

British Insurance Brokers' Association

Manifesto 2010



BIBA

The best insurance
is a BIBA broker

Find a Broker at:
www.biba.org.uk

Find a Broker helpline:
0870 950 1790

The British Insurance Brokers' Association (BIBA) is the UK's leading general insurance intermediary organisation representing the interests of insurance brokers and their customers.

Independent insurance brokers are the agent of the client and put their interests first. In 2008, BIBA members helped clients arrange policies valued at more than £22 billion of net premium.

Brokers provide professional advice to businesses and individuals, playing a key role in the identification, measurement, management, control and transfer of risk. They negotiate appropriate insurance protection tailored to individual needs.

BIBA is the voice of the industry advising members, the regulators, consumer bodies and other stakeholders on key insurance issues.

BIBA works closely with the Chartered Insurance Institute to provide training to those working in the industry. It also provides unique schemes and facilities, technical advice, guidance on regulation and business support and is helping to raise – and maintain – industry standards.



Eric Galbraith
Chief Executive

- BIBA membership includes 1,700 regulated firms.
- BIBA brokers handle around half the value of all UK home, contents, motor, travel, commercial and industrial insurance policies.
- Independent insurance intermediaries distribute nearly two-thirds of all UK general insurance.
- BIBA receives more than 340,000 consumer enquiries each year with 60,000 calls to its Find a Broker helpline and 280,000 visitors to its online Find a Broker service.
- The UK insurance industry employs 313,000 people, generates £2.3 billion of insurance premium tax and £2.9 billion of corporation tax.
- BIBA runs the largest insurance conference in the UK.
- BIBA is the 2009 Trade Association of the Year.



WINNER

TRADE ASSOCIATION
OF THE YEAR AWARD

Insurance brokers are a foundation stone of British economic enterprise.

Our Mission

To represent and protect the best interests of our insurance broker and intermediary members

BIBA strives to achieve this by:

promoting the services and contribution that insurance brokers and intermediaries provide with advice, guidance and access to risk management and insurance protection

influencing the relevant decision makers and policy writers that affect our sector

maintaining and developing a stable business environment in which our members operate by keeping them informed of relevant issues, providing a forum for discussion and the exchange of non-competitive information

supporting members both collectively and individually through a series of facilities and support services.



Campaigning issues

- Suitable insurance, internet sales and signposting
- Driving change
- Regulation and consumer protection
- The UK and Europe

The European
Commission,
Brussels, Belgium





Suitable insurance, internet sales and signposting



It is vital that individuals and businesses have access to professional advice and guidance on insurance requirements, in order for them to properly understand risk exposures and purchase the most appropriate and competitively priced insurance cover.

While access to the internet may make it easier to buy some forms of packaged insurance products, there is no substitute for professional advice and guidance, particularly when many business customers experience difficulty obtaining adequate and suitable cover without the help of an insurance broker.

– **Signposting** – to help customers and businesses access suitable protection, BIBA is calling on all relevant bodies and organisations to signpost consumers and businesses to a BIBA broker.

– **Affordability** – BIBA will work to promote access to affordable risk management, insurance products and services for both personal and business customers.

– **Non-standard risks** – BIBA will continue its work with the Government to achieve a fair system for securing insurance cover for customers of any age, health condition, disability or social background. It will also seek to improve access to insurance for people in flood zones and those with previous claims or convictions.

– **Who is the insurer?**
BIBA will work to raise awareness among consumers of the need to check where their insurance company is located. This impacts on the level of protection to which they are subjected, particularly if they are regulated outside the UK.

– Internet sales

Fairness – BIBA will call for the regulator and Office of Fair Trading to review some of the selling practices of insurance comparison websites in order to promote best practice and clarity. Reducing opportunities for misleading information will help to ensure that customers are treated fairly. BIBA wants the system of assumptions to be abolished.

Price – BIBA wants a review of the advertising and pricing of internet sales, while raising awareness of our concerns about the overemphasis on cost and, in a number of instances, insufficient regard to the scope and adequacy of cover.

