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 'Challenge BIBA'

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Manifesto 2011

Protecting our future



BIBA

The best insurance
is a BIBA broker

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

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.
- BIBA helps more than **1,000** customers every working day and receives more than **300,000** consumer enquiries each year with calls to its Find a Broker helpline and visitors to its online Find a Broker service.
- The UK insurance industry employs more than **275,000** people, generates more than **£1.5 billion** of insurance premium tax and **£2 billion** of corporation tax.
- The broker share of general insurance retail sales in 2009 increased by **2%**.
- BIBA runs the largest insurance conference in the UK.
- BIBA was the **2009** Trade Association of the Year.

Independent insurance brokers are the agent of the client and put the client's interests first. In 2009, BIBA members helped clients arrange policies valued at more than £13 billion of 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, government, consumer bodies and other stakeholders on key insurance issues. It also sits on the Trade Association Council of the Confederation of British Industry (CBI) and the BIPAR (The European Federation of Insurance Intermediaries) directors' committee.

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

The benefits of dealing with a BIBA broker

What is an insurance broker?

An insurance broker is a professional firm regulated by the Financial Services Authority (FSA) whose prime purpose is to help customers find suitable cost effective insurance protection. Brokers can give advice on numerous issues including support in the event of a claim.

The benefits of dealing with a BIBA broker

Brokers are the agent of the client; they represent the client's interests. 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 include the transfer of the financial risk from the customer to the insurance company, resulting in peace of mind and insurance protection for the customer.

Insurance brokers create innovation; they can arrange protection for individuals and companies; they help access appropriate protection and can give advice on managing risks and enable a resilient society in the 21st Century.

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

- Focus on the customer's 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
- Provide 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



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.

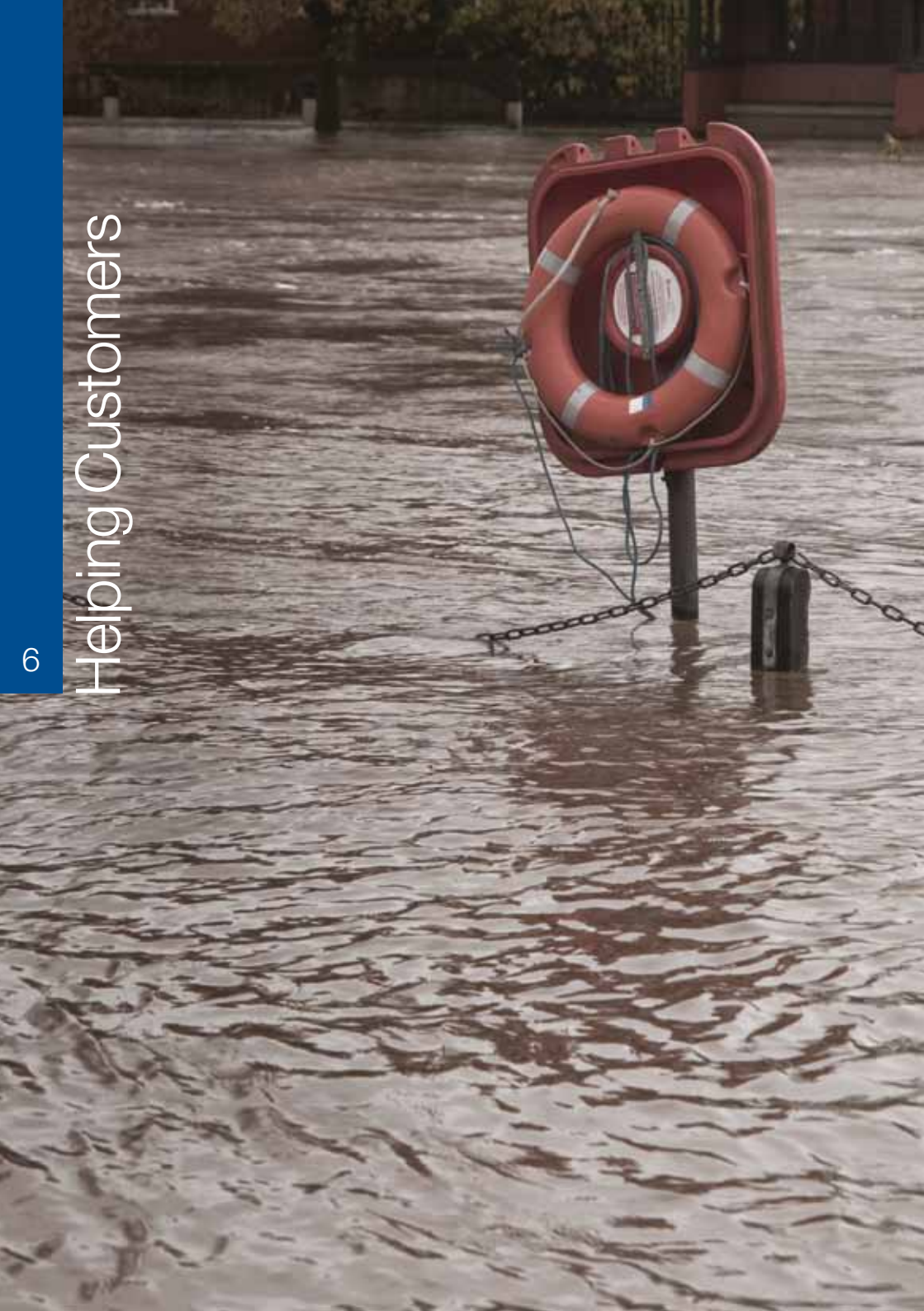
Maintaining: and developing a stable business environment in which our members operate by keeping them informed of relevant issues, providing a forum for discussion and the exchange of non-competitive information.

