



**RiskBox**



## Square Pegs and Round Holes

Understanding the Insurance Landscape For Independent  
Creative And Digital Agencies In 2019



## Summary

Today's digital agency scene is distinctly different to the corporate landscape that existed pre-internet. Contemporary companies are favouring flexibility over rigid working structures, encouraging remote working and utilising 21st century technology to perform tasks.

Naturally, with an increasing number of services moving online during the past decade, business owners have developed new preferences and priorities in terms of financial protection.

Modern insurance policies must now be structured in a way that makes them applicable, suitable and beneficial for web-based services – but there is more to consider than the mere process of digitisation.

Indeed, deeper analysis is required to extract the financial security needs and wants of business owners in the creative and digital agency sector. This inspired the creation of the Risk Box Research Project, which functions as the key reference point in the following whitepaper.



## The Risk Box Research Project

In late 2018, insurance specialist Risk Box launched a two-part research project to provide readers with a more profound understanding of how the changes to working attitudes and environments across the creative industry has affected insurance overall.

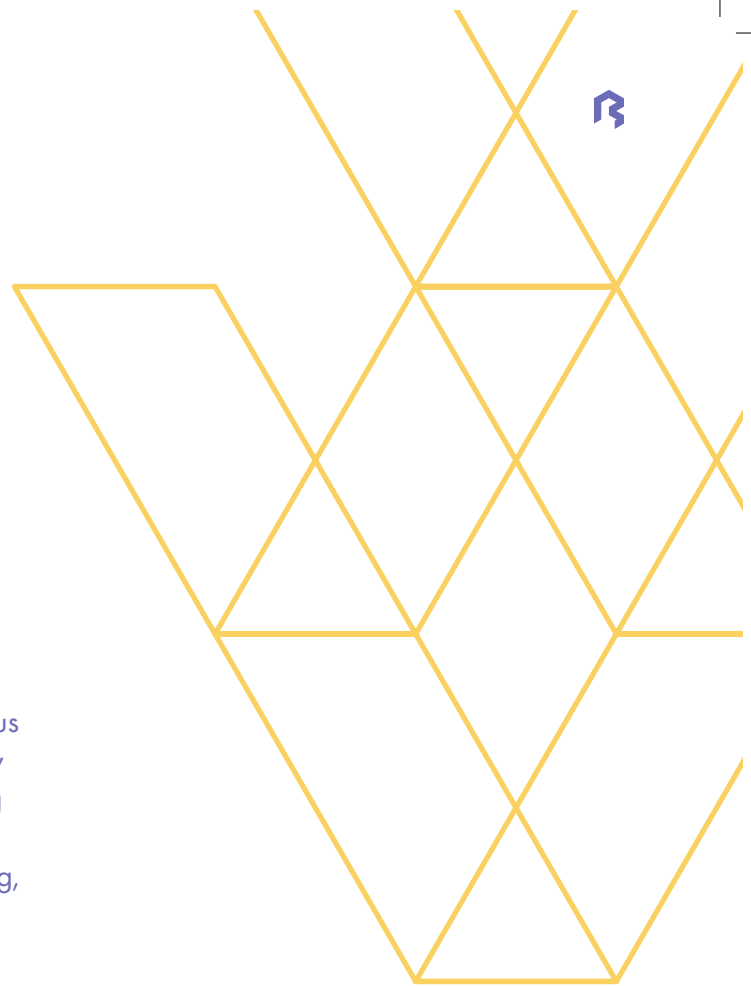
**The first step** involved the distribution of the initial Risk Box Insurance Survey, which accrued some interesting results (read more online) by asking questions about how business owners are utilising insurance.

**The second phase** of the research project – a focus group – served to offer richer insights into the insurance landscape for creative and digital agencies. The session served as an invaluable exercise that offered clearer comprehension of the ways in which agency owners perceive insurance, what they actually need from it, and what they wish they could have in terms of business protection (but cannot currently access).



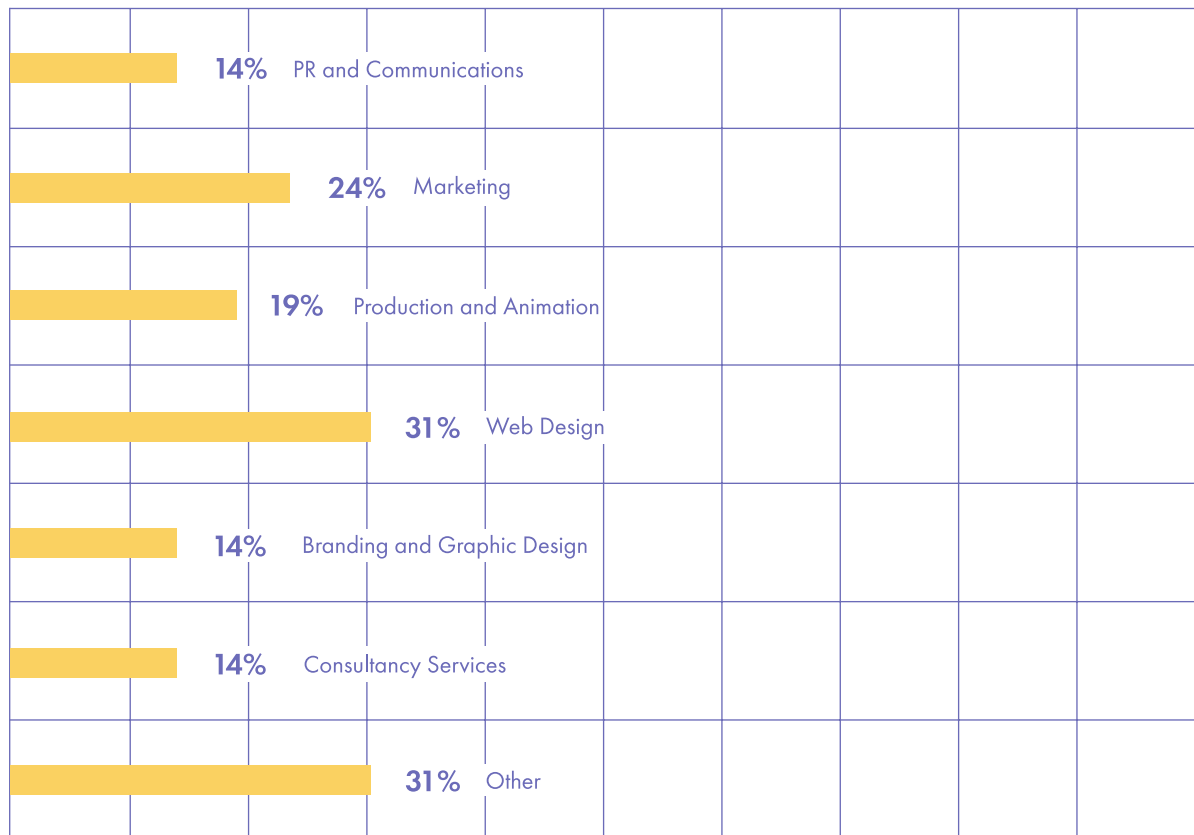
### The Risk Box Research Project (cont.)