Clarity of cover – BIBA believes that good advice is an important element in ensuring the correct cover. Comparison websites use specific pricing techniques; they are more than simply information sites. In order to properly understand their exposure to risk, BIBA believes that customers should be told clearly what is, and is not, covered, and all excesses should be clear, fair and not misleading.

BIBA will maintain its focus on seeking positive reform within the market to ensure its global competitiveness. BIBA will work to support the delivery of the Insurance Industry Working Groups' recommendations for 2020.

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- **Motor**
BIBA is committed to improving access to, and customer understanding of motor insurance and making the UK's roads safer.

 - **Electronic delivery of motor insurance certificates** – BIBA will work towards securing the legislative changes required to enable the electronic delivery of motor insurance certificates.
 - **Continuous insurance enforcement** – BIBA will continue to press for implementation of the new enforcement system and a sustained promotional campaign to help reduce levels of uninsured driving.
 - **Motor claims** – BIBA recognises the customer benefits offered by claims management, credit hire and credit repair companies. However, it wishes to see a review of some practices that lead to excessive claims and confusion and will be working with the market to seek reform.



– **Reform and simplification of the UK tax system**

BIBA is actively challenging increases and changes in scope to insurance premium tax (IPT).

BIBA seeks a review of taxation on private medical insurance, particularly the issue of tax relief. BIBA will also lobby for a review of business taxes, particularly to reduce corporation tax on small companies and the cutting of the main rate of corporation tax.

BIBA also proposes a review of the inappropriate system of a different rate of IPT for personal travel insurance, which is charged at 17.5 per cent. This should be brought into line with the existing rate of five per cent for business travel insurance and other classes of personal insurance, such as motor, home, pet and all commercial insurance.

– **The law**

BIBA will maintain its focus on seeking positive reform within the market to ensure its global competitiveness. This will include working with the Law Commission on the simplification of insurance law. BIBA will seek to positively influence the Bill on consumer insurance law, plus future efforts by the Law Commission to review pre-contractual business insurance law.

– **Employers' liability insurance**

BIBA believes that now is an opportune time to consider revisions to the Employers' Liability Act 1969 and subsequent regulations. This could be done in conjunction with the Employers' Liability Insurance Bureau Bill currently before Parliament. BIBA also wants to see improvements to the Employers' Liability Tracing Code.

The areas of concern are: the definition of employees, which does not appear to cover unpaid workers, such as volunteers and charity workers or work experience persons and others; the use by insurers of restricted trade descriptions, so employees working outside the description may not be covered; and workers temporarily working outside the UK.

While many policies will cover these, it is important they are made part of the statutory cover to ensure there is protection under the Financial Services Compensation Scheme (FSCS) should the insurer become insolvent.

– **Improve customer understanding**

BIBA is seeking to improve and raise policyholder awareness of many issues, such as underinsurance and business continuity, and help to explain insurance terms, eg, standard construction and physical security protections.

– **Private medical insurance (PMI)**

To achieve more sustainable funding of the NHS by greater support and recognition of the private medical insurance sector.

To achieve co-operation from insurers on the provision of claims information at renewal to enable insurance brokers to source cover.

– **Social housing**

BIBA will seek to improve access to, and understanding of, contents insurance and its affordability for people in social housing.

– **Fraud**

The increase of insurance fraud is a growing concern. BIBA seeks to work more closely with members, insurers and other anti-fraud organisations to combat fraudulent activity.

– **Corporate liability**

The issue of corporate liability is a growing concern, particularly from the Corporate Manslaughter Act and the incorporation of the Environmental Liability Directive into UK law. BIBA seeks greater support from the Government and stakeholders in raising awareness of these issues with businesses.

– **Resilient repair**

Insurers repair damaged properties in accordance with the insurance contract. If the insurance policy included a requirement for resilient repair then this would mean that insurers would then repair the property in such a way that future floods would cause less damage, be quicker and less costly to repair. BIBA wishes to see new products developed.



– **Business interruption (BI) insurance and business continuity**

BIBA is committed to working with the Chartered Institute of Loss Adjusters (CILA) to bring clarity to business interruption insurance. It is estimated that more than 60 per cent of the figures declared under such policies are less than they should be, leading to many cases of under-insurance of 50 per cent or more. This, coupled with the lack of business recovery plans, results in the failure of the business to recover and the resultant loss of employment.

