

Fresh from surveying broker readers, Insurance 360's Peter Joy lifts the lid on the service provided by the UK's five leading legal expenses insurers — as their brokers experience it.

HOW DO LEGAL EXPENSES insurers compare on service and product quality? It is hard for any one broker to say. But ask brokers collectively and you get the real answer.

Between April and June this year, *Insurance 360* sent a detailed questionnaire to a full cross-section of UK broking professionals, asking them to grade and comment on the performance of the legal expenses insurers they used (see box p21 for full methodology.) Although 20 different UK providers were listed, many proved to be small fry — at least in terms of numbers of broker agencies. This feature examines UK brokers' five most-used LEIs — Abbey Legal, Allianz, Arag, DAS and MSL.

What did we learn? On overall performance, results showed four of the five main providers to be fairly comparable. One LEI was something of a revelation, however, and that was Arag.

Arag gave a thoroughly convincing performance, scoring 80% for overall service. On underwriting skills, documentation, legal advice, and quality of cover it did even better. Brokers consistently reported Arag employees to be "helpful", "instantly responsive", "pragmatic", "highly knowledgeable", "open-minded" and "accommodating and flexible in their approach to working with us" — as well as "easy to do business with". Reviews of Arag's documentation and legal advice service varied, but brokers found its online quotation system quick and efficient and it proved well-organised and proactive on renewals too.

Quality products at sensible prices

In the family/household, motor and commercial markets alike, brokers reported "quality products at sensible prices" — and said Arag would readily adapt them for brokers' specific needs. To quote one senior manager in the South-west: "Arag is excellent at working with me to achieve the right product for the right client."

On claims handling, Arag ranked just behind MSL, but feedback was still bright, brokers describing a sound service with management "always ready to become involved should the need arise". As for development support, brokers reported plenty of contact from quick-minded, solution-oriented decision-makers who were actively "assisting business development with new and fresh ideas".

Founded in Dusseldorf in the 1950s, Arag has operated in the UK since 2006. Based in Bristol — close to both DAS and Allianz Legal Protection — it clearly has expansion in mind.

Cheshire-based MSL — 72% overall



Five go forth

— gave a fairly consistent service. Brokers typically found it competent and user-friendly, though it fell down somewhat on renewals. Staff weren't always able to explain or justify changes in rates or cover and basic management information could be lacking. "I've just signed our renewal agreement for legal expenses provision," reported one Scots broker "and all I was given was numbers of cases, not payments or costs incurred".

Cover was reasonably good, though. Some found MSL's motor policies short on added-value enhancements and its niche covers could be limited, but a product revamp is apparently in progress. Claims handling was fine and brokers also found MSL helpful on staff training, responsive to queries and willing to bring them "good ideas and propositions".

Allianz Legal Protection — 71% overall — was remarkable mainly for its averageness. It was perfectly competent on renewals and claims handling and its underwriters were "very knowledgeable" and "open to



Joy: Arag was something of a revelation.

discussion", though some brokers found them more accessible than others. Brokers liked the fitness of Allianz covers for clients' needs and their levels of indemnity, but they were less impressed where added-value enhancements and responsiveness to market changes were concerned. Allianz's family, motor and other legal covers got noticeably higher marks than its commercial legal expenses offering. Other than that, Allianz showed no major weaknesses — "a proven performer" as one broker put it.

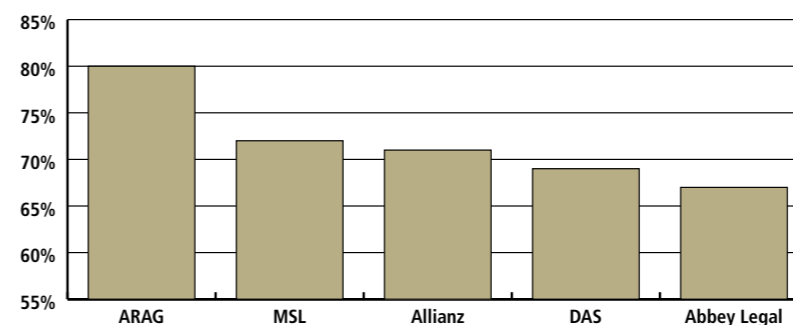
DAS was by far the most commonly used legal expenses insurer and gave a broadly adequate service, scoring 69% overall. On handling of new business, reports were mixed, but the good ones were excellent. A senior manager in the north of England said he would thoroughly recommend DAS, which had been "responsive, listened to our needs and delivered a bespoke package". On SME package quotes in particular, DAS could be "fast and inexpensive".