Leading creative agency owners from a range of independent UK-based businesses made up the focus group, which took place in central Manchester early 2019. Representation came from companies earning less than £500,000 to more than £2 million in annual turnover, as well as production, PR, marketing, web design, graphic design, animation and other digital services.



Survey Question

#### How would you describe the core offering of your agency?



Over the course of the research project, three prevalent themes emerged from agency responses:

- 1 The Awareness**  
An acute awareness of the value of insurance
- 2 The Confusion**  
A lack of understanding regarding the intricacies of insurance
- 3 The Poor Reputation**  
A low opinion of the industry overall

The subsequent whitepaper explores each of these in greater detail, before summarising a conclusion with the aim of determining the status and value of insurance in the creative and digital agency market.

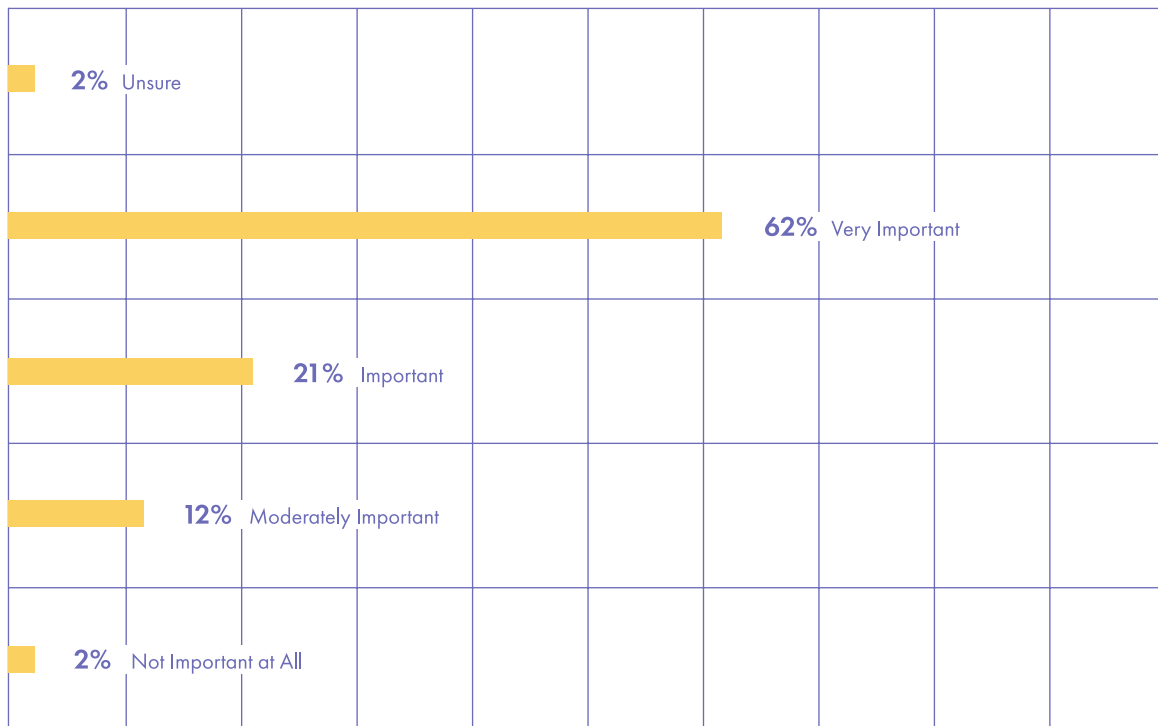


## 1 The Awareness

According to findings, the genuine value of insurance is not lost on modern agency owners. Most recognise that the cost of suffering a break-in without insurance in place far exceeds the expense of cover itself.