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



- Helping customers
- Regulation and consumer protection
- Driving change in the insurance industry





It is vital that individuals and businesses have access to professional advice and guidance on managing risks and insurance protection.

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

We will work with the coalition government, political parties, regulators, media, consumer bodies, insurers and other stakeholders to best help our members and their customers in supporting and protecting communities.

Case study

Mrs Spooner, 93, lives in a house raised off the ground by stilts next to a river near Sunbury, Surrey. At renewal for her home insurance, she had great difficulty finding insurance because her home is so close to a river, even though it is built on stilts and has never been flooded.

Mrs Spooner spent a long time calling insurance companies which were all unable to provide cover because they deemed her property as non-standard.

After a long time searching for insurance, Mrs Spooner became desperate and called Age Concern for help. They directed her to the BIBA Find a Broker helpline who transferred her to a specialist insurance broker.

They used their expert broking experience and knowledge of the industry to successfully find insurance cover for Mrs Spooner at a competitive price.

Mrs Spooner commented: "So many insurers wouldn't cover me. It was just hard luck that I didn't fit into their standard tick box system so they refused cover. I was quite desperate to find insurance and had never heard of the BIBA helpline but was so grateful that they were able to help. Once I was put in touch with the BIBA broker, they were really helpful and genuinely cared – the service was wonderful and I now have peace of mind that I'm fully protected."



– Signposting

To help customers and businesses access affordable and suitable insurance protection. BIBA is calling on government departments, consumer and business organisations and insurers to signpost consumers and businesses to a BIBA broker. Signposting can form part of the big society agenda.

– Non-standard risks

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

– Internet selling

The rise of insurance internet sales has created new risks to customers. BIBA will work with comparison sites, regulators, consumer bodies and other stakeholders to minimise these risks to customers. BIBA believes that the cover quoted should reflect the customer's originally selected criteria. Pricing, cover restrictions and exclusions must be clear, fair and not misleading, quotes should be guaranteed and transparent and assumptions avoided.

– Unfair treatment of customers

It is unfair for financial organisations or lenders to pressurise customers into purchasing insurance through their facility, restricting the customer's freedom to choose and access independent advice. The practices of conditional lending, tying and bundling must be appropriately regulated and enforced to protect customers.

– Protecting businesses

When businesses are cutting back on costs during difficult economic conditions, it is important that key areas of cover, such as business interruption indemnity periods and sums insured, are adequate to provide the required protection. BIBA will look to support businesses and will work with the government and the Chartered Institute of Loss Adjusters (CILA) to provide clarity about the need for adequate cover and to prevent the consequences of underinsurance.

– Flood zone properties

BIBA will work to provide access to insurance solutions for properties in flood zones. We will promote the benefits of resilient repair and lobby the government to implement the components of the Flood and Water Management Act.



An opportunity for more appropriate and proportionate regulation

Regulation has a major influence on our profession and BIBA has long campaigned for more appropriate and proportionate levels of supervision. 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.