But documentation could be messy. One broker said DAS's "difficult and cumbersome" advice lines had caused many complaints from his clients. Another slated it for failing "to take positive action in relation to employment concerns".

Getting some stick

DAS got some stick on actual claims, too. One broker complained that a client of his had been "rarely able to speak to the person he had

ARAG LED THE FIELD ON OVERALL SERVICE, WITH LITTLE SEPARATING THE OTHER MAJOR PROVIDERS



spoken to previously and found few details of his complicated claim were retained. He had to start over each time". Another spoke of a "very poor and unhelpful" attitude. A third complained that he and his insured had been forced to do "most of the work" of managing the appointed barrister. A fourth said the claims service from DAS had been "appalling", though he noted a slight improvement lately.

Views on DAS cover varied. Some brokers were very happy with its schemes and facilities, which provided "reasonable cover over a wide range of income levels and trades" at competitive prices. Others found DAS wordings restrictive and inflexible, with some low limits in some areas, "though the premiums reflect this". Development support seemed very

patchy — understandably enough, perhaps, given DAS's hefty market share. But if DAS wants to keep competitors like Arag and MSL — and the slightly smaller but highly-capable Composite Legal Expenses — off its business, it needs to take a hard look at the scope of its wordings, its delivery of legal advice and its approach to claims. And give some attention to its more neglected broker relationships, too.

Of the big five legal expenses insurers, Abbey Legal Protection ranked last, with 67% overall. It got indifferent marks across the

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METHODOLOGY

Between 12 April and 1 June 2010, 132 broker readers of *Professional Broking, Post and Insurance Age* completed an extensive online questionnaire addressing the service they got from their legal expenses insurance providers. Respondents were instructed to grade legal expenses insurers of which they had had a hands-on experience in the previous 12 months, on the aspects of service that they had direct personal knowledge of. A total of 20 different providers were listed. The questionnaire gathered grades on 30 distinct aspects of service, grouped into seven themes:

- New business
- Underwriters
- Policy documentation
- Renewals process
- Insurance cover
- Claims handling
- Developing our book

Brokers were also invited to comment freely on their insurers' performance in each service area, adding colour and context to their scores. The study closed on 2 June and the results were then calculated. For each 'A — excellent' grade, an insurer received four points. A 'B — quite good' was worth three points, a 'C — fair-to-middling' grade two points, with a 'D — poor', only achieving one.

When the results were in, insurers' scores were totalled for each of the 30 service points, then divided by the number of respondents to get an average score (from the maximum four points) per respondent. This was then multiplied by 25 to produce a percentage score. From these scores, a rating for each of the seven main service themes was compiled — and from these, a mark for overall service.

Using the percentage scores, a league table of service performance of the five most-used legal expenses insurance providers has been compiled for *Post*: Abbey Legal, Allianz Legal Protection, Arag, DAS and MSL.

For these five leading companies, respondents contributed 3880 service grades and more than 200 supporting comments. The 64 that used DAS, for instance, provided 1628 gradings on different aspects of its service and product offerings. The average insurer in this five-strong table had 31 respondents providing 776 distinct service grades.

board. Brokers' scores and comments showed wildly varying standards. A middle manager in the Midlands found Abbey "accessible, approachable and flexible". But another, in the North, criticised it for an "exceptionally poor performance" on new business and in general — which, he said, had led his firm to shift all its legal expenses business to DAS. Abbey's web quote facility got particularly poor marks.

Abbey seemed rigid on new business and renewals alike. Documentation could be slow and inaccurate and, to judge from brokers' detailed gradings, most of its covers were nothing special. Despite one broker who said he had a "very good rapport" with Abbey's claims department and found it "fair and flexible", the company rated four points below the average on claims.

On the plus side, Abbey did seem to be making real efforts to communicate with brokers. Its monthly updates went down well. But to cut into its competitors' business, it seems Abbey will have to improve its online quotation system, sort out its documentation, strengthen its product range, perform consistently well on claims and deliver better flexibility when brokers need it.

That, at any rate, is the brokers' verdict in the inaugural *Insurance 360 Legal Expenses Insurers Study*. Next year, the study will run again — but in improved form, with 250 brokers and a public ranking of the 10 most-used providers. Will Arag continue to blaze a trail or will its competitors in the market up their game? Time will tell.

POST

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