



IMD set for growth.

IMD and Tactica Premium Finance: A broker Case Study



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IMD set for growth –

Regaining control over brand and client relationships.

IMD has reversed a strategy of outsourcing policy administration, premium financing and collection to regain total control over the company's brand and relationship with clients, prior to embarking on an aggressive growth strategy. Tactica pf is a key partner in this process.

Providing good quality, comprehensive insurance products

IMD was established in 1992 to offer an alternative to finance professionals (IFAs and mortgage brokers) whose clients were being pressured into buying mortgage protection policies (MPPI) from lenders. For the first five years of its existence, IMD focused solely on the mortgage protection business; subsequently, the company moved into the household and let property insurance markets. The latter has become the core business, with MPPI down to just 10% of IMD's activities.

"Our marketing strategy primarily is to provide good quality, comprehensive insurance products to the low to mid net worth market, distributing these with a high net worth 'look and feel' and supporting them with a reliable 'above and beyond' service to match," says David Reid, managing director of IMD.

The IMD business model is simple but effective. IFAs and mortgage brokers become agents for the company, selling IMD branded products. They can opt for one of two roles: they can embark on a 'directly authorised' member relationship, where they take responsibility for their own FSA compliance but with IMD providing bespoke, web-based tools to enable them to provide quotations and put their clients on cover; alternatively, they can act as 'introducer' members, with IMD providing the quotations directly to their clients, and handling all necessary compliance.

There are currently some 500 agents/members – "good quality, personable relationships" according to Mr Reid. "Of these about 100-150 at any one time are delivering new business each month," he adds. While describing IMD as still operating 'under the radar', Reid has very definitely got his sights trained on growth. A move to acquire a larger competitor in 2007 did not come to fruition, so the company has focussed instead on more aggressive organic growth. "Our aim is to increase capacity without having to compromise on quality or to increase our staffing levels proportionately, allowing us to increase profits as well as revenues," he says. "This will enable further, more generous investment in our member relationships and help us to develop new products." One area IMD is looking at is that of non-standard property insurance policies, to run alongside the existing range – insurance for homeowners living in flood risk areas or for those with convictions, for example.

Operational efficiency is crucial to achieving this growth and on the insurance side, an effective software platform was considered essential. IMD decided to develop this in-house from a blank sheet of paper. "While the new system, 'evolution', is now just about complete, due to comprehensive field testing we will not be launching formally until January 2010," says Mr Reid. "We are confident that we will then have a state of the art, insurance-based software platform, capable of handling much more business, and that we will finally be in a position to begin to fulfil our ambitions."



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The system delivers additional benefits

In addition to increased efficiency, the new system delivers a high level of transparency to the rapidly increasing number of introducer members. *"We give them 24 x 7 access to the pertinent details of the clients they have introduced – they can then see in real-time the work we are doing on their behalf. I'm not aware of any of our competitors who can, or would dare offer this facility and it is particularly valued by our larger clients. We believe we have really raised the customer service bar!"*

Members are able to track all submitted new business and access policy live client data held on their behalf. They also have access to a suite of valuable reporting tools, further improving transparency. IMD is continually looking at ways in which it can develop this system. For example, 'evolution' now includes renewal notifications, individual retention rate calculators and web based commission statements for all members. *"We can give members the tools to prove individual retention rates across our products – to check they remain competitive and commissions continue to be fair,"* says Mr Reid.

Starting out as a sales-focussed company, IMD took the decision originally to outsource much of its business administration. But in line with its marketing strategy to deliver a quality, 'above and beyond' service, it has brought most of this back in house to ensure greater control over the end product: first the administration, then policy issuance, followed by renewals and ultimately premium collection.

The relationship with Tactica began as part of the latter process.

David Reid first encountered Tactica when he was looking for off the shelf back office insurance software systems. *"I loved the Tactica business model,"* he says. In fact, he liked it so much that IMD became one of Tactica's first customers and the company has been running the service for over two years.

Prior to that, premium finance was outsourced to one of the traditional external premium finance providers. IMD was not happy with the service its customers were receiving from that provider. *"At the time we were offering a very slick process,"* says Mr Reid. *"Our product was very well presented and distributed but it was let down by the third party premium collection elements: finance documents were provided too late or too early; they were branded in the premium finance company's name leading to client confusion; credit agreements were not at all user friendly and quite frankly scared the customers. With the exception of claims handling, this was the final piece of the jigsaw we felt we needed to bring under our direct control. It made sense financially too because we weren't really making much out of the premium finance business."*

One of Tactica's panel of banking partners provided the funding element of the new in-house premium finance service. Tactica also supplied the systems as part of the service model. This included an interface from IMD's existing insurance system into the premium collection software. In operational terms, this meant that once the order was taken, client information would be passed into the Tactica system with no rekeying required from IMD staff. MTAs and cancellations will soon also be handled by the interface, bringing further efficiency benefits. *"I've been impressed by the service we get from Tactica,"* says Mr Reid. *"They employ good people – experienced and qualified."*

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Complete control over policy issuance and credit control

Two years on, what benefits has IMD seen since moving to the Tactica premium finance model? *"The Tactica model gives us complete control over policy issuance and credit control,"* says Mr Reid. *"Now everything is branded as IMD, and the credit agreement goes out with the policy document in our name and our colours so there is no confusion among customers. We also have much greater flexibility in the way we handle premium collection – with defaults, for example. If client funds are not available to cover the direct debit, we are aware immediately and can come up with a solution. We control the fees for defaults so can work with the client to keep on top of the situation and save as much business as we can. Our retention rate is currently around 90% across all our products which is a good indicator of this."*

And the fact that IMD is running its own premium finance operation gives the company another USP: *"None of our competitors are doing this,"* suggests Mr Reid, *"and I believe our members are quietly impressed by our ability and willingness to finance their clients' premiums."*

Then, as the icing on the cake, IMD has the opportunity to enhance income further by bringing premium finance back in house. Mr Reid is confident: *"We will post our best ever results this year, despite the economic climate"* he states. *"When the market picks up in the spring of 2010, we will be well-positioned to take advantage of the upturn. We have ambitious growth plans: we expect to double our GWP in 2010 and double it again in 2011. We genuinely believe we can achieve this and we expect Tactica to be part of this growth."*



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