

Become Your Own Broking Boss!

How to start your own insurance brokerage
with Gauntlet Group





REASONS TO BECOME YOUR OWN BROKING BOSS

Becoming their own boss is a dream of very many individuals. In fact, 85% of UK workers wish to start a business one day.

During Covid-19, people didn't want to wait to achieve their goals, realising life is too short. Many changed their job or their career path, to follow a dream. Others fully plotted their goals for the first time and defined their 'ideal' role.

You may have been one of these people - an ambitious insurance account executive or broker with an aptitude for sales, who wanted more, but who hung on, for one reason or another.

You may, by now, be disillusioned and feel you are not remunerated sufficiently for all the sales you generate.

You could find yourself now balancing hybrid working, or be back in the office permanently, wishing you could still be working from home.

Perhaps your brokerage has been bought out by a consolidator and the workplace culture no longer suits you?

Maybe you just get frustrated, because you hate seeing clients treated as mere numbers on a spreadsheet.

IF ANY OF THIS SOUNDS LIKE YOUR SITUATION, READ ON, AS YOU COULD BECOME YOUR OWN BROKING BOSS REMARKABLY QUICKLY AND START TO TURN YOUR CAREER AND LIFE AROUND.

HOW TO START YOUR INSURANCE BROKERAGE

A decade ago, there were two options to weigh up when it came to starting an insurance brokerage.

Number one was to achieve direct authorisation from the FCA and take on all of the compliance and reporting required of this industry body yourself.

Number two was to become an appointed representative (AR) of a Principal who managed all of the compliance for you, assumed responsibility for all FCA reporting and let you trade under their permissions.

These two options still technically exist, but route one has become almost impossible to navigate, if you are a start-up business, as insurer agencies are not simply going to fall into your hands.

Becoming an AR is the only realistic choice for the majority of start-up brokers and it would take a brave start-up broker to choose the other route. In fact, directly authorised brokers are recognising that they would be financially better off by becoming an AR and are now de-authorising, using our Gauntlet De-authorisation Fast-track model. So what does that tell you?

“Our role is to oversee the new start-up business, to get them set up, get their systems in place, make sure that they have compliant processes make sure that they have good access to underwriters and get good terms and quotes, so that they can simply look after their customers, give their clients a smooth customer journey and provide cost-effective insurance that suits their needs.”

Roger Gaunt, MD of AR Principal, Gauntlet Group

“Good luck to anyone who wants to start up on their own and do it on their own. You’ve chosen a hard route to go down. The AR route is far easier and far more profitable.”

Roger Gaunt,
MD of Gauntlet Group

WHY BECOMING AN APPOINTED REPRESENTATIVE IS THE WAY TO GET A BROKERAGE STARTED

Generating quick income, to replace a monthly salary, is vital for the majority of start-up brokers. With direct authorisation, that is difficult.

Firstly, the FCA is under a lot of pressure and getting authorisation takes a considerable amount of time. At best, the authorisation process took 6-9 months. Now, it is even longer.

Added to that, it's expensive and you need to commit a lot of capital to direct authorisation.

Then, as the FCA expects more reporting than ever, the amount of time needing to be dedicated to compliance has soared, leaving even fewer hours in which to actually generate sales and build a business, if you are handling compliance yourself.

But then there are the insurers. They have made it hard for start-up brokerages to get agencies, because they have set very high minimum income limits - typically around £250,000 in premium income - in exchange for an agency. The 'minimums' are typically way beyond what is feasible for a start-up business.

So, in 2022, the only real way to get going and build a broking business is by becoming an appointed representative and securing market access via your Principal's relationships.



“To start up a new broking business is quite difficult. There’s lots of red tape to go through and not just the FCA compliance piece. There are many accounting principles to follow and, on top of that, the really big issue is making sure you’ve got all the IT and technology in place.

However, it’s fair to say that compliance is a major headache. Start-ups would have their work cut out to make sure their systems are compliant, all documentation is in good order, Professional Indemnity cover is in place, the Insurance Distribution Direction requirements are in place – and all the other things we provide. It takes a fair bit of doing and is a burden for brokers. The FCA is asking for far more questionnaires and surveys to be completed now, for client money validations and many other things that eat into brokers’ time.”



HOW TO CHOOSE A NETWORK PRINCIPAL

You may quickly realise you need to become an appointed representative, if you wish to start an insurance broking business of your own, but 'buying broker beware'! Not all appointed representative opportunities are the same and you need to do your homework.

