

# Your Best Insurance is an Insurance Broker.



*What Do Brokers Do?*

*Who Is Your Insurance Broker?*

*How are Brokers Paid?*

**ibans**  
Insurance Brokers Association of Nova Scotia

Your Best Insurance  
Is An Insurance Broker



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If you have further questions about the information in this brochure, please contact your insurance broker or **IBANS (902-876-0526)** or go to our web site [www.ibans.com](http://www.ibans.com) and click on our disclosure page.

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## Who is your Insurance Broker?

There are about 1500 men and women working as Independent Insurance Brokers in Nova Scotia. Our offices are in practically every city and town, and we maintain a strong presence in rural Nova Scotia.

We are the people who serve the insurance needs of consumers all across Nova Scotia. We are the face of the industry. In fact, we are the faces of your friends and neighbours – sponsoring and participating in local sport and charity events, serving on volunteer fire departments and community organizations, and supporting the local economy.

Since we deal so closely and directly with Nova Scotians, we see the “good news” every day – people getting professional advice, people getting good value for the product they purchase, people whose lives are restored after tragic events. We are professionals who constantly work to upgrade our skills and the level of service we provide to our clients. We are proud of who we are and what we do.

Independent Brokers help consumers choose from among the insurance products offered by a variety of insurance companies. We navigate our clients through the complex insurance marketplace and government regulations, assist in choosing the right product at a fair premium, assist with the claims process, and provide professional information and advice.

Representing consumers to the insurance industry is a challenging role that can only operate on a foundation of integrity, trust, and confidence. Our reputation and level of professionalism is what allows us to attract and retain our customers. Brokers are licensed by the province and operate under a professional Code of Conduct.

## What Do Brokers Do?

Insurance brokers work for you. Our role is to satisfy your insurance needs. We understand the insurance market and the new products that are introduced every year. Our job is to match your insurance needs with the right insurance solution.



Brokers do a number of things for you:

- providing you insurance advice;
- placing your coverage;
- making changes to your policy;
- issuing you liability cards;
- confirming your coverage to lawyers and mortgage holders;
- being your consumer advocate to Government and to insurance companies;
- and generally servicing the many needs of our policyholders.

In the unfortunate event you have a claim, we will be there for you. We will help to guide you through the claims process and assist you in obtaining a fair settlement. There is no charge for assisting with your claim or for any question you ask us.

## How Do Brokers Get Paid?

A portion of the premium you pay for your insurance policy goes to the brokerage in the form of a commission. Brokerages are paid a percentage of each policy premium in return for the work we do. The person you deal with across a counter or on the phone normally receives a salary. These salaries are paid for by the commissions that brokerages earn.

Commissions have been in place for generations and are used in many industries. Similar financial agreements are used by retailers of virtually every product you buy. Commissions pay for the cost of operating a brokerage including the wages of the broker you deal with. Commissions are the only income a brokerage receives. They do not mark-up or add a profit margin to the insurance product a customer purchases.

There are two kinds of commissions:

**1. Premium Commissions.** Commissions that make up part of your premium. Typical commissions are:

Vehicle	
Experienced Drivers	12.5%
New Drivers	10%
Drivers in Facility	11%
Motorcycles	7.5%
ATVs	7.5%
Property	
Home and Property	20%
Mobile Homes	12%

These commissions are similar to the commissions paid to sales people in other industries.

**2. Contingent Commissions.** Brokerages could earn about 1% or 2% more from an insurance company **if** their total business is profitable over a period of time, usually three years, or if a combination of growth, profitability, or retention targets are met. These are similar to the financial arrangements found in most industries between supplier and retailer.

Contingent Commissions have no bearing on what brokers offer consumers because:

- The commissions structures are usually very similar among insurance companies therefore it is not a reason to pick one insurance company over another.
- A broker cannot predict which individual relationship with an insurance company will result in a commission, and which will not. No broker can predict which clients will be claims free and which will have a large claim, wiping out the possibility of earning a commission.
- A commission is not an inducement to choose a particular insurer. Rather, it is a reward that depends on the profitability of an entire book of business, not on the profitability of a single policy.
- The customer service representative you deal with at the counter or on the phone is normally unaware of the financial relationships of the brokerage. Their job is to find you the best insurance to fit your needs.

The most important thing is for you to receive independent advice to acquire your insurance. Only an independent broker can source, assess and access the best insurance solution for each customer. Insurance is more affordable and available than it has been in a number of years. Your independent insurance broker is working hard to ensure the trend continues.

