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An insurance broker is a professional who acts as an intermediary between a consumer and an insurance company, helping the former find a policy that best suits their needs. Insurance brokers represent consumers, not insurance companies; therefore, they can't bind coverage on behalf of the insurer. That's the role of insurance agents, who represent insurance companies and can complete insurance sales. An insurance broker makes money off commissions from selling insurance to individuals or businesses. Most commissions are 2% to 8% of premiums, depending on state regulations. Brokers sell all insurance types, including health insurance, homeowners insurance, accident insurance, life insurance, and annuities. When you hire an insurance broker, they work directly for you. An insurance agent, on the other hand, usually works on behalf of an insurance company. Purchasing insurance can be complex, and an insurance broker does all the research for their client to help them choose a policy. An insurance broker cannot close a deal on a policy; only an agent or an insurance company can. Insurance brokers need a state license to practice. The primary way that an insurance broker makes money is from commissions and fees earned on sold policies. These commissions are typically a percentage of the policy's total annual premium. An insurance premium is the amount of money that an individual or business pays for an insurance policy. Once earned, the premium is income for the insurance company. It also represents a liability, as the insurer must provide coverage for claims being made against the policy. Insurers use premiums to cover liabilities associated with the policies that they underwrite. They may also invest in premiums to generate higher returns and offset some of the costs of providing the insurance coverage, which can help an insurer keep prices competitive. Insurers invest the premiums in assets with varying liquidity and return levels, but they are required to maintain a certain level of liquidity. State insurance regulators set the number of liquid assets necessary to ensure that insurers can pay claims. An insurance broker or agent will often earn a lump sum percentage against the first-year premium of a policy that they sell and then a smaller but ongoing annual residual income payment over the policy's life. Brokers also make money by providing consultative and advisory services to clients for a fee. In certain circumstances, transactional fees can be charged. For instance, brokers can charge fees for initiating changes and helping to file claims. States govern how and when brokers can charge fees. When permitted, the fees must meet certain criteria, such as being reasonable and agreed upon by the client and broker. Controversially, some insurers incentivize brokers who perform well by paying bonuses or increased commissions. The compensation is often based on past performance and is used as motivation to continue certain behaviors that generate revenues. However, because—in their clients' best interest—brokers do not represent a specific company, this method of earning commissions is often frowned upon. The broker is employed to represent their clients' best interests. Part of the broker's duty is to understand the clients' situation, needs, and desires to find the best insurance policy within their budget. Choosing the right insurance plan can be complicated, and studies show that many people choose a less-than-optimal plan when they rely solely on their own judgment. Besides being well-versed on offerings from all insurance companies, brokers should not favor any specific company. As a result, brokers are paid a commission rather than receiving payment from insurance companies, as the latter could create negative incentives that damage trust between the broker and the client. A broker has an important responsibility to help people navigate among insurance plans, many of which have subtle differences. In addition to connecting clients to the right policy, the broker continues to have obligations to their clients. A broker provides consultative services to help clients submit claims and receive benefits, in addition to determining whether policies should be changed. Investopedia / Yurie Villegas To stay up to date with changing regulations and ensure that they are continuing to meet their duties, brokers are licensed by state insurance regulatory agencies. Their license must be renewed on a biannual basis in most states. Brokers must regularly meet with their clients and review how their current policies are meeting their needs. The number of insurance brokers and agencies in the United States as of 2022. Like insurance agents, insurance brokers need a bachelor's degree, often a background in sales or business, and strong interpersonal and research skills. Because insurance brokers must review contracts on behalf of their clients, attention to detail in contracts and comfort in analyzing terms and conditions are necessary to succeed in this career path. Although insurance brokers can handle as many types of insurance as they are comfortable selling, becoming an expert in one may be beneficial. Brokers must be licensed in the state where they practice and pass Series 6 and 7 Financial Industry Regulatory Authority (FINRA)-administered exams. Keeping up to date on changes in insurance laws is a good way to keep clients confident as well. According to Payscale, as of July 17, 2022, a mid-level insurance broker's median salary is approximately \$75,000 a year. However, this amount will often rise as an insurance broker gains experience and gathers clients. Brokers represent and work on behalf of consumers, and agents represent and work for insurance companies. Brokers cannot complete a