Do all of the due diligence and digging, to ensure your network Principal is ethical, managing compliance well and is totally transparent in how they are charging and making their margins.

If they give the FCA any cause for concern whatsoever, it will be bad news for your broking business and, if they are offering the moon and stars financially, ask yourself how they are actually making their money and is it actually to your detriment?

What standards are they demanding of potential new ARs? If these are not high, what quality runs through this network? It only takes one bad apple to bring a compliance ton of bricks down on everyone in the network, even if they are ethical and well-run.

Also consider a key point. What exit strategy can the network offer you, should you decide to one day sell up? Can they offer you any exit at all, or will you have to place your clients in unknown hands, trying to find your own buyer?

“The AR model offers you the best of both worlds. You can start your business and grow it as you wish but you also have all the support that you require behind you. You just need to make sure that you understand what you are signing up for and be careful to select the right Appointed Representative Principal.”

Craig Oakes, Appointed Representative and MD of Oakes Insure, Weymouth.





HOW GAUNTLET GROUP STACKS UP AS AN AR PRINCIPAL

Gauntlet Group is entering its 13th year as an AR network Principal, which means it's been 'lucky for some' - the appointed representatives who joined us.

Our longevity is a strong indication of our stability and our ethics. We have not only been through the pandemic but also through the FCA's 'Thematic Review', which dissected the compliance framework of all of the networks existing at the time.

Remember that some of the networks in the market today have not been through this FCA scrutiny. Remember also that it is a few years now since the FCA last reviewed things and who's to say whether it might fancy another look at Principals, particularly new ones. We wouldn't rule against it and would actually welcome it.

Although we are headquartered in Leeds, we cannot be labelled a 'northern network'. We have appointed representatives in locations from the South Coast to Scotland, not to mention Wales and many places in-between.

And we are not just any network Principal. We are the ones spearheading the renaissance of the local broker and giving local brokers the firepower they need, in terms of national buying power and reach. Our brokers can confidently expect to access the best premiums and best policy wordings, due to both our long-standing relationships, earned through being a broker since 1994 ourselves and by virtue of being a member of Willis Towers Watson Networks.

Added to this, we never stand still. We continually equip our network with the best tools, so our brokers can gain competitive advantage. And when the other networks copy and catch up, we just move on to the next thing that enables us to stand apart.

When you join Gauntlet Group's network, you know that our MD has been in your shoes, having undertaken your journey as a start-up broker, so understands your needs inside out. That's a huge advantage.

“If the AR opportunity had been available when I first started, I would have had such an easy start. I did it the hard way but, really, this has helped, as it's allowed us to create a very easy way of getting any new broking business started.” Roger Gaunt, MD of Gauntlet Group.

WHAT SORT OF BROKER DOES GAUNTLET GROUP WANT TO SUPPORT?

Gauntlet Group believes in those brokers who could be termed traditional 'local brokers', the ones who want to operate at the heart of their geographical or niche-sector communities and deliver outstanding value and exceptional service.

Believing in local brokers isn't enough though. Local brokers need power behind their elbow and that's what we provide. So, effectively, we want to support the broker who thinks like a local broker but who wants to really achieve, serve clients extraordinarily well and deliver best practice, using the tools we provide.

When we find like-minded brokers, it's a marriage made in heaven and that's a key point. We don't just support brokers, by giving them a framework in which to operate and then letting them sink or swim. We invest in them. We partner in their growth. We provide training and insurer insight.

We also enrich learning through annual conferences and mid-term sales-focused Springboard events. We provide training through Willis Towers Watson's Business School. We encourage peer networking and peer-to-peer learning. We provide the IT that helps to make sales happen. We even provide sales leads.

Quite simply, we want to support - in our terminology 'partner with' - those brokers who want to support us, so that we can prosper together and both maximise our success.



“We want to champion the new-start businesses that are working in their community, being supported by the community and who are reciprocating by being supportive of their community. It's the typical former local broker but with a contemporary twist - the added extras that we bring to the role.” Roger Gaunt, MD of Gauntlet Group.

REDUCING THE HEADACHES OF STARTING A BROKING BUSINESS

Gauntlet Group's employees have become adept at reducing all the headaches that accompany the establishment of a broking business, the key one being compliance. All of our compliance systems have been tried and tested for many years and are continually monitored and enhanced, as new requirements emerge.

