



REBOOT YOUR BROKERAGE

How de-authorising a brokerage and becoming an Appointed Representative can pay off



INTRODUCTION

Over the past 18 months, some insurance brokers have entered a 'reboot camp'. They recognised that running their insurance brokerage through direct authorisation from the FCA, was a case of living a broken dream. This status had lost its attraction at a personal level but, as importantly, was not delivering on its original promise.

At Gauntlet 'reboot camp', they got their mojo back by de-authorising and becoming appointed representatives of Gauntlet Group. **Their life is now easier, more financially rewarding and encompasses a clear and welcome business exit strategy. Could your life become equally less stressful and problematic?**

REASONS TO DE-AUTHORISE

Reasons to de-authorise and no longer report directly to the FCA, fall into four main categories for an insurance broker:

- 1) Business reasons
- 2) Wider economic considerations
- 3) Personal reasons
- 4) Adding value as a local broker

We shall examine all four of these in more depth but, suffice to say, Gauntlet Group has built its model of de-authorisation - Gauntlet De-authorisation Fast-track - around these reasons.

As the first AR network to create the solution to insurance broker woes, we have benefited from the experience of taking insurance brokers, both side of the Anglo-Scottish border, through the de-authorisation process. We have now got this down to a fine art and can promise you a seamless transition.

Quite simply, within a time frame of 8-10 weeks, whatever your reasons for wishing to de-authorise, you can have done it and be moving on to another stage of your business's life cycle, working with the full backing of the team at Gauntlet Group.

“We can do the end-to-end process, from agreeing to get started to getting to a position where they are de-authorised and become appointed representatives, in realistically 8-10 weeks.”

Roger Gaunt, MD, Gauntlet Group



REASONS TO DEAUTHORISE PART 1: GOOD BUSINESS SENSE

SELLER BEWARE

For many smaller, directly authorised insurance brokers, it makes good business sense to de-authorise. Although we are living in a time of consolidation, the big-bucks consolidators are likely to have no interest in buying your brokerage or will only buy it at a knock-down price. **And, remember, once it's gone, it's gone**, although before you've finally divested yourself of it, you could have to endure a truly miserable interlude, having to jump to another master's tune, for a set period of time.

Do you really want to lose out on all you've worked for? Do you really want your last year to be one in which you've little or no independence and simply acting as a 'necessary evil' for your business's buyer? De-authorising and joining Gauntlet Group helps you avoid all of this.

EARNINGS' MAXIMISATION

If the real bugbear for you is that you simply cannot gain access to the right insurers for your client profile, you don't just have to give up, admit defeat and jump ship. What you need to do is work with someone who will open up the right doors and make all the introductions for you.

All insurers are now looking for decent-size accounts and want to work with brokers who are as efficient as possible, which often means having the right IT systems in place. They want to provide brokers with a quote and get a good conversion rate, and they want to build good long-term relationships and trading partnerships with brokers. This relies on the broker providing them with a good volume of business, of a level that most smaller brokers simply cannot achieve, if going it alone. A minimum commitment demanded by an insurer, in exchange for an agency, might well be around £250,000 of premium income. It's impossible for most smaller brokers to attain this level of premium.

So, this is where Gauntlet's deauthorised-broker ARs are really benefiting and where they are enjoying a new lease of life. With access to over 200 agencies and facilities - and as members of Willis Towers Watson Networks (WTW Networks) too - **Gauntlet can give its appointed representatives every opportunity to place risks wherever they wish and where it best suits their clients.**



De-authorized brokers can tap into Gauntlet's buying power and its insurer relationships, both of which are super-charged because Gauntlet not only has a network of appointed representatives, but a direct arm too. This bumps up the volume of business transacted for insurers and increases the opportunities for ARs. It also reflects in the commission rates that insurers will give to Gauntlet and its ARs.

Whilst becoming an appointed representative does mean working on a commission split basis with Gauntlet, you are earning commission on a much bigger volume of business and often at a higher commission rate than you would normally be offered. **We confidently believe that in almost every case, our ARs are financially better off by working on this basis, than they would be if they were directly authorised.** Food for thought for you as a directly authorised broker?