Survey Question

**How important do you feel being properly insured is to your business**

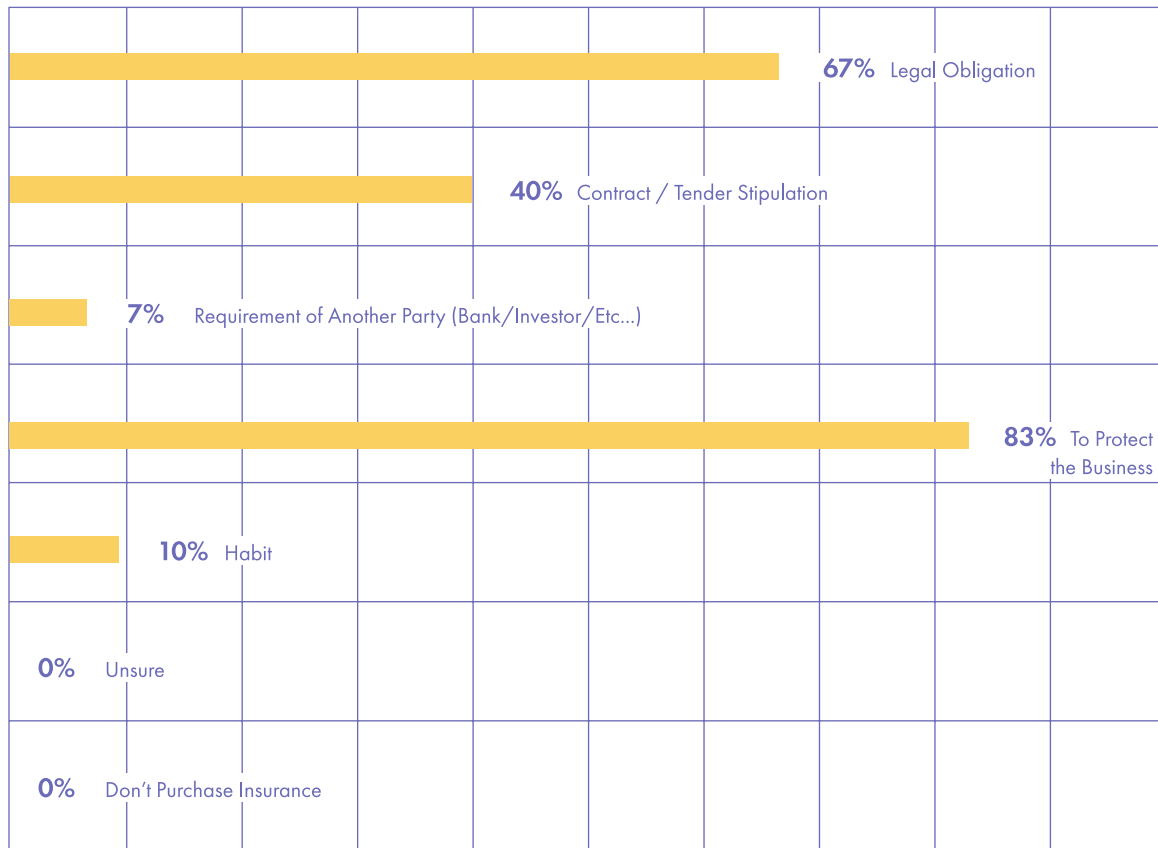


## 1 The Awareness (Cont.)

The Risk Box survey results revealed that 83% of agencies listed “protecting the business” as a key reason for purchasing insurance in the first place, whilst 67% felt motivated to buy out of legal obligation.

Survey Question

### Why do you currently purchase the insurance you have?



A multiple choice survey



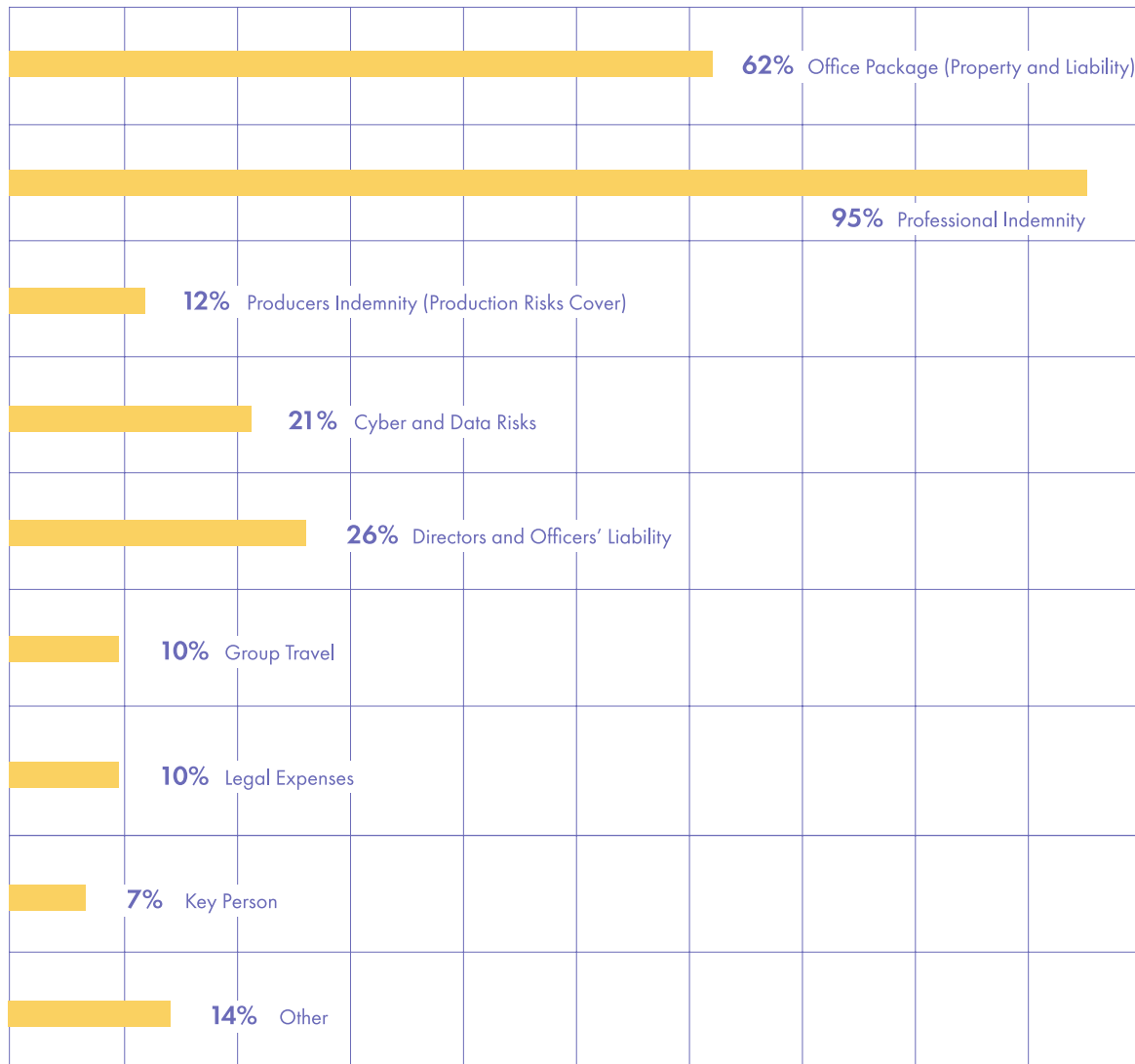
Specifically, agencies tend to value the services that are more likely to reduce the risks of legal action under the insurance itself, such as cyber risk management and contract/tender support.

