



# Specialist as standard

Schemes Ancillary guide

**uk** general  
insurance group

# Introduction

**Schemes are an increasingly important part of the insurance landscape and can make the difference between profit and loss on either a specific transaction or an entire portfolio.**

There is no black and white definition of a scheme, however an insurance scheme can be produced for a portfolio of business for an identified and closely connected group of individuals, companies or organisations who have a common interest or risk appetite.

A scheme allows brokers to produce a bespoke insurance policy for a group of clients that is innovative and tailored to their exact cover requirements.

## Why Ancillary Schemes?

Ancillary schemes are an ideal way to add a point of difference to your existing insurance policies, offering extra areas of cover on an optional or mandatory basis.

Brokers can use ancillary schemes to maintain a competitive unique selling point (USP) by adding mandatory extras for a minor increase in premium, or brokers can offer a selection of 'optional extras' leaving their clients in control of the cover they require.

Ancillary Schemes also allow brokers to up-sell and cross-sell products to their existing clients, creating an additional revenue stream with minimal effort.

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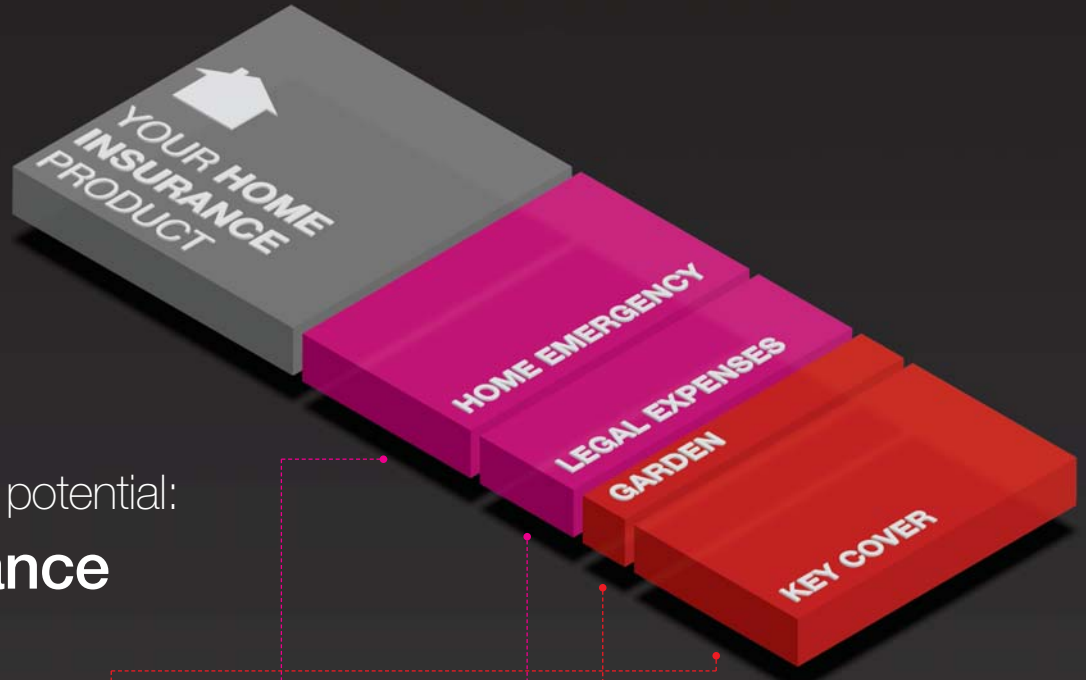


## Identifying **value drivers**

Value drivers are areas of cover that can be added to an existing policy to give a greater perceived value to your clients, ultimately increasing the price they are willing to pay for your insurance products.

Offering the right ancillary options to the right customers is important to the success of an ancillary scheme. A strong understanding of your customers is critical in order to provide customers and clients with areas of cover they recognise as an essential part of their insurance requirements; this could be the difference between losing a client and retaining one.

Identifying successful value drivers is not easy, however by working with a specialist scheme provider such as UK General we will assist in reviewing your client portfolio and use our experience of ancillary schemes to add successful value drivers and maximum profit into your business.




## Ancillary Schemes potential: Home Insurance

### Before:

No. of Policies: 10,000  
Average Premium: £300  
Total Retail Premium: £3,000,000  
Total Retail Premium (ex. IPT): £2,820,000  
% Commission: 20%

**Current commission income: £564,000**

### After:

 **£233,472**  
36% additional profit

\* Scheme opportunities under £50k only available where other scheme business exists.