Increasingly, another major headache for start-up brokers is Professional Indemnity insurance, becoming a major expense for those delivering advice to clients. Again, it's something we provide for you.

The third headache is that of IT. We not only provide our ARs with award-winning Acturis systems but with tailored Acturis systems, in which we have created all the mechanisms you need, in order to thrive. These make life as easy as possible and range from tailored reporting programmes to bespoke Management Information (MI) elements. It's a level of IT support few start-up businesses could afford.

“The IT companies will want you to sign up for a minimum of a year, maybe longer than that. The set-up cost is significant and certainly prohibitive and that's not the only cost. A broker going it alone then needs to get systems and procedures in place, create a website and draft template wordings for standard letters. There's just a whole heap of things that eat up time and money.”

Roger Gaunt, MD of Gauntlet Group.



OTHER PARTNERING AND SET-UP COST REDUCTION HELP

We also understand that new start-up brokers need to start earning money as soon as possible, especially if under covenant. To assist, we will typically provide a new start-up with leads and with campaign templates that enable them to roll out marketing activities tried and tested in our head office sales incubator.

We have also ensured all ARs can benefit from an online quote-and-buy facility, enabling them to have another income stream from easier-to-arrange covers that businesses and individuals have become used to buying online. Backing this is an online customer document vault, so their clients can access their policy documents and details 24/7.

New start-ups do not have to fret about administration and accounting, as our team handle that. A directly authorised broker would have to employ someone to handle such things for them, if they were to delegate or outsource this. Through our model, an AR can buy a 'part' of one of our back-office team's time and have all the hassle taken away.

It's not just the headache we remove but so many of the set-up costs of the new broking business too, not to mention the risks associated with starting up any new enterprise.

“The money is part of it, but the time and effort it takes to do all of what is required simply stops a new start-up brokerage from actively generating new income and that's not to be underestimated or forgotten either. The risks have been taken out of the whole equation and the start-up costs are low, in terms of both time and money.”

Roger Gaunt, MD of Gauntlet Group.





PLACING RISKS

At Gauntlet Group, we don't rein our ARs in when it comes to risk placement. If they wish to go for the high-ticket business, we give them all the support they require.

If it's choice they want, the insurance market world is their oyster, with access to over 200 agencies and facilities.

As an AR Principal with over 50 ARs, Gauntlet has massive buying power, but what boosts this further is the existence of its direct sales team. This gives insurers all the volume they need, in order to give Gauntlet Group and its ARs a lot of attention and very good commission rates. The response of insurers is often based on the confidence they have gained in Gauntlet Group, with a commercial broker heritage stretching back to 1994.

Furthermore, Gauntlet Group has established its own in-house personal lines team and is able to support ARs, who also place personal lines business or High Net Worth risks. Similarly attractive policies and commission rates are available. Insurers also regularly show a willingness to write specific schemes for us and our partner ARs, if the volume of business is there to warrant it.

With our ability to offer quotes on all classes of business and our wide-ranging agency base, which includes access to a number of restricted facilities for specialist trades, generally unavailable on the open market, and to exclusive policy wordings and covers through Willis Towers Watson Networks, we believe ARs have all the ammunition they need, to build robust and profitable businesses.

“All insurers are looking for decent-sized accounts. They want things to be as efficient as possible. They want to provide a quote and have a good conversion rate. They want to deal with insurance brokers with whom they have good long-term relationships and with whom they can forge decent trading partnerships. To achieve this, there needs to be a good volume of business transacted between the insurance broker and the insurance company. That's what Gauntlet Group provides, to give our local brokers the benefits of national buying power.” **Roger Gaunt, MD of Gauntlet Group.**

FIRST-CLASS BROKING SUPPORT

Our broking team is there to offer support at every turn and to ensure ARs are working with happy clients. It's entirely up to ARs whether they wish to carry out their own broking, use our broking team's expertise or do a mix of both.

Having this broking support, as well as our Acturis IT systems and app, is a major benefit for start-up brokers who want to run their own business but still be able to take a holiday. In fact, it is so efficient, some of our ARs run their business from properties abroad at times.

Forget the idea that being your own boss means you effectively forego the joy of a vacation in foreign climes. With Gauntlet Group, you can have the best of both worlds - the freedom of running your own brokerage and the boost that a break can bring.

“The broking team is well-versed in selecting the right insurer for the client, making sure, longer term, that the insurer suits the client, that the cover is appropriate and well-priced and that all the documentation is produced quickly and compliantly.”