## 1 The Awareness (Cont.)

90% of Risk Box survey participants said they had purchased Professional Indemnity insurance (90%), whilst 60% bought Office Package insurance for property and liability. Around a third of participants also had Cyber and Data Risks insurance and Directors' & Officers' Liability insurance.

Survey Question

### What types of insurance do you currently hold?



A multiple choice survey



## 1     **The Awareness (Cont.)**

Many also see the benefits (at least in theory) of using a broker – especially in terms of saving time and expense.



*“A broker acts as a positive middle man. They know how to present things to the insurer so you’re more likely to have a successful claim. [They] act in your interests in the event of a claim.”*

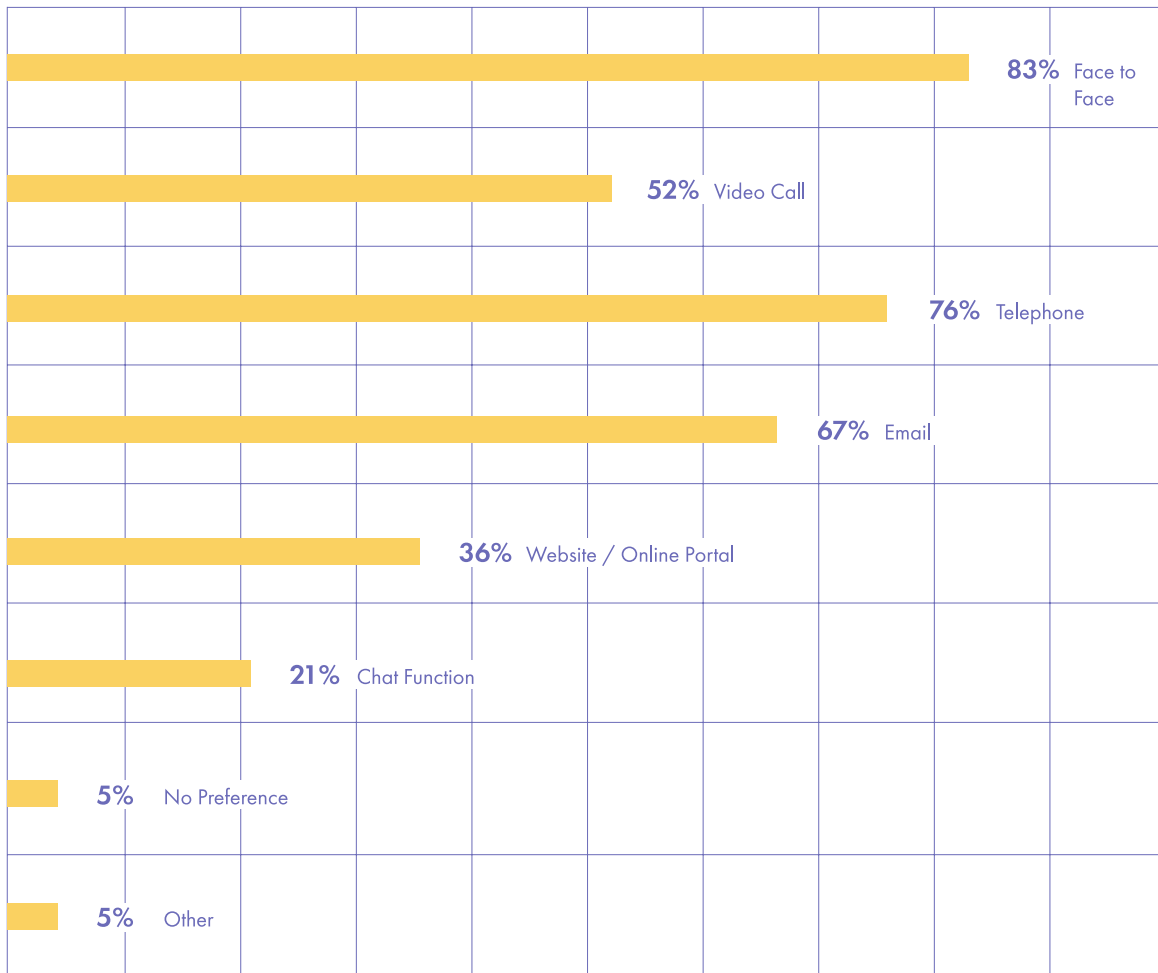
– Risk Box focus group responder

In order to address what they see to be something of real importance to their business, agency owners will often attempt to arrange face-to-face meetings to set up a policy. The Risk Box focus group revealed that this was the preferred mode for initial contact and important insurance matters (including claims), even despite the ready access to digital communications technology. Video was also a favoured option among some, although it was considered less suitable for the more sensitive issues.