The continued use by the insurance industry of the term “Gross Profit” to set the sum insured, when the meaning of this phrase in the policy is completely at odds with that given to it by accountants and all other business groups is thought to be a major reason for under-insurance. Other practices under BI policies need to be modernised too.



The Scottish
Parliament,
Holyrood,
Edinburgh



Regulation and consumer protection

Regulation has a major influence on our sector and BIBA has long campaigned for more appropriate levels. BIBA is a strong supporter of the principle of better regulation and will continue to work to achieve this, including efforts to reduce unnecessary, unfair or inappropriate regulation.

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- **New regulatory regime**
BIBA is calling for future regulation to be appropriate and proportionate. Brokers do not present a systemic risk to UK plc and BIBA will lobby for appropriate regulation for insurance brokers and intermediaries – particularly with potential changes in Government arising from the General Election in 2010.
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- **Revision of the EU Insurance Mediation Directive (IMD)**
BIBA seeks a competitive business environment for its members and will work with the European Commission to achieve this during all stages of the IMD revision.
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- **Level playing field**
BIBA will continue to work with BIPAR (the European Federation of Insurance Intermediaries) and the WFII (World Federation of Insurance Intermediaries) to achieve a level playing field for insurance brokers, both in the UK and worldwide.
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- **Financial Services Compensation Scheme**
In 2009, BIBA successfully called for a review of the existing compensation system. In 2010, BIBA will follow this review through to achieve an appropriate funding model for our members. BIBA supports compensation, but opposes the current cross-subsidisation of compensation, an unfair arrangement unique in the EU, which puts members at a significant competitive disadvantage to their European peers.

BIBA will take an active role in helping to safeguard the UK's position as a leader in the marketplace for general insurance and risk management against the effects of fierce global competition and economic uncertainty. This work will see BIBA promote the importance of London and the UK insurance market by engaging with all relevant parties including the UK Government, the European Commission and Parliament.

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- **Maintaining a stable environment**
With so much potential change within Government and regulators, BIBA will work with all relevant parties and organisations to ensure stability.
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- **The political horizon**
BIBA will work with the Government, the FSA and other stakeholders to promote the interests of the UK insurance broking sector and its customers and input into important Government initiatives that impact upon members.
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- **London market**
BIBA's London Market Region Committee will work to promote and protect the specific interests of London market brokers. The aim is to showcase the professionalism of London market brokers and in doing so strengthen the market's reputation for innovation and expertise.
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- **Europe**
BIBA will monitor proposed European Union directives and changes impacting members and their customers.

The benefits of dealing with a BIBA broker

How a BIBA broker can help you

BIBA members provide advice, guidance and choice on a range of risk management services and insurance products. They can assist with identifying measurement, management and control of risk. Where appropriate, this will ensure the transfer of the financial risk from the customer to the insurance company, resulting in peace of mind and insurance protection for the customer.

All BIBA members treat customers fairly and work to achieve their best interests.

They will:

- focus on their customers' needs

- make choices clear by advising of the range of products or services they offer

- explain any professional advice they give – clearly and honestly

- make sure the customer understands what is, and is not, covered

- clearly state the costs of the policy – including any fees they may charge

- give clear information and documents – as well as any help needed with the paperwork – to make sure the policy is issued promptly

- explain the support they offer in the event of a claim

- explain the right to cancel.

How brokers help with claims

BIBA brokers add value. BIBA research shows that 91 per cent of brokers have secured an increased payment for a claim following the initial offer. Eighty-seven per cent of brokers are regularly able to negotiate up to a 20 per cent uplift in claims payments. Brokers improve the timeliness of claims and ensure that claims rejections are minimised.