Conversion rates and average premiums are indicative based on client experience, however will vary between brokers. Percentage commissions are based on minimum volumes and may vary. IPT is calculated at 6%

#### Home Emergency

##### 25% Conversion

No. of Policies: 2,500  
Average Premium: £60  
Total Retail Premium: £150,000  
Total Retail Premium (ex. IPT): £141,000  
% Commission: 60%

**Broker earnings: £84,600**

#### Legal Expenses\*

##### 40% Conversion

No. of Policies: 4,000  
Average Premium: £25  
Total Retail Premium: £100,000  
Total Retail Premium (ex. IPT): £94,000  
% Commission: 50%

**Broker earnings: £47,000**

#### Garden\*

##### 40% Conversion

No. of Policies: 1,000  
Average Premium: £30  
Total Retail Premium: £30,000  
Total Retail Premium (ex. IPT): £28,200  
% Commission: 70%

**Broker earnings: £19,740**

#### Key Cover (mandatory)

##### 100% Conversion

No. of Policies: 10,000  
Average Premium: £10  
Total Retail Premium: £100,000  
Total Retail Premium (ex. IPT): £94,000  
% Commission: 75%

**Broker earnings: £70,500**

#### Key Cover\* (optional)

##### 15% Conversion

No. of Policies: 1,500  
Average Premium: £15  
Total Retail Premium: £22,500  
Total Retail Premium (ex. IPT): £21,150  
% Commission: 55%

**Broker earnings: £11,632**

# Ancillary Schemes **for profit**

Opportunities for ancillary sales are everywhere and as the market for insurance grows, it is possible to add an insurance product to almost every scenario.

In a market now dominated by increasing competition many brokers are using their own commission margins to win and retain business. Core insurance products are no longer profitable enough in isolation; therefore ancillary products are becoming progressively more dominant in the marketplace.

The elements of ancillary revenue:

Two elements are necessary to maximise ancillary revenue, these are:

**1. A product tailored to your client base, examples include:**

**Home**

- Home Emergency
- Garden
- Legal Expenses
- Key Cover

**Motor**

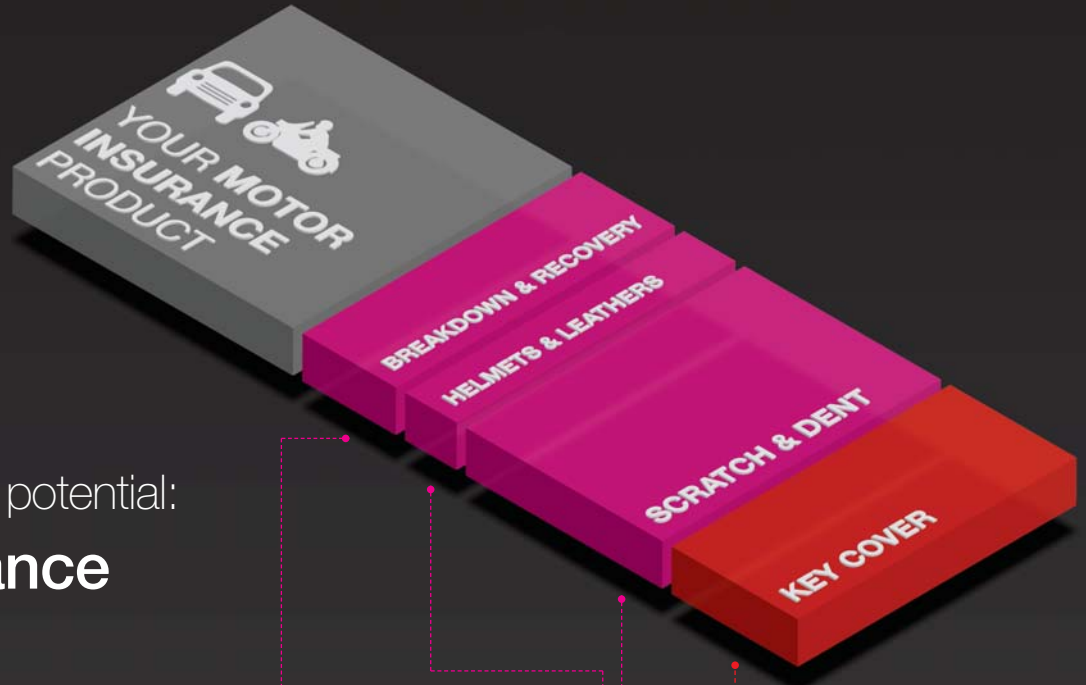
- Breakdown & Recovery
- Scratch & Dent
- Helmets & Leathers
- Key Cover

**Let Property**

- Home Emergency
- Multi Appliance
- Legal Expenses
- Garden
- Rent Guarantee
- Key Cover

**2. A strategic approach integrated into business processes, these include:**

- Integration of ancillary offerings within all customer touch points.
- Clear identification of likely requirements at appropriate points in the customer journey.
- Easiest possible transaction methods at all levels.
- Staff trained to spot opportunities and to ensure the programme is continually developed as market and customer requirements evolve.