## 1 The Awareness (Cont.)

Survey Question

**Which methods would you be comfortable with when dealing with your insurance, from taking out new policies through to making changes?**



A multiple choice survey

*“Face-to-face makes it more likely we will get what we need, we can ask more nuanced questions to understand what we’re getting, and with a personal relationship, the broker, you would think, is more likely to look after you.”*

– Risk Box survey responder

## 1 The Awareness (Cont.)

Interestingly, whilst there is high demand from agency owners for face-to-face meetings with insurance brokers, these requests are often met with a degree of resistance. A high number of brokers are reluctant to spend time with agencies as the premium level is not high enough to justify lengthy meetings.

This low premium means agencies by default often get unfairly discriminated against when they need help the most. There is an 'ivory tower mentality' among brokers and insurers, with many choosing to resolve issues with clients when they are ready, rather than at a time that works best for the customer (which often means calling unexpectedly and suddenly).

What's more, whilst agency owners generally want to insure their business, they don't necessarily know exactly what they need and where they're exposed. Worst of all, they rarely have the time available in which to make these calculations and determine exactly what they require... which leads to confusion.



*“Face-to-face is the best method as we can take the time to see each other and go through everything without anything being lost in communication by text or email. But phone call is the next best if not, and email is great for a paper trail when we need to refer back to our insurance for others asking (such as rental companies/tenders).”*

– Risk Box Survey responder

**2**

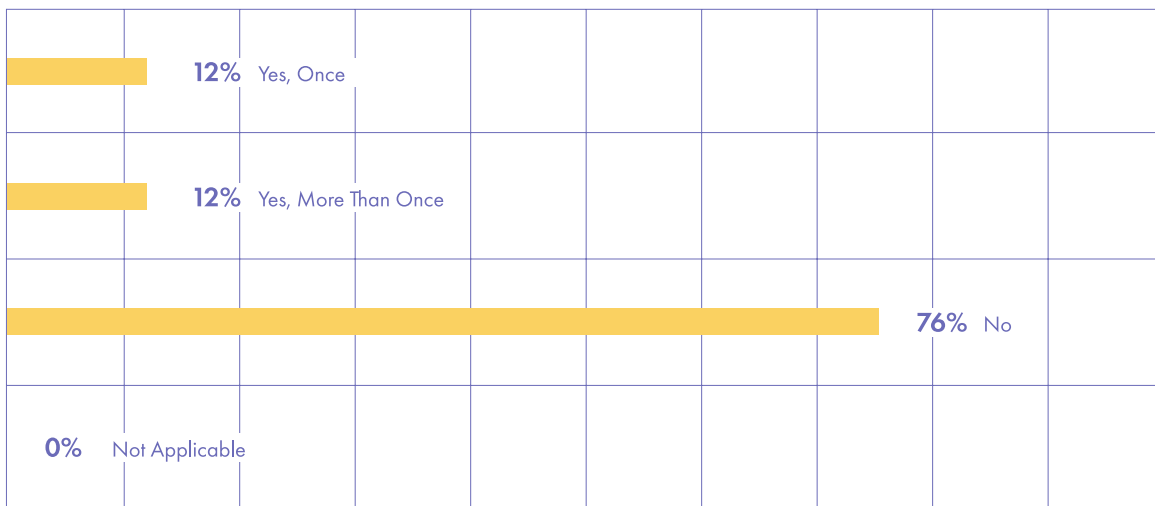
**The Confusion**

It was clear from the survey and focus group that agency owners tend to have a cursory knowledge of the insurance industry at best. Many respondents' understanding was either outdated or put together from hearsay.

For example, some believe that notifying insurers of a claim will be detrimental when applying for renewals. However, unless there are multiple claims, that's usually not the case at all.

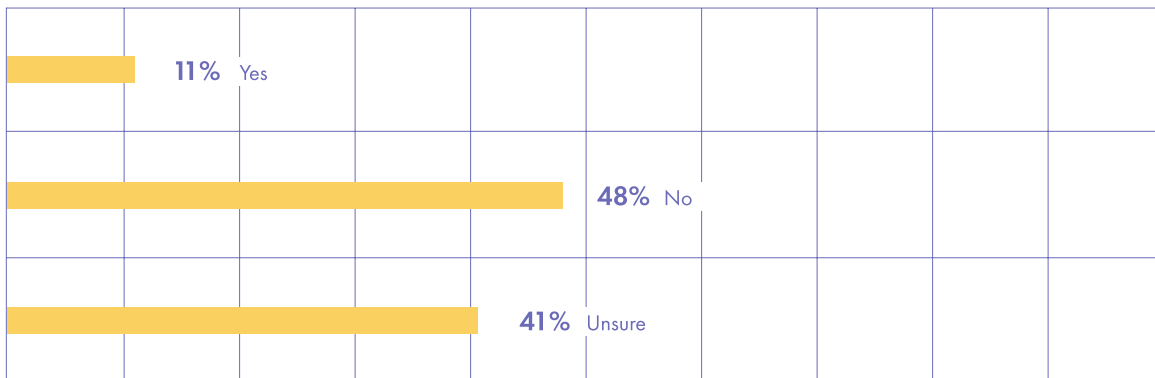
Survey Question

**Have you ever had to claim on your commercial insurance?**



Survey Question

**If you had to claim, did insurers send a loss adjuster to manage your claim?**



## 2     The Confusion (Cont.)

*“It [insurance] is complicated. Forms are difficult to understand if you don’t know the terminology.”*

– Risk Box Survey responder

There is also a degree of bewilderment with regards to the importance of notifying claims. Late notification is a huge issue and leads to countless claims being thrown out – particularly for cases surrounding Professional Indemnity. Being able to approach a broker with scenarios before making a claim is essential.