Roger Gaunt, MD of Gauntlet Group

“We’re geared up here to give support. So, providing we work together and are linking together, we can help our ARs spend time on holiday and run their businesses for them, whilst they are away. It’s vital they get away, recharge and come back full of beans, ready to write new business and grow the business further.”

Roger Gaunt, MD of Gauntlet Group.



NETWORK-WIDE GROWTH OPPORTUNITIES

Our ethos is to foster growth throughout our network and encourage the sharing of best practice. We also recognise that our local brokers acquire a wealth of knowledge that they can share with their colleagues. For this reason, we bring our network together twice a year, organising both an annual conference and a sales-focused springtime Springboard event.

The participation of leading insurers in these events – as both speakers and sponsors – clearly demonstrates the esteem in which our network is held. The fact that they stay with us, to enjoy teambuilding and socialising experiences, shows that we are more than just an appointed representative network and one with which they enjoy spending time.

Our events are highly praised, personality filled and expertly run – just like our network in general.



“There’s a very strong team and a great community spirit that we’ve got here within the appointed representatives within our network. It’s certainly a place to be motivated and encouraged and there’s plenty of guidance and support.” Roger Gaunt, MD of Gauntlet Group



HOW TO COMPETE

Our local brokers can choose how they wish to compete in the market, under their own branding or by adopting Gauntlet's branding.

The former may be their choice if they are known as a local go-to insurance expert and wish to capitalise on this or reflect their own personality. The latter may be their chosen route, if they wish to leverage the benefits of Gauntlet's standing and reputation in the market. Either way, it is entirely the choice of the Appointed Representative and new start-up broker.

We do not offer 'territories' or exclusivity to our local brokers as there is more than enough work to go around in each area. Businesses are desperate for the mix of the traditional broker ethos and excellent product pricing that we provide. Our Appointed Representatives have a rich market, wherever in the UK their 'local patch' may be.



“I can count on the fingers of one hand the number of times that we've had the same client approached by two different appointed representatives – and that's over the past 13 years.”

Roger Gaunt, MD of Gauntlet Group.



“The market is crying out for local brokers. It is not difficult to find clients, if you put a few hours a day in at first and then keep that sort of approach ticking over. It's not rocket science. There is business and money to be had, if you know how to sell. There just is. You just have to find it.”

Andrew Stubbs, Appointed Representative and MD of Gauntlet Stubbs.

HOW THE PARTNERSHIP WORKS

When a potential start-up broker - or de-authorising broker - wants to talk to us about our appointed representative opportunity, we treat each one as an individual case. Whilst we have a standard commission split model, we will consider what it will take to make the partnership mutually beneficial and what each partner can bring to the table, to make that happen.

All of the services that we provide to our ARs, through our own in-house team, are covered by our share of the commission that will be earned on business going forward. External costs, primarily for IT, are levied through an annual payment that offers access to these, with some being optional.

We can categorically state that ARs receive a very healthy income from the relationship they enjoy with us and have none of the hassles of organising services, or employing staff, if they wish to retain their status as one-person brokerages. They are most definitely financially better off than they would be in employed roles, where they simply earn a salary and bonus.

Naturally, the ones who earn more are often those who put the extra effort in and it does take organisation and commitment to launch a new business and sustain it in year one. However, doing some very simple things, following our advice and benefiting from boosts, such as our provision of sales leads and campaign materials, can soon make a big difference.

We do not skim any commission from insurers before assessing the proportion that an AR can receive in payment, so our terms and relationship with our ARs is totally transparent and built on well-earned trust. Given the healthy commission rates we enjoy with insurers, our ARs' income-earning potential is second-to-none.

“Effectively, what we do is to split the income with an agreed income split for every case. If the appointed representative is pushing hard for some new business and wants to go in with fine margins, perhaps charging a very low fee, not charging commission, we will stand shoulder to shoulder with the AR and will take our share of a much smaller pot, because we know that's what they need to do to get started and get growing. We all know what our part of the deal is and what to do to secure the AR's growth.”

Roger Gaunt, MD of Gauntlet Group

THE UNIQUE EXIT STRATEGY GAUNTLET GROUP PROVIDES

No other network can offer an appointed representative the exit route that Gauntlet Group can provide. This is yet another advantage of having the direct broking business within Gauntlet Group HQ, adding to the benefits of being able to test sales campaigns for ARs, provide the volume that insurers seek and offer ARs profound broking expertise.

