way I can see this happening is by the introduction of commission disclosure.

How many other businesses outside insurance keep their earnings secret? Very few is the answer, and there's a good reason for that - it's just wrong at every level.

I love our market and want to see it thrive, but I fear it won't if things don't change. Frankly that won't happen unless it is forced upon us. There are too many vested interests in keeping the *status quo*. To me it is counter-intuitive that the regulators haven't acted.

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John Sims

An unexpected treat

Any treat is all the more enjoyable when it's unexpected. A recent 5-Star customer service experience overturned an earlier minimum-25 minute stiff-arm wait lasting a week from a bank call centre. All that was needed was to make an appointment to visit a branch to fulfil the wishes behind a Power of Attorney for my father-in-law. Having experienced dire procrastination on previous outings of this kind (Halifax had changed its name to HBOS by the time my mother's

affairs were completed) I was ready for expected delay, and vowed to treat it with calm and understanding.

This one didn't start well. This wasn't my own bank, and since you cannot ring a branch direct these days, the inability to get through to the call centre in a reasonable time meant a visit to the nearest branch, without the comfort of an appointment.

That visit was bootless. The local branch was boarded up with all signage removed from sight. Plan B. A trip further afield. Another branch. No appointment. No expectation.