

# Mulberry Insurance Services

**W**ith many insurance brokers and property managing agents inflating premiums to unreasonable levels in a bid to gain 'secret commissions', is it just a matter of time before the property insurance sector's secret profit becomes public knowledge?



Neil Holloway,  
Managing Director

Established over 30 years ago, Mulberry Insurance Services is one of the UK's leading Insurance Brokers that specialises in providing tailored insurance services for commercial property owners.

As Mulberry's founder, I strongly believe in delivering property owners with a transparent insurance solution that is specifically tailored to their needs. That is why Mulberry is one of a select number of UK brokers that focuses exclusively on the Commercial Real Estate sector, delivering fairer, more transparent insurance services that empower strong client advocacy.

My belief in delivering this best practice insurance service led us to create a subsidiary called **M2 Recovery**. Launched in 2016, M2 Recovery seeks to identify and ultimately recover secret insurance commission payments that have been passed onto the property owner. This 'secret commission' can mean a lack of fair competition within the insurance sector with commercial clients unable to make an informed comparison between insurers. I believe this practice needs to be highlighted, as it ultimately leads to excessive insurance premiums being charged to the property owner.

The idea that commission is paid to those arranging insurance is not new and certainly isn't illegal. It does, however, bring with it a number of challenges and responsibilities. In today's ever-changing world, what was seen as acceptable business practice five years ago may now be viewed in a completely different and sometimes unfavourable light.

## How it works

The insurance broker is paid a commission for arranging insurance cover for a property owner. The insurance premium negotiated with the insurer reflects the fact that the broker is receiving commission. However, this situation gets complicated when the actual cost of the property insurance is inflated to include an *additional* commission payment which is usually paid to the owner.

This may be further complicated if the owner/landlord asks a Managing Agent to manage the property on his behalf. In this case the Managing Agent is instructed to arrange the insurance on behalf of the owner as part of their wider management of the property. This is when the insurance premium is inflated to an unreasonable level allowing the managing agent to receive a hefty cut of the commission.

## KEY POINTS

### **Mulberry Insurance Services**

- » Property Insurance premiums are being unreasonably inflated by brokers and managing agents to gain 'secret commission'.
- » Property owners are largely unaware excessive charges are being passed on to them.
- » Unreasonably inflated premiums can lead to a lack of fair competition within Property Insurance sector.
- » Mulberry Insurance Services calls for best practice and more transparency within the Property Insurance sector to ensure fairer deals for commercial clients.
- » M2 Recovery (subsidiary of Mulberry) assists with investigating and recovering secret commission payments.



Promoting transparency,  
dealing fairly with clients

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In both cases, the end user (usually the unsuspecting tenant) ends up paying an excessive level of premium. Significantly, this arrangement lacks transparency for the consumer and I believe it will soon meet its downfall.

In my experience, the practice of secret commission is widespread within the commercial property sector. Unfortunately, I also know there is widespread reluctance to change due to the fact that this secret commission is sometimes supporting a business or subsidising other less profitable activities within that business.

Some of the people that I speak to within the Property Insurance industry are unaware of the issue. But in many cases, there is simply too much at stake for them to change their practices and the situation is therefore left to continue.

The bottom line here is that commission generated from a property insurance policy must be reasonable and it must be disclosed if it is paid to a third party, i.e. a managing agent, for there to be full transparency. If you are a landlord or managing agent

and you are knowingly benefitting from secret commissions, then my professional advice to you would be to ensure that you are upholding your responsibility to deal fairly and transparently throughout the process. In my view, it is just a matter of time before this situation is made public knowledge, and turning a blind eye to unreasonable business practice will not be an adequate defence when this situation is brought into the open.

As part of our M2 Recovery service, we can review your commission arrangements without commitment. In some cases this could lead to secret commission payments being identified and the possibility that the previous 6 years' worth of payments could be recovered.

Mulberry Insurance Services offer a trusted and transparent policy which fully meets the specific requirements of its clients. M2 Recovery was established to review existing insurance arrangements so that all parties can be assured that their needs are fully met and a fair deal is achieved for all.