sale of insurance, unlike agents. You can't usually obtain insurance through a broker, but an insurance broker can help you find a policy that suits your needs. Once a broker has done all of their research and presented their clients with options, the policy selected must be bound by an insurance agent or company. A broker does not finalize a transaction. An insurance company sells insurance, and a broker seeks to find insurance policies best aligned to the client's needs and goals. You can't buy insurance from an insurance broker, but they can help you find the best and most affordable policy. An insurance broker in the United Kingdom is similar to an insurance broker in the United States. They act as a liaison between their clients and insurance companies. There are so many types of insurance and insurance companies that it can be hard to do sufficient research in order to make a wise choice for your needs and budget. An insurance broker takes responsibility for the research and helps guide their clients to make the right choice, earning a commission in the process. While insurance brokers can't technically sell you insurance, they work on behalf of their clients to find the best choices for their needs. By Ramon Berenguer Dec 06, 2024 Share Another appealing feature of the insurance broker career is that since you work as an intermediary between clients and insurance companies, it's a part of their job to help people. Appealing as this sounds, the biggest benefit of this profession is how much it pays. In this article, Insurance Business delves into the potential earnings of an insurance broker in the United Kingdom. So, what is the average insurance broker salary in the UK? How much do insurance brokers make per policy sold? How much does an insurance broker make per year? We'll provide insights into these and more in this guide on insurance brokers and their earnings. According to the National Careers Service, the average salary for an insurance broker can depend on factors like the individual broker's level of experience and expertise. The average salary for a starting broker is £20,000, while the salary for a senior insurance broker can average £65,000. According to Reed, the average salary for a broker in the UK in general is at £41,784. This is only one of the many factors that can influence how much a UK insurance broker makes in a year. Other factors include their location, work experience, other qualifications, and level of education. Depending on their role or position in an insurance brokerage, here's an estimate of how much an insurance broker's annual salary is in the UK: Level/Role Annual salary Entry level £20,000 Trainee insurance broker £20,000 to £25,000 Qualified insurance broker £24,000 to £75,000, depending on additional qualifications and work experience Insurance graduate (Lloyd's training program) £32,000 Senior brokers £40,000 to £100,000 Managing Director of brokerage firm More than £100,000 There are different factors that can impact an insurance broker's salary, including: Broker's experience - brokers who are new to the industry tend to have lower salaries, while senior broker salaries can be in the £40,000 to £100,000 range. Location - insurance broker salaries for those who operate in London are generally higher than those working in other insurance markets. This is mainly because the cost of living there is significantly higher. There is also a greater concentration of insurance firms and their clients in this city. Types of insurance or clients handled - brokers that deal in commercial lines often earn higher commissions than those who deal in personal lines. Also, brokers who cater to business clients are more likely to earn more than those who service individuals. How much an insurance broker makes in a year can depend on where they reside or which market they service. Here are some other locations in the UK where insurance brokers can earn a substantial salary: Location Salary range Average salary East London £100,000 - £100,000 £100,000 Bristol £62,500 - £62,500 £62,500 City of London £40,000 - £75,000 £57,500 Reading £57,500 - £57,500 £57,500 Tadcaster £55,000 - £55,000 £55,000 York £55,000 - £55,000 £55,000 Northwest London £42,500 - £75,000 £54,167 Chelmsford £47,500 - £57,500 £52,500 Warwick £52,500 - £52,500 £52,500 Cheltenham £42,500 - £55,000 £50,833 For independent insurance brokers whose income relies largely on commissions, it's important to know and specialise in the more profitable types of insurance. Brokers typically receive between 30% and 49% in commissions from insurers but they can sometimes receive as much as 62%. The commission rate can vary depending on the volume, quality, and cost of doing business. Here's a list of the insurance types or sectors that can earn you higher commissions: Life insurance policies in the UK also typically involve a lot of client engagement and explanation. Brokers may also receive additional commissions as these policies are renewed, but these commissions are much lower, falling in the 2% to 10% range. Commissions for coverage on your client's motor vehicle can range from 7.5% to 12.5%. While this seems an insignificant amount, most successful auto insurance brokers go by volume - as all motorists in the UK need car insurance. Commissions on property coverage fall in the range of 10% to 15%. To maximise earnings, insurance brokers can find clients that need insurance for large properties or commercial spaces which can grant as much as 20%. Depending on the liability covered and its complexity, liability insurance can give as much as 10% to 20% in commissions. There are different ways for insurance brokers in the UK to earn money. In most cases, they make their earnings off commissions they receive from the policies they sell. However, an insurance