



Mr Wolfgang Mercier
President & CEO,
UNISONBrokers, Germany

Brokers joining forces to be bigger

Since the late 1950s networks of independent brokers have played a role in the global insurance market. Our network can trace its name back to the heady days of Johnson & Higgins, Jauch en Hübener, Gil y Carvajal, Mees en Zoonen and others who, in the main, have now been gobbled up by the mega brokers.

At various stages in the past, other names such as Alexander & Alexander, Bekouw Mendes, CT Bowring, CECAR, Oberhänkli, Sedgwick and many more have been part of worldwide partnerships of independent brokers. The goal of these groupings was to provide clients with top quality local services coordinated by a strong independent broker in all territories where the client operated. This was so successful, that some members of the voluntary associations found that not only a financial bond between these firms was beneficial but that full ownership was even better. In many cases family firms with hundreds of years of pedigree were sold for a lot of money and the new owner needed a large corporate body to run the show.

Four major categories of brokers

While it is sad to see traditional market leaders in one's own country losing their name and identity to become a relatively small stone in a large pond, that is nearly always going to happen when successful entrepreneurs want to take the money and move on.

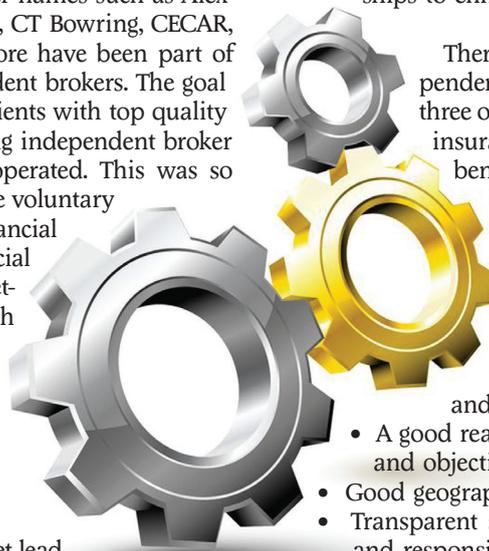
I am not convinced, however, that it is the plan of most independent broking firms to become so attractive to "the big boys" that they willingly get bought out when the cheque book opens up. Those clear thinking individuals who run independent broking firms have espied a gap in the market where creativity and the ability to act nimbly can expose weaknesses when large, cumbersome, bureaucratic organisations struggle to make all parties happy. Shareholders wield more power than clients.

If you look at the players in the global broking market today, broadly speaking, they can be classified into four major categories:

- Mega brokers (own the large majority of the offices in their worldwide constellation; they have well-developed Property/Casualty, Risk Management and Employee Benefits capabilities; they have strong wholesale and reinsurance capabilities; in addition, they own niche service such as risk consulting, claims administrators, etc)
- International brokers (very big in their own territory, some ownership in others and strong relationships in

many more; they have well-developed Property/Casualty, Risk Management and Employee Benefits capabilities; wholesale and reinsurance capabilities are very strong; in addition, they usually own niche service such as risk consulting, claims administrators, etc)

- Leading national brokers (big in their own territory, very limited ownership outside the home country and well developed relationships in key surrounding countries; they have very good all round Property/Casualty, Risk Management and Employee Benefits capabilities; niche services such as risk consulting are usually outsourced)
- Leading domestic brokers who are usually either a top PC or EB player and they rely on networks or other relationships to enhance their offering to target clients



There are more than 30 networks of independent brokers and they compete with the three other groups for the chance to handle the insurance, risk management and employee benefit requirements of clients who have international needs and exposures. There is no corporate head office but obviously, the network will be headquartered somewhere and it is usually Western Europe or the US.

There are a number of key criteria vital for the success of these networks and these include:

- A good reason to form a network and clear goals and objectives
- Good geographical spread of like-minded firms
- Transparent structure including well defined roles and responsibilities
- Realistic strategy and clear benefits to members
- Good technology to facilitate the flow of business and information sharing
- Last but not most important: a continual flow of new clients

The two greatest challenges confronting networks of independent brokers are to gain the serious recognition of their contribution to global customers and to avoid a mismatch between the goals and objectives of the network and members' expectations.

The compliance with network criteria can ensure the success of the grouping and satisfaction of the members. For an independent firm, to be a valuable member of a successful network is a wonderful sales tool and a cornerstone for its perpetuity. Furthermore, it complies with its goal to provide a credible alternative to other organisations who, to varying degrees, handle clients like a commodity. Through conferences, workshops and travel, networks provide an excellent platform for building long lasting personal relationships and here, the benefits to customers can put such networks at the top of the list of the four categories of global players. 

For more information about UNISONBrokers and membership criteria, please contact Mr Mercier at wolfgang.mercier@unisonbrokers.com