Inside The
National
Assembly for
Wales, Cardiff
Bay, Cardiff





BIBA Contacts

Eric Galbraith

Chief Executive
020 7397 0201
galbraithe@biba.org.uk

Peter Staddon

Head of Technical Services
020 7397 0204
staddonp@biba.org.uk

Graeme Trudgill

Technical and Corporate
Affairs Executive
020 7397 0218
trudgillg@biba.org.uk

Steve Foulsham

Technical Services Manager
020 7397 0234
foulshams@biba.org.uk

Leighann Burtrand

Communications Manager
020 7397 0223
burtrandl@biba.org.uk

Becky Pledge

Communications Assistant
020 7397 0231
pledger@biba.org.uk

Steve White

Head of Compliance and Training
020 7397 0222
whites@biba.org.uk

Vanessa Young

London Market Secretariat
and Compliance Co-ordinator
020 7397 0233
youngv@biba.org.uk

Lindsay Campbell

Executive Assistant
020 7397 0221
campbelll@biba.org.uk

Doreen Campbell

Office Manager/PA
020 7397 0219
campbelld@biba.org.uk

Paul Garland

Membership Manager
07808 166124
garlandp@biba.org.uk

Kirsty Wingrove

Membership Co-ordinator
020 7397 0224
wingrovek@biba.org.uk

Sunel Victor

Membership Administrator
020 7397 0205
victors@biba.org.uk

Katie Reay

Administrative Assistant
020 7397 0248
reayk@biba.org.uk

Nicola Martin

Technical and Corporate
Affairs Administrator
020 7397 0200
martinn@biba.org.uk

Gurmukh Sheri

Accounts Manager
020 7397 0214
sherig@biba.org.uk

Joelle Etienne

Accounts Assistant
020 7397 0249
etiennej@biba.org.uk

Regional Chairmen

London Market Region

Ken Davidson
CSP Insurance
020 7977 5700
ken.davidson@cspinsurance.com

Anglia

James Yeadle
Towergate
01284 770206
James.Yeandle@towergate.co.uk

West of England

Wendy Brafield
Oval Insurance Broking Ltd
01275 876678
wendy.brafield@theovalgroup.com

Northern Ireland

Tania Funston
R J Funston Insurance Services
028 3832 2262
tanianfunston@rjfunston.co.uk

Merseyside, North Wales, West Cheshire and Isle of Man

Phill Coffey
Butterworth Spengler
Commercial Ltd
0151 4944400
pcoffey@butterworthspengler.co.uk

East Midlands

John Crowther
Swintons
01509 230871
John.Crowther@swinton.co.uk

West Midlands

Richard Scott
07895 009946
oxfordrich@hotmail.co.uk

South Wales

Sue Davidge
Thomas Carroll
02920 855230
sue.davidge@thomas-carroll.co.uk

Central

Ian Langley
HFIS plc
0845 310 6304
ian.langley@hfis.co.uk

South East

Paul Smith
Cobra Network
07850 399993
Paulntsmith@hotmail.co.uk

Scotland

Shona Robertson
H & R Insurance Services
01224 848382
BIBA@hrinsure.co.uk

Yorkshire and Northern

John Hughes
The Insurance Partnership
01482 213215
jhughes@insurance-partnership.com

Greater Manchester

Paul Moors
The Bollington Group Ltd
01625 577103
paul.moors@bollington.com

Regional Executives

West of England and South Wales (I & J)

Barry Blakley
07766 235 037
blakleyb@biba.org.uk

South East and Central (T & M)

Diane Smyllie
07956 113 319
diane.smyllie@ntlworld.com

Scotland and Northern Ireland (A & U)

Clive Hurn
07836 609 960
clivehurn@btinternet.com

Anglia and East Midlands (N & G)

Jo Morgan
07721 457 855
jo@memltd.com

Yorkshire and Northern (D)