professional like a claims broker may receive a monthly salary, apart from earning commissions. How much an insurance broker makes in a year largely depends on their employment and pay structure. Here are a couple of ways that UK insurance brokers can be employed and compensated: Brokerage firms - In these insurance companies, brokers are given a fixed salary along with insurance broker commissions from the policies they sell. This compensation scheme is lucrative, since brokers have a stable income combined with a performance-based incentive paid as a percentage of insurance sales. Independent brokers - These brokers earn primarily from commissions, but some may charge clients fees. This type of broker typically does not receive a salary, unless they have a specific arrangement with their clients. The role of an insurance broker entails performing several tasks and taking on certain responsibilities. Once you obtain your licence and get into the business of broking these responsibilities can include: Gathering information from clients and assessing their insurance needs Creating a risk profile of each client Researching insurance policies to find the most suitable ones for your client Negotiating rates to provide insurance coverage to clients at the best terms Arranging coverage for clients and submit their details to insurers Interpreting complex policy terms and conditions to clients, making sure they understand them before agreeing to purchase insurance policies Managing the clients' insurance coverage by assisting with policy renewals, amendments and mid-term adjustments Anticipating your client's needs and making recommendations for policy adjustments as the need arises Advising clients on whether they need to make claims and when to make such claims Arranging special types of insurance if your client has complex circumstances Delivering exceptional customer service by listening to and addressing your clients' concerns Assisting in risk management Keeping accurate and detailed records of each client Developing and maintaining good relationships with underwriters, surveyors, photographers, engineers, and other professionals who can be involved in the claims process Staying abreast with insurance industry trends and updates Remaining updated with clients' industries Collecting clients' insurance premiums and process claims Winning new clients and acquiring accounts from competitors What is most appealing about insurance careers like that of an insurance agent or insurance broker? The simple fact that neither profession requires a formal education. To become an insurance broker in the UK, all you need is to have GCSEs at grades 9 to 4 (A* to C), which includes English and Mathematics. An aspiring insurance broker should also have A-levels or their equivalent for entry-level posts. University degrees are not required to become an insurance broker in the UK, however, obtaining one can be advantageous. Should you decide to earn a degree before applying for your licence at the Financial Conduct Authority (FCA), choose one that can equip you with the foundational knowledge and skills for insurance. These courses can include: Accounting Business management Commercial law Communications Economics Mathematics Psychology Sociology While having a degree in these subjects may be particularly useful, many employers are generally more interested in your skills, personal attributes, and your potential contribution to their company. It's not merely due to the volume of clients and the type of insurance policies that an insurance broker offers that can earn them large commissions. Oftentimes, the earnings of an insurance broker in a firm or from their independent practice depends on their skills. Here are the critical skills that insurance brokers need that can help them earn substantial commissions, as well as find new clients and retain them: This is a critical skill, since it involves listening to a client's concerns and issues, then addressing them promptly. Excellent customer service is what can set you apart from other full-time brokers and ensure that you maintain good client relationships. Providing good customer service can even attract new clients via referrals from satisfied clients. Numeracy is a very important skill for insurance brokers to have. You'll have to do a lot of calculations and ensure that you get the figures right, as even the smallest mistakes can make a large difference in your client's premiums. The insurance broker is the broker that reads and knows the fine print and even the minutest details of an insurance policy. This is also a useful skill when assessing a client's needs. A significant portion of your work as an insurance broker involves meeting existing and potential clients. These meetings are crucial to your business and must be done apart from all the paperwork. Organising your daily and weekly meetings, while filing the necessary documents is a critical skill, especially when you run a solo operation and don't have an assistant or secretary to set your schedule. Being trustworthy does not only extend to fully disclosing what clients need to know about their insurance plans and handling their money with integrity. Your clients need to know that their circumstances, like with regards to their health, for example, are kept in strict confidence. There are several factors that can influence how much an insurance broker in the UK can make in a year, although even the average broker's salary is slightly higher than the national average. For those who want to earn a lot as a broker, working in London is the best strategy to obtain a significantly higher income. However, being in the right locale does not guarantee that you can earn a lot of money as an insurance broker - this is a fulfilling but challenging