OWNED vs PARTNERSHIP NETWORKS - WBN

OWNED NETWORKS

ADVANTAGES

Global branding

Global PI insurance

Common IT systems (potentially)

Corporate policies, procedures, compliance and governance to ensure consistency

Local offices can be instructed what to do and are subject to internal sanction

DISADVANTAGES

Bureaucracy and internal politics lead to constant change

Local offices are profit centres, so conflict may arise with the controlling office on small, uneconomic business

Internal rules and cross-charging mechanisms lead to rigidity and failure to use resources available

Large overheads

Structure geared to large clients, making it difficult to offer tailored service to smaller clients

No alternative if local office fails to provide adequate service to local client

Quality of local staff varies

Local office may be small and only set up to handle inward referred business

Local office not always owned – may only be a correspondent relationship

Global PI insurance likely to have significant deductibles or be written by a group captive, so client may not have the protection of actual insurance

PARTNERSHIP NETWORKS

ADVANTAGES

Strong independent local brokers in which the principals and key staff have personal interest

Local brokers are an integral part of their domestic market, rather than being seen as just a subsidiary of a foreign company

Collective volume of premium handled by all members gives leverage with market

Focus on providing service to clients

Ability to handle small accounts and deal with all classes within a country, usually from the same team/office

Lack of bureaucracy and internal politics

Flexible and able to tailor service for each client

Common interest in providing best service in order to retain business

Option to choose the best local broker in each country based on client needs and change the broker if service is not up to the required standard

WBN SPECIFIC-ADDITIONAL ADVANTAGES

Common IT platform (WBNET) for storage of claims and policy information

All members have to purchase minimum levels of PI and Cyber

CEO level representatives ensuring entrepreneurial approach and prompt decisions

Annual 360-degree peer review; ensuring performance must be top level to retain membership

WEAKNESSES OF THE GLOBAL BROKERS

Multi-national accounts coming into many countries must be handled by designated offices, which may be far from the client's location, not be familiar with their business or specialist in their sector

These offices often handle only incoming referred business, so may be dealing only with the reverse-flow teams of the global insurers, rather than the whole local market

There may be limited knowledge and experience of non-global classes such as local motor and EL

Reverse-flow units tend to be staffed with junior or lower level staff

The service teams for reverse-flow business may change frequently – the account handler can be different every year

Small local subsidiaries of global clients may get only a "desk-service" because of low income – account executives are rarely assigned unless local income of at least USD 5,000 is earned

Minimum income levels required by local offices (USD 5,000 is not unusual) may result in them not being used at all for smaller cases, with insurers being asked simply to issue policies directly in some countries

If a local broker office is not engaged for the global classes, attention is unlikely to be paid to the service needs of the local client, or their local non-global insurance needs. This may lead to them engaging a local broker of their choice to provide such service or arranging cover which duplicates the global policies

Internal structural divisions may mean that it is difficult to get other profit centres involved when additional resources are needed, e.g the employee benefits people are in a separate company in another building/town and would charge by the hour

Local staff of reverse-flow units are rarely incentivised to retain business or develop further business with existing clients, so they do not feel any "ownership" of the local client

In the UK, mid-sized and smaller multi-national clients are likely to be handled in regional offices, which often do not have adequate international expertise or experience. The global specialists work on the large and complex accounts and would not necessarily be accessible to local offices to assist with more modest clients

Service to mid-sized and smaller multi-national clients is likely to be standardised to reduce costs, often being driven by the broker's internal processes, rather than tailored to specific needs