NO I.T. INVESTMENT REQUIRED

If the 'brick wall' in front of you, which seems insurmountable, is how to give insurers the slick efficiency they want, coupled with how to 'learn' to use IT and how to finance the purchase of an effective IT system, we have the solution.

Brokers who de-authorise and join Gauntlet Group as appointed representatives, gain access to award-winning Acturis but, as importantly, get training in how to use it. Much of the donkey work has been taken out of this, as we have already created all the templates and documents that you need, have filtered out which parts of the system can work best for our ARs and have created all the prompts required. This gets a broker up and running fast as an AR but also ensures that they are then operating in an optimal manner.

With access to the Acturis mobile app, you can work from anywhere in the world - and, of course, from home - so you gain instant freedom, as well as cutting-edge IT.

And, should you wish to take it up, there is also the option of an online quote-and-buy facility, again powered by Acturis, to enable you to sell simpler forms of cover online and benefit from e-trade. As part of this, you also gain a customer portal, which allows your clients to access their policies online, at any time.



“Not everyone’s got the hang of being able to move quickly to a paperless office; to have slick systems with automated processes. This is what we bring in.”

Roger Gaunt, MD, Gauntlet Group

“We allow them to get on with what they are good at, which is really the piece that’s probably more fun for them, which is their client relationships and keeping in contact with their clients.”

Roger Gaunt, MD, Gauntlet Group

STREAMLINING

Becoming an appointed representative, rather than being a directly authorised broker, also means being able to get ‘rid’ of things that cost you money and drain your profits. Think premises (rent and overheads), commuting expenses, energy costs, even wages and the burden of being an employer, if that too is draining you.

You come out of Gauntlet De-authorisation Fast-track’s ‘Reboot Camp’ much fitter and leaner, knowing you can have all of your administration, accounting and compliance handled by Gauntlet’s team, leaving you to just get on with what you really love – dealing with clients.

ESCAPING PROFESSIONAL INDEMNITY PREMIUM HIKES

For many directly authorised brokers, the cost of Professional Indemnity insurance has become unaffordable and a massive headache. By de-authorising and moving to Gauntlet Group, this is another burden on their business that can be eased, something that is proving to be welcome relief to many.



REASONS TO DEAUTHORISE PART 2: WIDER ECONOMIC CONSIDERATIONS

2022 sees the UK experiencing a cost of living crisis, with consumer confidence at its lowest since records began.¹ Analysts believe inflation hit **9.2%** in June 2022, outstripping pay growth but also eating into the earnings of self-employed, directly authorised brokers, who are often having to pay increased overheads' costs in the offices they are running. Between Q1 2021 and the same period in 2022, the average electricity price, in cash terms, rose by **29%**.² Shockingly, there was a **71%** increase in gas prices.

At the same time, insurance brokers who had put something away for their retirement have found a massive drop in investments in 2022. Everything, from international supply issues to the war in Ukraine has impacted on pension funds. Nine-in-ten funds dropped in the opening days of 2022 and it has been the worst start for funds since 2008.³

Many brokers who may well have been considering retiring, simply know it makes bad economic sense right now. Some need to bump their pension funds back up, through earning more and having a vastly reduced outlay; others just want a better retirement strategy in general. Either way, all roads lead to Gauntlet De-authorisation Fast-track.



“The brokers that have de-authorised have certainly looked at getting rid of their offices. In some cases, they’ve taken to working abroad for a period of time.”

Roger Gaunt, MD, Gauntlet Group



REASONS TO DEAUTHORISE PART 3: PERSONAL REASONS

For many directly authorised insurance brokers, life is stressful and a drain on their health. The requirements of the FCA seem to grow, year-on-year, with all of the form-filling and surveys eating into the time that a smaller broker has available for keeping their brokerage running and sustainable.

