

# Changing Environment? – Brokers Will Survive!



By Dave Schioler  
Chief Executive Officer, IBAM

*Dave Schioler is the CEO of the Insurance Brokers Association of Manitoba (IBAM). What follows is an article he wrote for their Association's monthly newsletter, and although it speaks to Manitoba's challenges, it is very relevant to our province and to us.*

As our members know, IBAM is the trade Association for 300 Property and Casualty insurance brokerages in Manitoba representing over 1,500 licensed individuals. IBAM serves as an advocate for insurance brokers as well as an agent for providing continuing education tools and participation in a national advertising campaign. IBAM, along with ten other Associations, is also a member of the Insurance Brokers Association of Canada, (IBAC). IBAC, through its member Associations, represents 7,000 insurance brokerages and over 25,000 licensed brokers in Canada.

These numbers are highlighted because they are and will prove to be increasingly significant, particularly at a time when your Association and more importantly - you the broker - will be operating in a continually changing environment, faced with many tough challenges – but also

with much opportunity. As our members will also know by now, we have recently witnessed the entry into our Manitoba insurance brokerage industry, ownership and operation of brokerages by what we might refer to as non-traditional or alternative ownership. As a result, we can reasonably predict that there will be continued consolidation of brokerages through different types of business partnerships and by both mergers and acquisitions. While brokerage consolidations would initially mean a decrease in the number of member brokerages in operation, it does not necessarily have to mean a substantial decrease in either the number of professional brokers operating in the Province or in the revenues for traditionally owned brokerages. On the contrary, the consolidation activity can bring a significant opportunity for growth.

Alternatively owned brokerages are surely and swiftly becoming more prominent in the Manitoba insurance market through the acquisition or planned acquisition of our member brokerages. As a result, and in the interests of continuing to serve its members, the Association will develop a sense of urgency and will therefore be more proactive in educating potential sellers with respect to choosing the traditional broker environment as their successors - and in providing a venue that properly introduces buyers and sellers. Non-traditionally or alternatively owned brokerages may naturally decrease IBAM's membership base in terms of numbers of brokerages, but not necessarily IBAM's revenue. IBAM can help. But we wish to point out that given the certainty that IBAM will soon be asked to review its bylaws regarding the potential membership of non-traditionally or alternatively owned brokerages - NOW is the time of opportunity for current members.

So - in the interests of its membership, IBAM wishes to emphasize that stiff business competition will no doubt be the best way to ensure survival and growth. IBAM therefore also encourages brokers and brokerages to coordinate consolidation activity amongst traditionally owned brokerages rather than - or at least before - considering such activity with "the alternative". IBAM recommends therefore, that this tremendous growth opportunity for brokerages best be achieved through the sale of brokerages to those sister brokerages that have both consistently displayed operational professionalism and exhibited core values over a reasonably sustained period. Let us be reminded that traditional brokerages – our members – have consistently provided professional service to the Manitoba consumer. After all, who continues to best provide service in his or her community? Which entities are most active in your local area? Answer: The "professional and experienced" insurance broker – and your local brokerage.

Our members contribute to a way of life in our own communities. We cannot let that suffer. By containing inevitable industry consolidation within our family, we will be helping to maintain core values in the very communities in which we live. Broker professionalism and core values – no one will provide better or care more for the consumer than the local insurance broker. Help keep business in Manitoba. Help keep Manitoba values.