Agencies also regularly run into difficulties when making their cover meet tender/ contract requirements. In reality, there is a high chance that many agencies are immediately in breach of contract simply due to a lack of understanding with regards to how the process works.

*“We learned the hard way, being caught out and discovering we were not insured (cost us £30k).”*

– Risk Box Survey responder

## 2 The Confusion (Cont.)

What agencies really need is someone to explain what is normal for the industry, what is reasonable for the size or scope of work, and what options are available to the agency (if they decide to push back). They need support with the variance in the contracts they work with, often asking for unfair terms or unreasonable levels of cover.

In theory, a broker can help to navigate these issues and ensure a better outcome for agencies whilst saving them time and stress. The thorny issue raised across the Risk Box Research Project, however, was that not all brokers are created equal...



**2**

**The Poor Reputation**

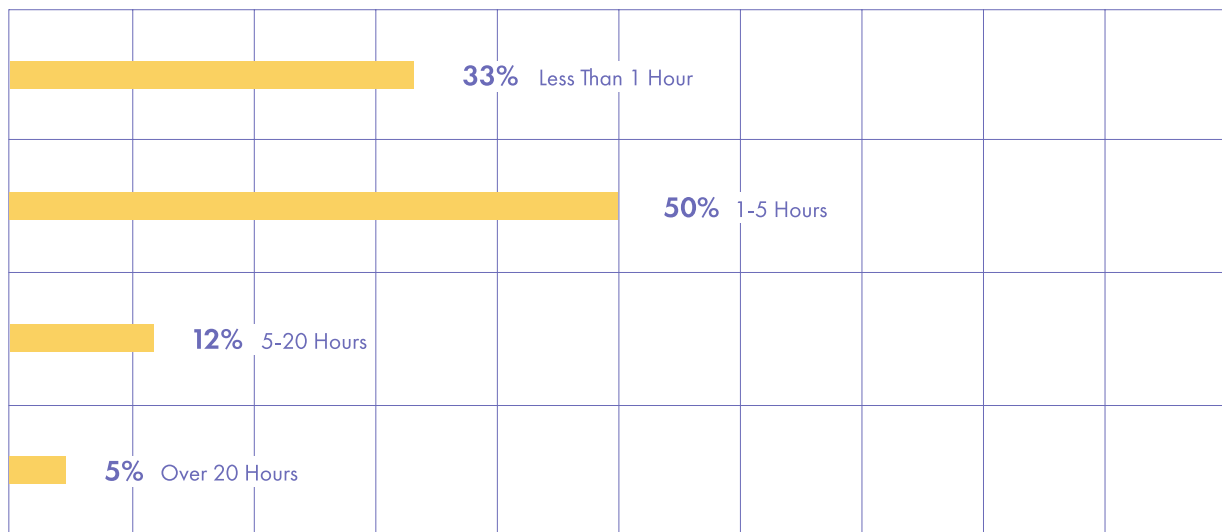
Whilst valuable and essential, insurance is nonetheless widely regarded as something of a chore.

Both the survey and focus group revealed that insurance has a troubling reputation for being a laborious, drawn-out affair among agency owners in the UK. This is something that's preventing people from interacting with their insurer on a more regular basis.

As a result, agency owners are at real risk of missing out on potential savings on insurance policies, of breaching the rules, or of finding themselves without legally binding cover.

Survey Question

**How much time do you spend dealing with insurance per year?**



## 2     **The Poor Reputation (Cont.)**

Insurance is considered something of an annual headache for agencies, who typically move at high speeds and require an agile solution in terms of financial cover. Results from the focus group show that agencies would value support to understand their overall risk profiles, particularly as they grow and change.

*“[In my] personal experience, brokers pretty much always save us money while giving us confidence that we have the right level of cover. In the creative industry, there’s so much flexibility in the exposure of the business from month to month; with a broker you can trust that someone is working with you rather than ticking a box every year.”*