profession, where only the most experienced, highly-skilled and hardworking brokers earn the largest salaries and commissions. Did you find this article on how much insurance brokers make in a year in the UK helpful? Let us know in the comments. Everything you need to know about how insurance brokers and brokerages operate in Canada. Over 1M better choices made! Trusted partner to Canada's top financial institutions! Matt Hands, VP, Insurance May 9, 2025 An insurance broker works at selling and negotiating life, home, car and various other insurance coverages on behalf of different insurance companies to the end consumer. They might work as an individual or part of a larger team of brokers at an insurance brokerage. What is an insurance brokerage? An insurance brokerage is a licensed team of insurance brokers providing independent, unbiased advice about life, home, and auto insurance from different insurance providers. Each insurance broker sells insurance from various providers on behalf of the brokerage. What does an insurance broker do? An insurance broker will sell different types of policies. They're responsible for promoting new products to new or current customers, finding the best insurance policy for their clients, and filling out all the necessary paperwork. They take the time to explain, in detail, each portion of the policy, they calculate payment plans and help you handle any insurance claims. An insurance broker can also help you navigate risks for your unique situation. In life insurance, they'll explore your medical background to decide which company serves you best. A home & car insurance broker will work with you to understand how you plan on using the car to ensure you have proper coverage. Also, they'll review your home insurance options and what extra endorsements might be valuable to protect your home from potential risks. Finally, they'll explore options such as bundling discounts, alumni discounts and recommended add-ons for better protection. An insurance broker ensures your assets are protected based on your unique risk profile. They help you decide what you need and don't need, as they customize a plan that suits you. Whether that means paying extra to protect your classic car or not insuring your home for its full value to pay a lower premium. Below are some examples unique to what you might find with individual brokers. How does an insurance broker make money? An insurance broker earns a commission from the policies they sell that is paid out by the insurance company. An auto insurance broker commission will range from 10-12.5%. In contrast, a home insurance commission could be as high as 20-23%, according to the Globe & Mail. An insurance broker also makes a base salary, which, according to Indeed, average salary is \$53,788. In less than 5 minutes, you can compare car insurance quotes from multiple Canadian brokerages. Both insurance brokers and insurance agents work with customers and insurers to sell insurance products on behalf of the companies they represent. The difference between an insurance broker and an agent is the broker works with multiple providers, while an agent represents one insurance company. An agent will be unable to help you compare the market, but will have in-depth knowledge and expertise about the products they sell. An insurance broker conversely, will be able to provide unbiased advice to help you shop the market for the insurance policy that best suits your needs. In less than 5 minutes, you can compare multiple home insurance quotes from Canada's top providers for free. Comparing rates online could save you hundreds of dollars. In private insurance provinces (Ontario, Alberta, Atlantic Canada) there are 4 mandatory coverages: Liability if you injure someone or damage their car, accident benefits if you're injured, uninsured auto for when an insured driver hits you, and DCPD which means you only ever deal with your insurance company. Unless you add collision and comprehensive, your policy doesn't protect your car! Third party liability minimum is \$200,000, but that's not enough anymore for most claims. Accident benefits also pays for loss of income if you can't work, but the default is \$400 per week. Want more? Ask how it affects your costs. Collision protects your car if you're in an accident where it's your fault. Comprehensive protects your car from flood, fire, theft. There are also endorsements you can add that gives you a rental car if you're in the shop, another that covers you if you drive a car you don't own (rental car), and one that gives you full replacement value of your car if it's a write off. How can I save on car insurance? Group rates, alumni discounts are possible. Driving less will reduce your costs, as will not getting all the optional coverages. Winter tires can help you, too. The right car can yield better insurance rates. And, increasing your deductible certainly helps. Should I increase my deductible? The deductible is what you pay of the claim, before your insurer pays the rest. Increasing your deductible means you won't make small claims and you're taking some of the responsibility on yourself. What happens if I need to make a claim? Do you call your broker? Or the insurance company? How soon should you call? What details do you need from the scene? How is fault determined? Insurance follows the car (in most cases) so if your friend borrows it and gets into an accident, it's on you. But, if your friend borrows it a lot, should they be added as a secondary driver? What happens if a cheque bounces or credit card payment doesn't go through? Does that impact my insurance record and my rates? Should I consider usage-based insurance? Usage-based insurance (UBI) is pay-as-you-drive or pay-how-you-drive car insurance that measures your habits on your smartphone