It is another stress and strain that many can do without but, quite simply, what many of the brokers who have de-authorised and joined Gauntlet have said is that they just miss broking. Their time is eaten into by a plethora of other things, and never-ending red-tape, whether that involves accounting or HR, and they never have time to do what they do best – dealing with clients, sourcing new clients and placing risks.

By de-authorising, they offload all of the worst bits of their daily life and focus on the best bits.

“I wanted less hassle; to get back to what I’m good at, instead of being weighed down with compliance and end-of-month accounting. I wanted to retain my independence and lifestyle, without overheads and burdens.” Roger Smith, Smiths Insurance Brokers, Halifax

REASONS TO DEAUTHORISE PART 4: ADDING VALUE AS A LOCAL BROKER

Quite simply, the day-to-day life of many smaller insurance brokers is not what they signed up for. When gaining direct FCA authorisation, they believed they could best serve their clients and give them the personal and dedicated 'local broker' approach. Now, given the way the insurance market and insurers have gone, they realise they cannot do this, as they lack the buying power to compete with the big players.

They also recognise that clients really don't care whether they are directly authorised or not; they simply want the best deal and service.

It is a huge relief to many directly authorised brokers to learn that Gauntlet Group can not only help them to make the transition from directly authorised broker to appointed representative, in a seamless 8-10 week process, but also then allow them to be part of a local broker renaissance.

In 2022, Gauntlet has taken up the challenge of turning the tide in the insurance market, leading a local broker fightback. It is building a network that is full of local brokers with national reach - brokers who can deliver the personal touch and one-to-one relationship but who have the backing of massive buying power and clout. What it is offering is traditional broking with a twist and it is the twist that is proving so compelling for many directly authorised brokers.

“They don't really want to retire, but the IT is starting to give them some headaches, the compliance is starting to give them some headaches, they're probably starting to get frustrated with insurers demanding increases in the size of the account or otherwise they'll close the agency and they're getting frustrated because they want to continue with their client work and the piece they really enjoy.”