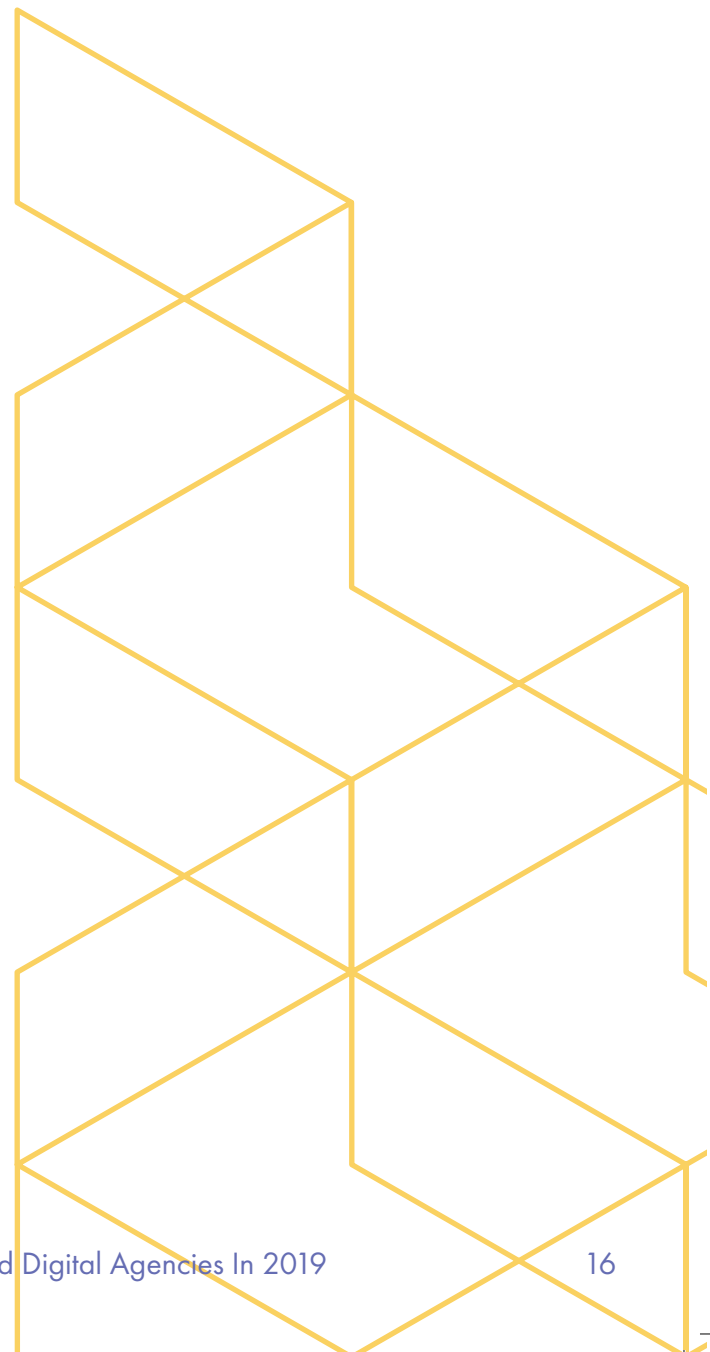
– Risk Box focus group participant



The focus group findings revealed a number of issues with brokers in the past, with participants raising concerns about the service and approach of these parties. The quality of the brokers’ service was brought into question, with impartiality, laziness and a lack of understanding listed among the common complaints.

*“My last insurer didn’t have a good understanding of my needs and also didn’t provide any level of good customer service.”*

– Risk Box focus group participant





## 2    The Poor Reputation (Cont.)

Many digital agency owners are aware of the importance of insuring their businesses, but often regard the process with distrust. This is due to a combination of factors, namely the complexity of the industry as a whole and the bad broker service that exists within it.





## Conclusion: Findings and Solution

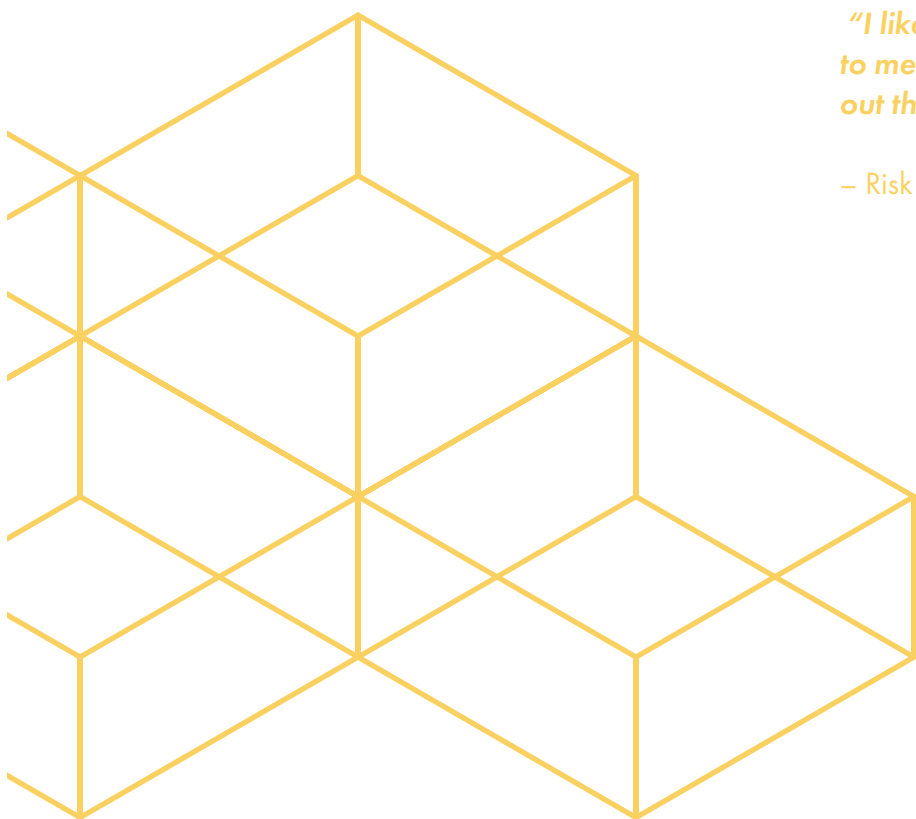
According to the findings of the Risk Box Research Project, high numbers of agency owners want insurance, but are often left feeling very alone in having to deal with esoteric terms and policies they don't fully understand.

