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## ROLE OF INSURANCE BROKERS IN NAVIGATING RISKS

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There is no dispute that insurance plays an indispensable role in society by securing individuals, families, and businesses against financial losses emanating from a multiplicity of risks like illness, accidents, and natural disasters, to name a few.

In providing financial protection against life's uncertainties, insurance offers us peace of mind as we navigate our daily lives. Insurance acts as a risk-transfer mechanism where one party, the insured, transfers potential financial loss arising

from certain events to another party known as the insurer.

Indeed, life without insurance would be 'nasty and brutish' a precipitous abyss of perils devoid of financial resilience against the interminable hazards of human existence. Critically, insurance averts wealth erosion due to sudden, financially disruptive events like serious illness, death of a breadwinner or destruction of property and assets by human and natural factors.

However, navigating the intricacies of insurance and deriving maximum value out of it requires a partner and expert who not only fathoms underwriting technicalities but also has a deep grasp of the risk landscape. One such partner and expert is an insurance broker.

The basic role of an insurance broker is to act as an intermediary between the insured and the insurer. A broker helps the client discover the best available insurance solution based on their unique needs and circumstances. Brokers don't just sell policies; they also negotiate the best prices and terms on behalf of clients and manage claims processing and settlement. Brokers also provide risk advisory support to customers given their deep domain knowledge of the industry and market.

Therefore, insurance brokers exercise a facilitative and advisory function as the bridge between the insurer and the insured. Insurance brokerage is by no means a recent phenomenon. It has existed for more than 600 years, reportedly emerging during the Renaissance era in the 15th Century, to



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underwrite contracts between shipowners and merchants to cover the hazards of transporting goods by sea.

Throughout the ages, insurance brokerage has proved to be a time-tested and invaluable shield against uncertainties, enabling individuals and businesses to thrive and survive in good and bad times.

In their facilitative role, insurance brokers are independent professionals representing the client in securing the most optimal cover since, unlike insurance agents who are tied to one or a few insurers, brokers have access to many insurance companies. Therefore, they can advise on the most suitable and cost-effective policies based on the customer's needs.

They conduct extensive research on insurance products and services in the market across a spectrum of risks. As such, they link their clients with the insurer who is best placed to provide the desired coverage. They also educate consumers on the types and benefits of various underwriting products.

Insurance brokers assist clients in claims processing, freeing the customer to focus on other pressing matters in their lives. As facilitators, brokers keep their clients' best interests in mind, making them invaluable partners and advocates of the consumer.

In their advisory role, insurance brokers work with retail and business clients to develop customised risk management strategies, which include identifying, assessing, mitigating, and minimising exposure to potential financial loss and liability. Wearing the hat of a risk adviser, the broker reviews the client's risk profile and ensures the policy is aligned with the context of evolving perils covered under the insurance contract. They can provide objective advice based on careful analysis of the client's circumstances.

Technology is reshaping the intermediary and advisory role of the insurance brokerage. In this digital era, brokerages are harnessing and adapting to emerging technologies to streamline their processes and provide advice informed by data and insights.

In a nutshell, the insurance broker is more than just a purveyor of insurance and should be seen as a trusted, dependable, and knowledgeable ally for clients seeking to better understand and utilise insurance in managing life's risks, achieving financial security, and protecting wealth.

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