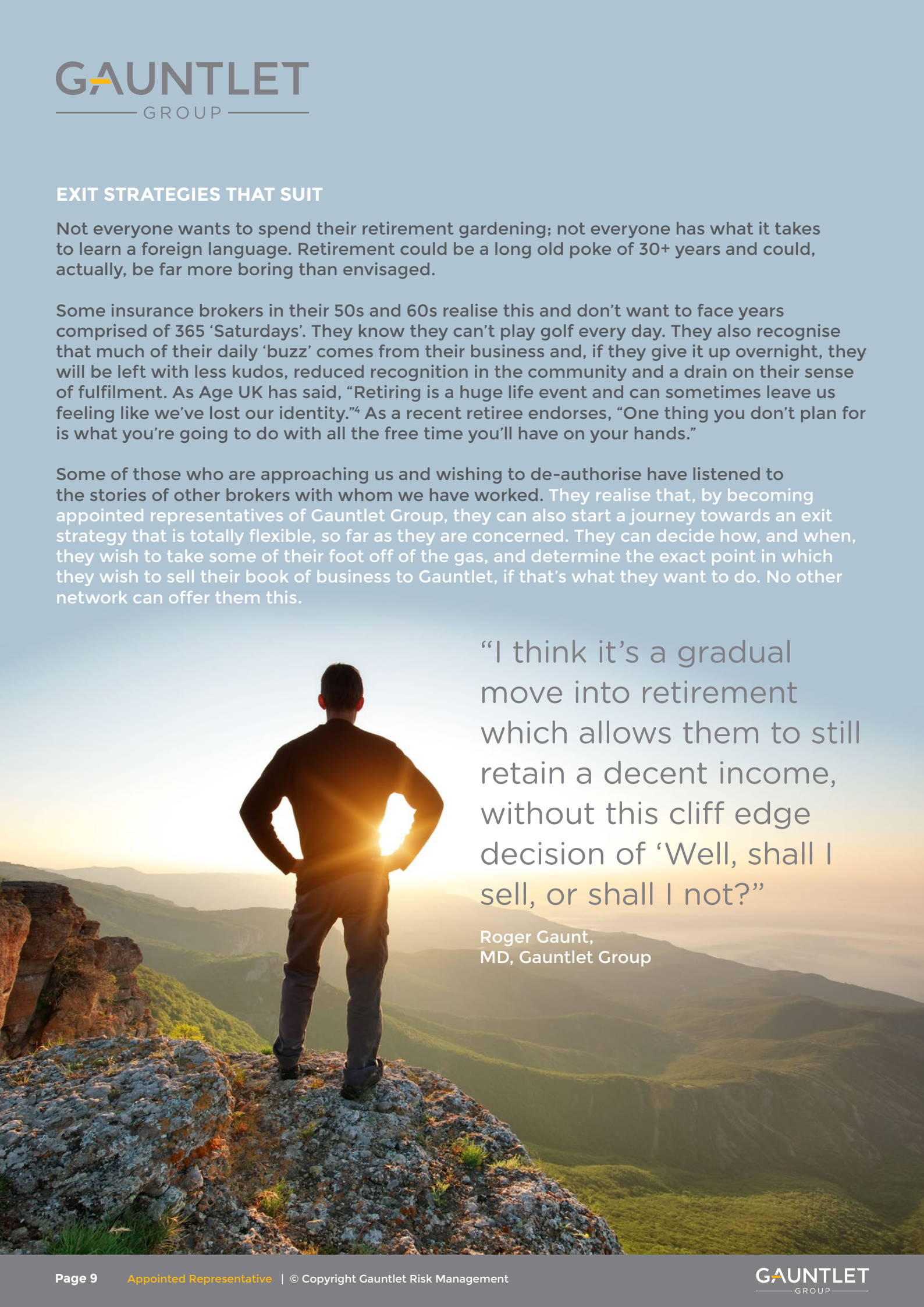
Roger Gaunt, MD of Gauntlet Group

EXIT STRATEGIES THAT SUIT

Not everyone wants to spend their retirement gardening; not everyone has what it takes to learn a foreign language. Retirement could be a long old poke of 30+ years and could, actually, be far more boring than envisaged.

Some insurance brokers in their 50s and 60s realise this and don't want to face years comprised of 365 'Saturdays'. They know they can't play golf every day. They also recognise that much of their daily 'buzz' comes from their business and, if they give it up overnight, they will be left with less kudos, reduced recognition in the community and a drain on their sense of fulfilment. As Age UK has said, "Retiring is a huge life event and can sometimes leave us feeling like we've lost our identity."⁴ As a recent retiree endorses, "One thing you don't plan for is what you're going to do with all the free time you'll have on your hands."

Some of those who are approaching us and wishing to de-authorise have listened to the stories of other brokers with whom we have worked. They realise that, by becoming appointed representatives of Gauntlet Group, they can also start a journey towards an exit strategy that is totally flexible, so far as they are concerned. They can decide how, and when, they wish to take some of their foot off of the gas, and determine the exact point in which they wish to sell their book of business to Gauntlet, if that's what they want to do. No other network can offer them this.



"I think it's a gradual move into retirement which allows them to still retain a decent income, without this cliff edge decision of 'Well, shall I sell, or shall I not?'"

Roger Gaunt,
MD, Gauntlet Group

“If I sold my brokerage now, it would disappear from my life. It’s so reassuring now there’s light at the end of the tunnel and that I can work with Gauntlet, doing as much or as little as I like.”

