**Chapter 1- Knowing the client and suitability**

1. **Building relationships**

For the client the benefits of long-tem relationships include:

* Convenience- no need to research insurance products/services
* Confidence- most SMEs do not employ risk mgmt professionals so owners rely heavily on the guidance provided by the insurance adviser
* Bespoke/tailored professional advice
* Ensuring value for money- if the adviser has an in-depth knowledge of a client’s business and their attitudes/preferences, they can tailor the insurance solution.

Long-term relationships also benefit adviser:

* Extra business opportunities- for intermediaries in particular
* Better retention rates
* Fast and efficient problem-solving
* Client industry insight

1. **Gathering information**

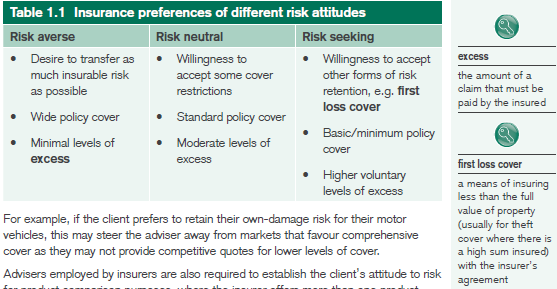
B1- Considering the clients wants and needs

The client will bring certain wants to adviser, analysing these wants is not always straightforward; it is important to look beneath the surface to identify their exact nature. Only then can the adviser make an informed assessment as to whether those wants are achievable.

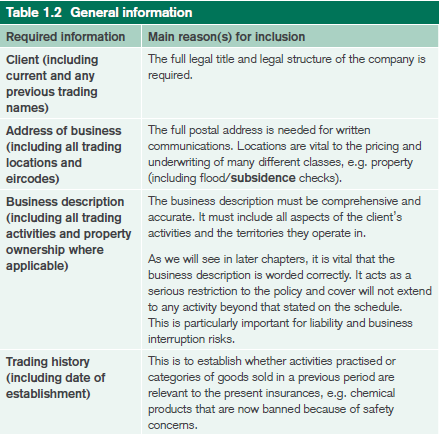
B2- Considering the client’s attitude to risk

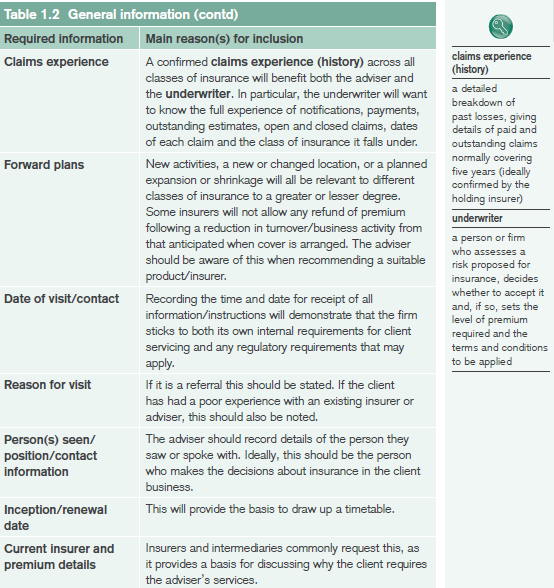
The client’s appetite for risk will influence their insurance needs and how much importance they give to them. No person or business is comfortable carrying every risk themselves, because:

* Unknown future costs are not always easy to meet from available resources (severity)
* No way of knowing how often risk will become a real event (frequency)
* The apparent likelihood of risk may be completely different to mathematical likelihood (frequency)
* Ultimately some risks, no matter how unlikely they seem to be, are potentially too costly to meet from available resources (severity)



B3- What information do we need from the client





1. **Presenting information to insurers**

When presenting the risk to insurers, the adviser should pay special attention to the following:

* Comprehensive business description- this is especially relevant to business interruption and liability covers. Adviser should also look out for any planned changes to the clients business activities
* Details and analysis of claims experience (history)- the adviser should give explanations of significant losses and details of any steps taken to stop the loss from occurring again
* Risk mgmt and safety statements- insurers need to know how businesses assess and manage their risks. Safety statement- a legally required doc that describes the mgmt of health, safety and welfare responsibilities of the org.

1. **Considering insurers and insurance products**

D1- Price

Often the most obvious factor for deciding between products and the client’s primary concern. The adviser must ensure that he client considers all the relevant factors before deciding.

D2- Levels of service (including claims service)

Advisers ill look for:

* A dedicated relationship manager/executive to build a strong partnership with
* Fast and efficient quotations and accurate documentation
* Easy access to underwriters/decision-makers
* Competent survey system that is speedy and efficient
* Efficient claims handling and prompt payment of claims
* Fair and quick approaches to complaint resolution
* Availability of credit facilities or flexible payment options

D3- Breadth of cover

Adviser will normally seek the widest possible cover. It is therefore important to understand the variations between different insurers’ policy wordings, so accurate comparisons can be made. Cover comparison charts are a means of visually displaying the key differences between the characteristics of different insurer’ policies.

D4-Insurer’s capacity

Is the insurer’s ability to accept risk or meet future request for increases in cover. All insurers have limits to the maximum size of risks they can accept.

D5- Insurer’s experience

Certain insurers will gain a reputation in the mrkt for their expertise in relation to particular types of risk- taxis, construction etc.

D6- Continuity

The adviser should recommend continuity with a clients existing insurer where this seems the most appropriate way forward.

D7- Advisers experience and judgement

An adviser’s ability to exercise sound judgement relies on a no of factors; their knowledge of the mrkt, their familiarity with different insurer’s approaches to types of risk.

1. **Presenting the recommendation to the client**