Our team has already demonstrated that it can perform a smooth transition whilst taking on the clients of any AR who either wishes to exit their business completely or do so in a staggered way, to suit their lifestyle goals.

Our ARs are people committed to their clients and talented local brokers who do not wish to leave their clients high and dry, in the hands of unknown broking teams within a global consolidator's outfit, should a buy-out occur. They also know that the exit deal they can broker with us is often more financially advantageous and one that can be built around their own lifestyle requirements, particularly when it comes to a staged buy-out.

Our ARs are not left scrambling around for a buyer, as they know from day one that there is the option to move their clients to our team, whenever they wish to do so, if we can agree suitable terms. The evidence would suggest that our terms have been very much appreciated by ARs who have already taken up this option.

“The exit route is very simple. We can buy the book of business from an AR, either in its entirety or a bit at a time. We've got our own team of executives, so know exactly what we are doing and can engineer a very smooth handover from any AR looking to retire or just capitalise on the client base they have built. And that's pretty unique. I don't think there's another AR network in that position.”

Roger Gaunt, MD of Gauntlet Group



WHY START YOUR OWN INSURANCE BROKERAGE NOW?

We currently have a hard insurance market but we have clients crying out for strong broker support and unable to find it. If you can make it now, things are only going to get easier and, if you can make it now, you will have established credibility that will keep clients with you for many years.

Covid-19 saw many new businesses being established. If the economy goes into recession, we may see many new phoenix companies looking for insurance covers.


In harder times, community and supporting local businesses also matters more. If you become a community broker, backed by our national reach and buying power, your 'pitch' will be compelling.

Gauntlet Group has invested heavily in its AR network since the pandemic. You could join now and instantly reap the benefits of all of those investments and new features and sales assets.

As our own ARs testify, there is a lot of business to be had. Clients are tired of being faceless numbers on computer systems and want to feel valued again. They want to pick up the phone and speak to one point of contact - someone who knows them and their business. They are weary and frustrated by the low levels of customer service spinning out of consolidation, the lack of flexibility in risk placement and the overwhelming desire of consolidator brokers to generate maximum profit for overseas parent companies.

It's time to think local and the network that has thrown its weight behind local brokers is Gauntlet Group. Isn't it time you became a part of the local broker renaissance?





Now's a great time to get cracking as an AR. It may feel like the world's in turmoil, but actually now is a fantastic time to get started as a broker. There's lots of new business to be had and many companies unhappy with the relationships they are enjoying with their insurance providers. Companies have struggled over the last three or four years and found little support or advice available from their insurance broker, who has proved to be anything but the traditional local broker. Being a true local broker is a powerful position to enjoy, especially when you can deliver on price and policy wordings. Love of the community has been massively rekindled. If you can offer what clients need, at the heart of your community, you are on to a winning formula."

Roger Gaunt, MD of Gauntlet Group



SUMMARY

If a Gauntlet AR is successful, Gauntlet is successful and that's the distinguishing feature of the Gauntlet AR network, as the success of our ARs really matters to us. The more we support them, the better it is for us. If you are an AR, that has to tick a box.

We want to work with good, driven and determined account executives who want to provide that traditional local broker service but be able to compete and win business.

Gauntlet Group does not recruit just anyone as an appointed representative. Our standards are high and we want the best. We will also challenge you continually, so you need to be determined to succeed. Quality has to continue to be a rich vein running through our network and we want to see truly professional approaches and great business plans.

So, we are looking for those prepared to work really hard, who have lots of good contacts and who are generally good people to get along with, professional in their approach and appreciative of a team who will give them outstanding support, as we are a partnership. Does this describe you?

If it does and you are ready to prove your worth as a dynamic local broker, please contact either:

NIGEL LAW

NigelLaw@GauntletGroup.com
07774 690436



ROGER GAUNT

RogerGaunt@GauntletGroup.com



for an initial informal discussion. Both can also be contacted via their LinkedIn profile.



Should you wish to know more about the AR opportunity or the de-authorising broker opportunity, please listen to podcasts about both opportunities. The AR podcast can be found here <https://bit.ly/3MZpuJp> and the de-authorising broker podcast is available here <https://bit.ly/3JFWxBe>

i <https://www.startupdonut.co.uk/news/most-uk-workers-dream-of-being-their-own-boss>

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