

Profits up for insurers

Insurance companies in B.C. and elsewhere in Canada increased revenue despite difficult economic times



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Despite a downturn that has left many business sectors reeling, insurance companies Canada-wide appear to have weathered the financial storm unscathed.

In fact, one study suggests the industry has emerged from the recent global economic crisis more profitable than it was going in.

In its “2010 Insurance Brokerage Profitability” report, Vancouver-based **Berris Mangan Chartered Accountants** found that brokerages from Ontario to British Columbia increased their revenue during the 2007-09 recession by nearly \$350,000 on average.

“There are more competitive pressures in the insurance business these days and, as a result, companies are becoming more conscientious about things like customer service and management practices,” observed **Mike Berris**, Berris Mangan founding partner and CEO. “There’s a new level of sophistication in the insurance industry that wasn’t necessarily there before.”

Berris attributed that to “a changing of the guard” – new owners and managers who clearly recognize and emphasize the importance of the broker-client relationship. He also pointed to the critical role that brokers, acting as conduits between customers and insurance providers, play.

“Brokers fill a need in the marketplace that can’t be satisfied by direct sellers that go straight to the end customer,” he said. “Customers always gravitate back to a broker because insurance is a complicated product.”

The report echoes Berris’ sentiments: “Brokerages are doing a good job in working

with insurance companies to improve customer service and develop stronger relationships ... through sourcing the correct coverage at the best price, assisting customers with claims management and providing expert advice on all aspects of risk management.

“Brokerage results have improved despite depressed premium rates in both personal and commercial lines business. We attribute this to better management. For example, brokerages are focusing on developing systems where customer services representatives are more engaged in revenue-producing activities.”

To **Lorne Perry**, president of the **Insurance Brokers Association of BC (IBABC)** and owner of **Port Moody Insurance Services**, the connection between customer service and overall industry growth is clear.

“When it comes to the broker, our role is to be the intermediary between the various insurance companies we represent and the clients who require different types of coverage,” he said. “Our role will always be valuable because we have the knowledge and the expertise to narrow in on niche areas to make any product offered by an insurance company even better.”

Sharn Bhinder, president of **Goldkey Insurance Services Ltd.**, whose multiple Lower Mainland locations experienced increased revenue between 2008 and 2009, wholly agrees.

“Customer service is an essential part of our business practice,” he said. “It’s imperative that each client understands what they’re getting out of a policy and feels comfortable with their broker. If our customer service was poor, our business wouldn’t be growing.” ■

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