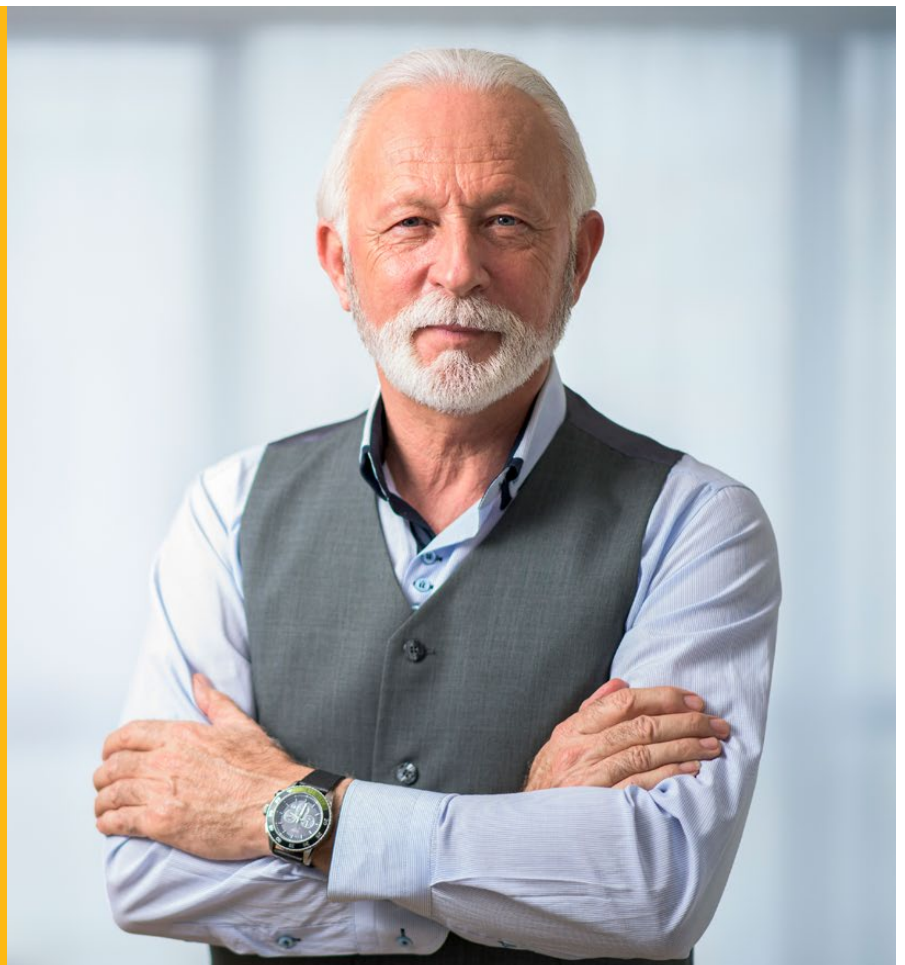
Roger Smith, Smiths Insurance Brokers, Halifax

As Canada Life says, “Retirement is no longer seen as the single event of giving up full-time work.”⁵ Many insurance brokers are having to make it a single event, however, because they have not realised that there is a better option for them, which is de-authorising, becoming a Gauntlet appointed representative and deciding how much or little they want to do.

Having read this, you don’t have to make this mistake. View joining Gauntlet as an AR as a means to enter a new gig-economy style world of work, in which you can select your hours, leave the Gauntlet team to run your business when you want to take that round-the-world cruise or trip to the Great Wall of China, and allow IT to do much of the heavy-lifting. You could even go and live abroad and run your business from there, as other de-authorised brokers have done.

“At any point in time, an Appointed Representative can say, “Well, do you know what, it’s about time I hung my boots up.”

Roger Gaunt



THE PATERNAL ROUTE TO EXITING A BROKERAGE

It is also worth pointing out that some of the brokers who choose to de-authorise with Gauntlet feel an actual or perceived paternal instinct to keep their business running, for the sake of either family members or valued staff who have worked for them for many years.

They themselves wish to take more of a back seat, however, and get on with their bucket list plans, or living abroad for some time, so the ideal solution is to de-authorise, become an appointed representative and allow Gauntlet's team to help run the brokerage in conjunction with their son or daughter, relative or existing staff.



Rather than these family and like-family individuals being swallowed up and absorbed into a consolidator's outfit, where they lose all of their identity and connections to their clients, they can continue operating pretty much as they ever did, day to day. The big difference is that they have none of the hassle of compliance reporting, the burden of accounting or the minutiae of administration to deal with.