## Ancillary Schemes potential: Motor Insurance

Before:

No. of Policies: 10,000 (50% motor/50% motorbike)  
Average Premium: £350  
Total Retail Premium: £3,500,000  
Total Retail Premium (ex. IPT): £3,290,000  
% Commission: 10%

**Current commission income: £329,000**

After:

 **£265,785**  
80.8% additional profit

\* Scheme opportunities under £50k only available where other scheme business exists.

Conversion rates and average premiums are indicative based on client experience, however will vary between brokers. Percentage commissions are based on minimum volumes and may vary. IPT is calculated at 6%

### Breakdown & Recovery

**30% Conversion**

No. of Policies: 3,000  
Average Premium: £35  
Total Retail Premium: £105,000  
Total Retail Premium (ex. IPT): £98,700  
% Commission: 55%

**Broker earnings: £54,285**

### Helmets & Leathers\*

**20% Conversion** (motorbike)

No. of Policies: 1,000  
Average Premium: £40  
Total Retail Premium: £40,000  
Total Retail Premium (ex. IPT): £37,600  
% Commission: 75%

**Broker earnings: £28,200**

### Scratch & Dent

**20% Conversion** (motor)

No. of Policies: 1,000  
Average Premium: £200  
Total Retail Premium: £200,000  
Total Retail Premium (ex. IPT): £188,000  
% Commission: 60%

**Broker earnings: £112,800**

### Key Cover (mandatory)

**100% Conversion**

No. of Policies: 10,000  
Average Premium: £10  
Total Retail Premium: £100,000  
Total Retail Premium (ex. IPT): £94,000  
% Commission: 75%

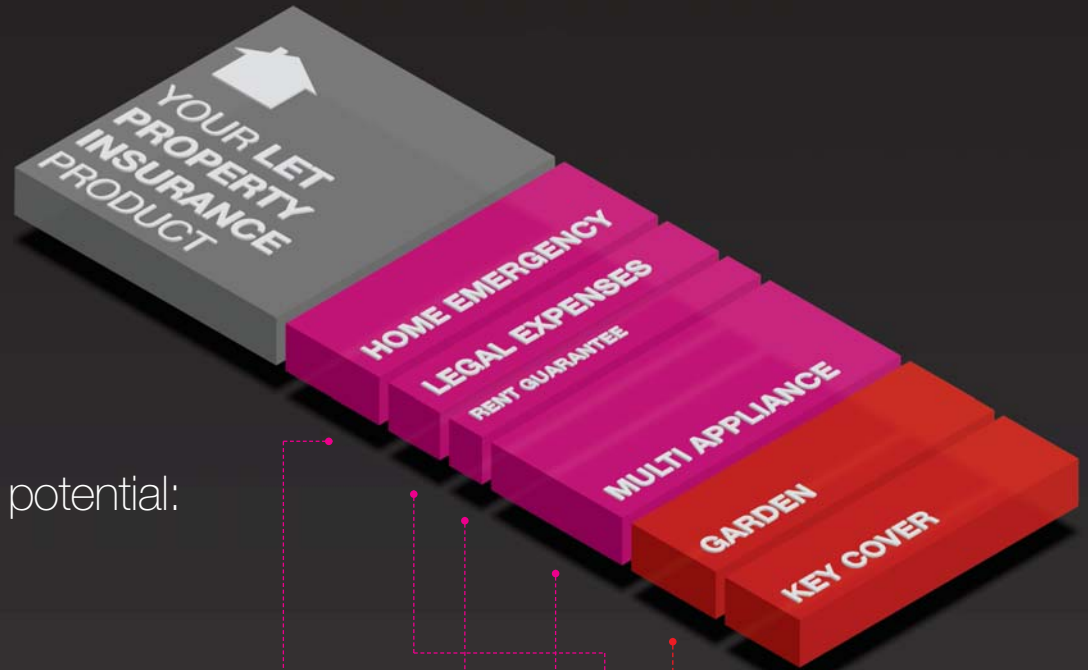
**Broker earnings: £70,500**

## Our approach

At UK General our technical expertise and product innovation puts us at the forefront of the schemes marketplace, making us the ideal choice when looking at ancillary scheme options.