and can yield cheaper rates. A brokerage partners with insurance providers to understand what's available in the market. An insurance brokerage hires insurance brokers to handle each client's needs, be it for a new car insurance quote or help with the processing of a claim. An insurance brokerage receives commissions from sales of each insurer's product. Those commissions are passed down to each insurance broker. Any insurance product a broker recommends is supposed to be the one they deem best suited to meet your needs, without regard to a provider's compensation. The reality is a little more complicated. Staying up to date on all the policies from multiple suppliers makes it difficult, to say the least. The easy path is to stick with a select few insurance underwriters where they know the reward is excellent, and most of their clients are happy. Instead, shop for any home, life, and car insurance quotes online to find the company that will give you the best deal based on your unique criteria and then work with a select broker to finalize the deal. That's how our system at Ratehub.ca works. The majority of insurance policy owners have purchased through a broker. Direct to consumer is a growing market in Canada, but to date it still only represents a small percentage of total active policies. One of the reasons why Canadians prefer brokerages is that most insurance companies only offer their rates through the broker network. For example, you can only buy insurance from Gore Mutual or Wawanesa, to name a few, who only sell insurance through a broker and not direct to consumers. Furthermore, most insurance brokers work with several insurance providers that allow them the ability to help their customers compare auto or home insurance quotes. Working with a broker allows you to get a clearer picture of what's available in the market. Where a company like Ratehub comes in to play, is that we allow you to cast a wider net and compare a larger number of quotes from multiple brokers and direct insurers. This is why we recommend starting your insurance shopping experience with websites like ours. Our insurance quoting engines ingest various pieces of information to compute an array of personalized quotes from a number of insurers backed by both brokers and direct to consumers. Once you select the quote that best suits your needs we will connect you with our partner to review your policy needs and finalize your premium. An insurance broker is paid on a variable commission depending on the insurance company. In addition to the commission, some brokers may earn service fees, which could be a percentage of the insurance premiums or a transaction fee. The extra charges are for broker provided services on behalf of the provider, such as underwriting, data input, and administration of your policy. So all in all, you don't explicitly pay the broker - you pay the insurance company that pays the broker for your services. No, we are not. Ratehub.ca is a personal finance website that acts as an insurance aggregator. This means that we help our customers compare travel, life, home, or car insurance quotes from multiple providers via our growing partner network and online quoting experiences. Once you have selected the type of insurance you're looking for, we will connect you with an insurance broker or agent who can help you finalize the details of your policy. They will be able to walk you through all your options and potential discounts you might be eligible for, as they help to further personalize your policy. However, as of May 2021, Ratehub.ca launched its own insurance brokerage, RH Insurance to handle the needs of clients and provide an excellent experience. In Canada, Insurance regulation is handled at both the federal and provincial levels. At the national level, the government focuses on ensuring the financial stability of insurance companies. Provincially, governments handle the licensing of individuals. Visit the Insurance Institute of Canada to learn more about federal regulation. The Registered Insurance Brokers of Ontario (RIBO) is in charge of education, resources, exams, and licensing in the province of Ontario. To learn more visit RIBO.com With 6+ years of experience at Ratehub.ca, Matt's focus has been on growing its newest business unit, Insurance. He is a thought leader and a valuable resource to respected publications across Canada. read full bio We help you find better financial products for your specific needs. Whether you need a mortgage, credit card, savings account, or insurance coverage, we get you the information you need to choose better. Financial institutions pay us for connecting them with customers. This could be through advertisements, or when someone applies or is approved for a product. Not all products we list are tied to compensation for us though. Our industry leading education centre and affordability calculators are available 24/7, free of charge, and with no obligation to purchase. To learn more, visit our About us page. read more about us £31,720 Average £36,903/year £47,518 £2,643 Average £3,075/month £3,960 £610 Average £710/week £914 Annual Salary Monthly Pay Weekly Pay Hourly Wage 75th Percentile £47,518 £3,960 £914 £23 Average £36,903 £3,075 £710 £18 25th Percentile £31,720 £2,643 £610 £15 Salary.com provides you with accurate and diversified Car Insurance Broker salary data based on specialized databases to help you get a fairer salary. The average annual pay for a Car Insurance Broker is about £36,903 a year, this translates to an approximate hourly rate of £18, a monthly salary of about £3,075, and a weekly pay of around £710. Click the switch button below to see more details about Car Insurance Broker hourly pay, weekly pay, monthly pay, and so on. 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