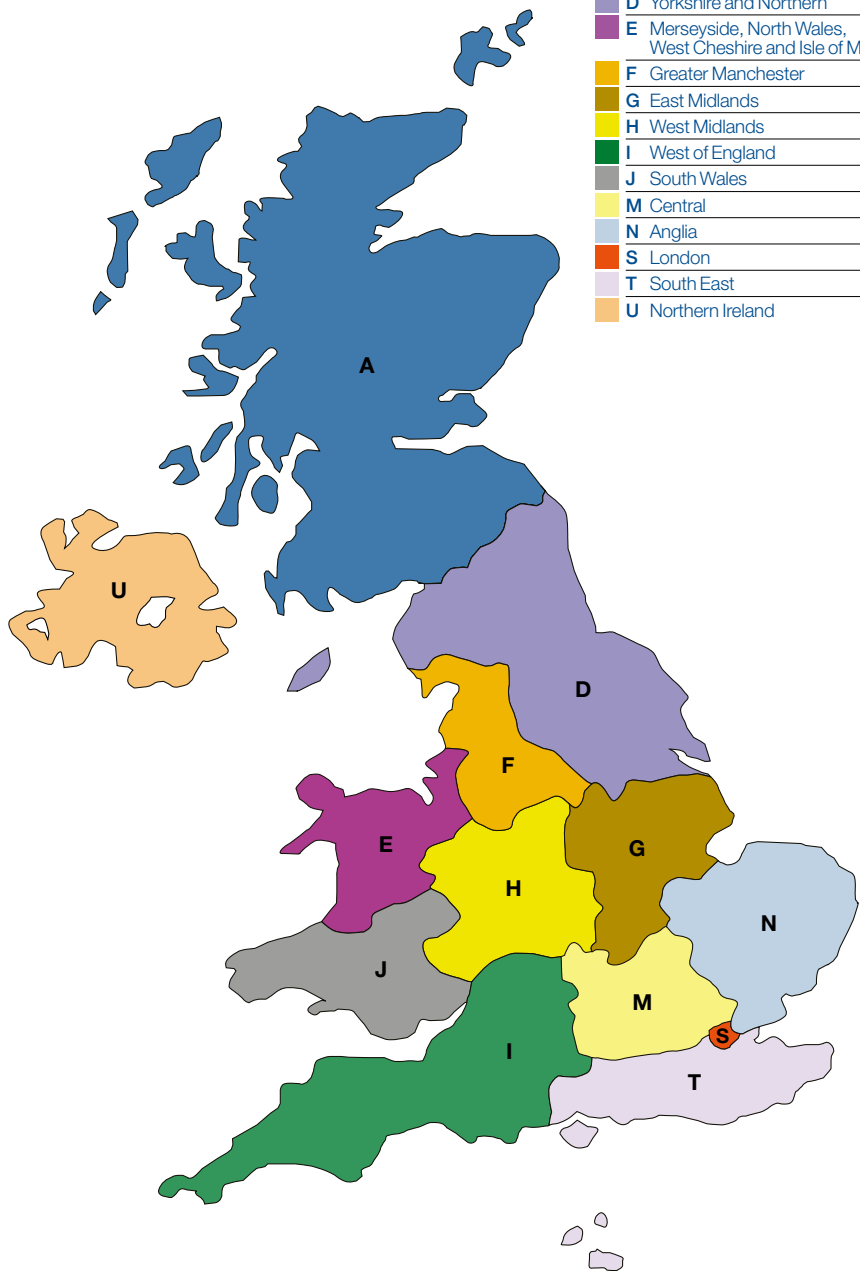
Ian Raper
07976 735 613
biba@rapporttechnical.com

West Midlands (H)

Bob Darwin
07982 259898
bobdarwin@blueyonder.co.uk

Merseyside, North Wales, West Cheshire, Isle of Man and Greater Manchester (F & E)

Bob Nicholls
07831 423 628
nicholrobe@aol.com



Regions

A	Scotland
D	Yorkshire and Northern
E	Merseyside, North Wales, West Cheshire and Isle of Man
F	Greater Manchester
G	East Midlands
H	West Midlands
I	West of England
J	South Wales
M	Central
N	Anglia
S	London
T	South East
U	Northern Ireland

British Insurance Brokers' Association
8th Floor
John Stow House
18 Bevis Marks
London EC3A 7JB

Find a Broker helpline: 0870 950 1790
Member helpline: 0844 77 00 266
Fax: 020 7626 9676
enquiries@biba.org.uk
www.biba.org.uk

For information on BIBA's *Manifesto*,
please contact the team below:



Graeme Trudgill, BIBA's Technical
and Corporate Affairs Executive
020 7397 0218
trudgillg@biba.org.uk



Leighann Burtrand, BIBA's
Communications Manager
020 7397 0223
burtrandl@biba.org.uk