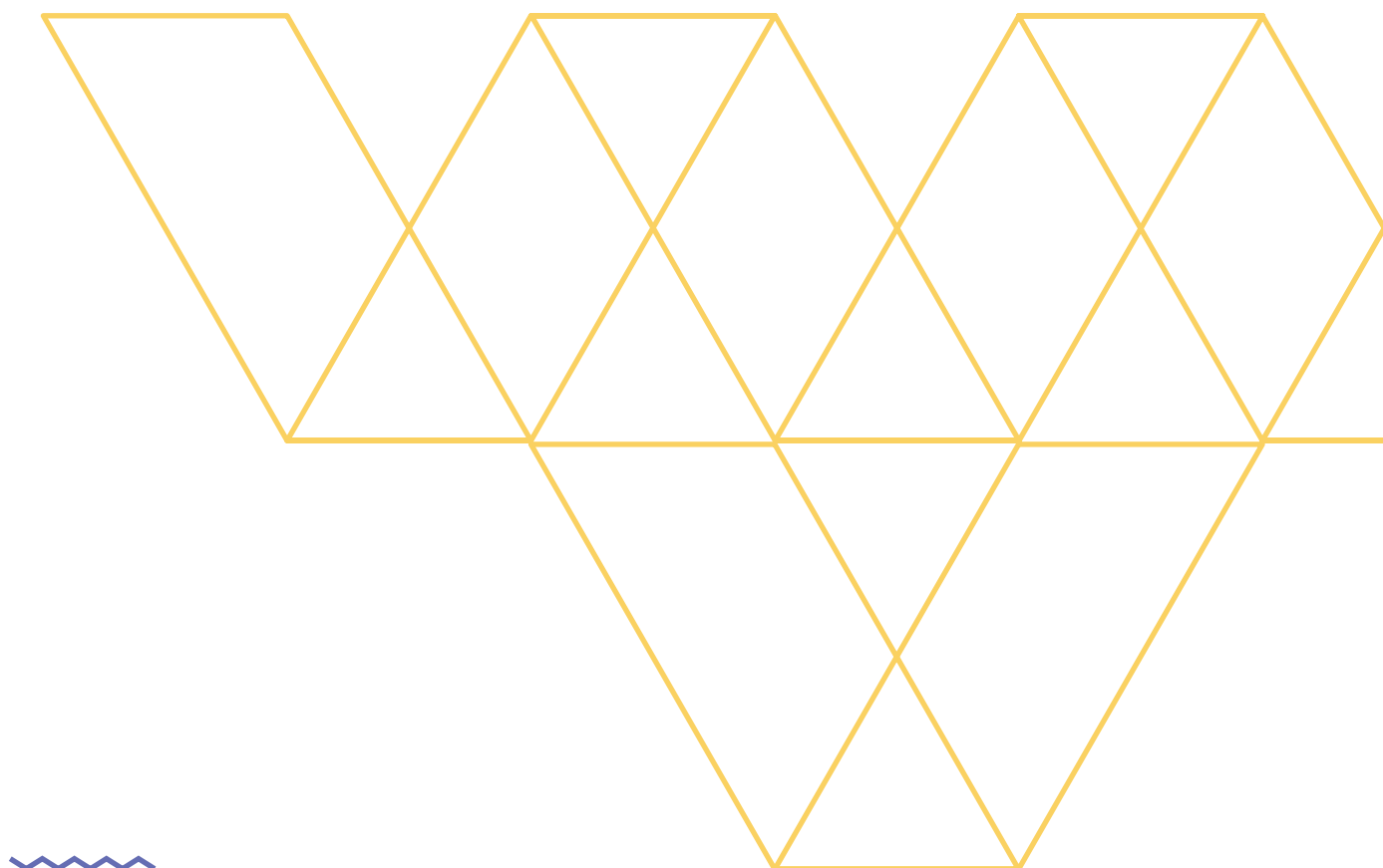
They appreciate and value insurance as a concept, but they require a competent specialist (i.e. a broker) to provide it and/or act as the go-between. The problem is that many brokers aren't offering the friendly, helpful and supportive services that agencies want.

Today's agency owners are puzzled by a product they know they need, and they're hungry for more information that's articulated in a simplistic way. They want genuineness – as well as services that feel appropriate and pertinent.

***"I like the fact [insurance] is explained to me and that someone else will work out the best solution for my business."***

– Risk Box survey participant





## Conclusion: Findings and Solution

These findings point to a very clear gap in the market: better brokers can acquire a large chunk of customers. Any broker willing to provide a five-star service and actually listen to customers' questions will immediately position themselves ahead of the competition.

The ideal broker in the digital age is one that invests interest in their client (the insurance holder) and explains regulations in layman's language whilst identifying the needs of that particular business.

*"It all starts with 'are you a great broker?' To be a great broker I expect you to lay out what is relevant for me."*

– Risk Box focus group participant



## **Conclusion: Findings and Solution**

Many agency owners are at a perceived disadvantage in that they are unaware of the mechanics of the industry. Brokers should not exploit this, but rather step in as a simple solutions provider. They must focus on excellent communication, tailoring their services accordingly to each client.

Insurance providers and brokers can tap into the findings from this Risk Box Research Project in order to provide the kind of services that agency owners actually consider advantageous. Contemporary financial cover is considered new, unnerving and convoluted among agencies – which is all the more frustrating considering its vital status.

A renewed focus on great customer service and widening knowledge moving forward can lead to irrevocable, positive change – and a better relationship between agencies and insurance overall.

### Research Note

The research and findings in this white paper are based on a combination of an online survey completed by 41 agency owners (end 2018), and a focus group attended by 15 agency owners (early 2019).

The respondents include a high proportion of Risk Box clients which could have impacted the data obtained.



# Choose Riskbox

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