



## The Broker of Record Letter (BOR)

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While attempting to obtain the best aviation insurance terms possible for ourselves or our companies, most of us have received the following or similar response from the second or third brokers we have contacted.

*"We have strategically investigated the aviation insurance market on your behalf and have found that all markets are involved, blocked, or committed to your current broker. Therefore, we are unfortunately not able to provide you with any additional options to those that your current agent has provided you. Before we will be able to act further on your behalf, we will need a Broker of Record Letter from you authorizing us to do so."*

The committed or blocked market situation can be very frustrating to the consumer and unless the system is fully understood, can lead to misunderstandings or cause serious strain to an otherwise strong and long standing business relationship.

### What is a Broker of Record Letter?

The Broker of Record Letter or BOR is a letter executed by an insured appointing a new broker. This letter is usually addressed to the insurance carrier or market with a copy to both the incumbent and newly appointed broker. The insurance company usually gives the incumbent broker 5 to 10 days to have the letter rescinded.

This means that you are essentially firing or removing authority from your current broker and hiring or giving that authority to the new broker.

### Why do I need a Broker of Record Letter?

Insurance companies recognize only one broker on any given account; first come- first recognized and the company will only deal with that broker until authorized to deal with another. Therefore the first broker who presents your account to an underwriter becomes the only recognized broker of record for your account with that underwriter. If you wish to change your broker, you must execute a "Broker of Record Letter" in favor of the broker you wish to represent you to the company or market as a whole. The BOR is then presented to the companies and allows them to recognize the new broker as having the authority to represent you and your account. The BOR assures the underwriter that the new broker has your authority to represent you and that they are dealing with the broker who has your authority to bind coverage on your behalf. That authority will be recognized by the addressed markets going forward until changed by you in writing.

There are an estimated 1,400 insurance brokers and agents who work facilitate the placement of insurance coverage between consumer and the insurance companies; of those, less than 30 are viable aviation specialists. You can choose any broker you want and you can switch brokers whenever you want but there might be consequences if you change horses in the middle of the bidding process. In order to avoid any confusion or resulting potential consequences, it is very important that you are fully informed of how the system or market functions and that your representative is working in your best interest. Be aware of what the BOR represents and that you are comfortable with your change in brokers. Be careful and read the small print; some quote requests are actually BOR's.

The BOR is **your** tool in controlling your marketing representation and prevents unauthorized representation or marketing of **your** insurance and should be used only when you feel that a change is warranted or necessary.