“They want to continue to run the business for longer, or even have the ability for their existing staff to continue, whilst they oversee. Perhaps it's a family member that they're wanting to allow to continue. So they want to reduce down their hours and their commitment, but they still want to allow the rest of the team to continue with what they're doing.”

Roger Gaunt, MD of Gauntlet Group

TAKING CARE OF CLIENTS

Gauntlet Group has perfected its de-authorisation process to such an extent that the transition of clients from a directly authorised broker's systems on to Gauntlet's own systems is truly seamless.

We take excellent care of all clients during this transition and all of our systems are geared up to ensuring that the customer is treated fairly and that advice to clients is the right advice, tailored to their needs. A project team is established, to help the broker manage the transition to life as an AR as simply as possible and full training is provided in all of the new systems or processes that the broker or their staff will need to adopt. Nothing is too difficult and no question or query goes unanswered. As de-authorised brokers testify, the Gauntlet support is superb.

“Good planning makes sure that the transition has been really very, very smooth. It's good to hear the stories at the end of the process, from the appointed representative that's joined us, to see how satisfied they are to see that the transition's been smooth and worthwhile and to see how we've lived up to our promises.”

Roger Gaunt, MD of Gauntlet Group



THE OPPORTUNITY

There is an awful lot of business out there in the market right now and a huge desire, amongst businesses, for good old fashioned broking expertise. The sad part about this is that there are many smaller brokers more than capable of providing the latter; they are simply unable to gain access to the insurers, the premiums and the policy wordings that their clients really need.

By establishing ourselves as the network of local brokers with national reach, by championing traditional local and community brokers and by giving them the 'contemporary twist' of first-class access to market, we are not just super-charging new start-up brokerages but also adding a discernible dynamism to those existing brokerages whose owner de-authorises, relinquishes direct authorisation from the FCA (and all that goes with that) and becomes an appointed representative.

This is a great time for local brokers, if they can compete on a level playing field when it comes to what they can offer and if they have some power to their elbow. It's a depressing time for those that don't but the solution is right in front of you, with Gauntlet De-authorisation Fast-track and our network of local brokers.

Join us and you will not only get all of the services, support and systems we have talked about but also become part of something – a vibrant network, full of peer support and inspiration. You can take advantage of our annual conference and our mid-term brokerage-boosting springboard event. Day-to-day, you will always have a team and an AR broker manager to assist you. They will even do all of your broking for you, if you wish to allow them to handle all risk placement, whilst you handle client relationships alone.

Add to this the fact that we will not put the brakes on and will let you place risks of any size and this is a massive opportunity, if you are ready to grasp the nettle and run your brokerage differently.



READY TO REBOOT YOUR BROKERAGE?

Given all of the above and all of the advantages - to you and your clients - that can be gained from de-authorising and becoming a Gauntlet appointed representative, what is it that is making you hang on and not make the move? If the answer is 'nothing', or even if it is 'uncertainty', the best thing to do is chat it through.

Contact **Nigel Law** on NigelLaw@GauntletGroup.com (07774 690436) or **Roger Gaunt** on RogerGaunt@GauntletGroup.com for a no-obligation discussion. It could be the best thing you ever do for your brokerage, yourself and your family.

1. <https://www.msn.com/en-us/money/markets/week-ahead-more-inflation-woe-to-pile-pressure-on-bank-of-england-to-act/ar-AAZFti9>
2. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1086569/quarterly_energy_prices_uk_june_2022.pdf
3. <https://www.trustnet.com/news/13290118/90-of-funds-lose-money-over-2022-in-worst-start-of-the-century>
4. <https://www.ageuk.org.uk/information-advice/work-learning/retirement/preparing-emotionally-for-retirement/>
5. <https://www.thisismoney.co.uk/money/pensions/article-9835899/Home-garden-makeover-spending-goal-retirement.html>

www.gauntletgroup.com

t: 0113 244 8686

e: info@gauntletgroup.com

Head Office: Gauntlet House . 15 Acorn Business Park .
Killingbeck Drive . Leeds . LS14 6UF