Our schemes Business Development Managers have extensive knowledge and many years experience in developing and implementing successful schemes for brokers. They work with you throughout the process from start-up through to conclusion, ensuring that your ancillary products are ideally placed to drive maximum profit into your business.

- **Step 1 – Understanding your business and customers**  
Our Scheme Business Development Manager will work with you to understand your objectives and gather appropriate information to assess the potential scheme opportunity. By gaining a strong understanding of your business and customers we can recommend the most suitable and rewarding scheme opportunities.
- **Step 2 – Identifying an opportunity**  
Following an in depth analysis of your business and requirements, our Scheme Business Development Manager will suggest suitable products and explore any proposed opportunities from the initial meeting and suggest ways of maximising projected sales. A competitor analysis will give you the opportunity to identify any possible USPs that could be gained from introducing ancillary products.
- **Step 3 – Developing your product**  
Once a scheme has been identified our highly skilled Scheme Business Development Managers will work with the underwriting team and yourself to ensure a smooth implementation process and provide you with fully white labelled policy wording.
- **Step 4 – Making your scheme work**  
When the scheme is ready to go live, our Scheme Business Development Manager will be on hand to provide support and advice so that you can maximise sales from the outset. We will be in touch on a regular basis to ensure that your products remain successful and competitive.




## Ancillary Schemes potential: Let Property

Before:

No. of Policies: 8,000  
Average Premium: £500  
Total Retail Premium: £4,000,000  
Total Retail Premium (ex. IPT): £3,760,000  
% Commission: 20%

**Current commission income: £752,000**

After:

 **£342,160**  
43.5% additional profit

\* Scheme opportunities under £50k only available where other scheme business exists.

Conversion rates and average premiums are indicative based on client experience, however will vary between brokers. Percentage commissions are based on minimum volumes and may vary. IPT is calculated at 6%

### Home Emergency

**25% Conversion**

No. of Policies: 2,000  
Average Premium: £60  
Total Retail Premium: £120,000  
Total Retail Premium (ex. IPT): £112,800  
% Commission: 60%

**Broker earnings: £67,680**

### Legal Expenses\*

**40% Conversion**

No. of Policies: 3,200  
Average Premium: £25  
Total Retail Premium: £80,000  
Total Retail Premium (ex. IPT): £75,200  
% Commission: 50%

**Broker earnings: £37,600**

### Multi Appliance

**30% Conversion**

No. of Policies: 2,400  
Average Premium: £120  
Total Retail Premium: £288,000  
Total Retail Premium (ex. IPT): £270,720  
% Commission: 35%

**Broker earnings: £94,752**

### Rent Guarantee\*

**10% Conversion**

No. of Policies: 800  
Average Premium: £75  
Total Retail Premium: £60,000  
Total Retail Premium (ex. IPT): £56,400  
% Commission: 40%

**Broker earnings: £22,560**

### Garden

**40% Conversion**

No. of Policies: 3,200  
Average Premium: £30  
Total Retail Premium: £96,000  
Total Retail Premium (ex. IPT): £90,240  
% Commission: 70%

**Broker earnings: £63,168**

### Key Cover\* (mandatory)

**100% Conversion**

No. of Policies: 8,000  
Average Premium: £10  
Total Retail Premium: £80,000  
Total Retail Premium (ex. IPT): £75,200  
% Commission: 75%

**Broker earnings: £56,400**

# Our portfolio

At UK General we are constantly seeking ways to innovate and create new opportunities for our broker partners.

Our specialist nature allows us to offer innovative insurance products that add real value to your clients and produce tangible results for you.

## Available products:

- ID Theft
- Legal Expenses
- Rent Guarantee
- Brown & White
- Furniture & Carpets
- Multi Appliance
- Breakdown & Recovery
- GAP
- Helmets & Leathers
- Misfuelling
- MOT
- Motor Excess
- Scratch & Dent
- Tyres & Vehicle Paint
- Personal Accident
- Tenant/Student Contents
- Computers
- Gadget
- Garden
- Handbags
- Keys
- Mobile Phones

Features	Benefits
Quick implementation	Less investment in time and effort to implement the scheme.
Tailored areas of cover	Giving your clients areas of cover specific to their requirements.
Trade under own brand	Gives customers security in your brand.
Control of administration	No more waiting for underwriters to get back with quotes.
Manage service levels	Set service level standards and meet them as you control administration.
Control selling price	A net rated product allows flexible pricing to stay competitive.
Delegated Authority	Allows brokers to make informed decisions on risks and provide customers with quick, concise quotes.





## Contact US

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