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.

BIBA's aim is to achieve a **level playing field** for insurance brokers and their customers, both in the UK and Europe.

BIBA believes that the current unlevel playing field needs reform so that customers have access to the same suite of disclosures wherever they buy their general insurance. This will help customers understand who they are dealing with – e.g. direct insurer, broker or a brand. BIBA believes that a level playing field with regard to **disclosures** would be an important step to reduce consumer confusion.

Changes to the UK regulatory architecture

HM Treasury's consultation paper 'A new approach to financial regulation: judgment, focus and stability' sets out plans to create the macro prudential oversight by the Financial Policy Committee (FPC) within the Bank of England. A Prudential Regulation Authority (PRA) will be created to supervise the micro prudential regulation of the banks, building societies and insurance companies.

A Consumer Protection and Markets Authority (CPMA) will be created to regulate prudentially those firms not within the scope of the PRA, together with conduct of business regulation for all financial firms. This will include all insurance intermediaries. BIBA believes that insurance intermediaries **do not present a systemic risk** to UK plc and therefore the CPMA is the appropriate body for regulation of our sector. We are pleased the Treasury paper supports this. Insurance intermediaries represent a low risk to the objectives of the CPMA and care should be taken to ensure that the new regime leads to **appropriate** and **proportionate** regulation of our sector.



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Revised funding for the Financial Services Compensation Scheme (FSCS)

BIBA believes that provision for compensation to consumers plays an important part in increasing public confidence in financial services. However, the current funding model, with its built-in **cross subsidies, is inequitable**. BIBA continues to be actively involved in the FSA's fundamental review of the FSCS and is calling for **separation** between the professional insurance brokers and secondary sellers of insurance.

The cost of regulation

The regulatory cost burden in the UK is significantly higher than anywhere else in Europe. A competitive and healthy insurance intermediary market is in the national interest and so the issue of cost must be taken seriously. The cost of regulation to the general insurance intermediary community has increased significantly during the past decade. **Fees are significantly out of kilter** with what intermediaries are paying in other EU member states. Large general insurance intermediaries which are active across Europe will pay more here in the UK in annual regulatory fees and levies than in the other 26 member states combined.

Driving change in the insurance industry

BIBA will maintain its focus on seeking positive reform within the market to ensure its global competitiveness



– Motor – Continuous Insurance Enforcement

BIBA will continue to press for implementation of the new enforcement system and promotional campaign to help reduce the unacceptable level of uninsured driving.

– Access to affordable motor insurance

BIBA will work with consumer bodies, government, the ABI and the media to help signpost people – particularly younger drivers – to competitive motor insurance providers.

– Reducing claims costs

BIBA will work to reduce the unnecessary cost of claims and engage with the actions as outlined in the Lord Justice Jackson report.

– Northern Ireland

BIBA will work with the Consumer Council of Northern Ireland and Northern Ireland Assembly to ensure customers are receiving competitive and appropriate insurance protection.

– Working with insurers

BIBA's General Insurance Brokers' Committee will look to work constructively with insurers to find solutions for friction areas that can affect customers' outcomes. This work will include: Products, underwriting, pricing, clarity of cover, operational effectiveness, remuneration, regulatory support, relationships including matters on distribution and agency, treating customers fairly, timeliness, terms of business agreement, access to authenticated claims information, dual pricing and many other areas to ensure the standards of professionalism in the industry are upheld.



– **Review of insurance contract law**

BIBA will seek positive reform within the market to ensure its global competitiveness. This will include working with HM Treasury and the Law Commission on the review of insurance law to make a fairer system for the buyers and sellers of insurance.

– **Employers' liability insurance**

BIBA will work with government and industry stakeholders to help introduce the Employers' Liability Tracing Office (ELTO) to make it easier for claimants to trace their historical insurance records.

BIBA will work with government and the insurance industry to achieve the fairest system to provide compensation for employees and suitable protection for employers, plus clarification of cover for employees working abroad.

– **Health insurance**

BIBA will help to lead reforms within the health and private medical insurance market including long term care and customer choice, improving areas of transparency, competition and access to care.

– **The London and international market**

BIBA's London Market Region Committee will work to promote and protect the specific interests of London market brokers worldwide. The aim is to showcase the professionalism of London market brokers and in doing so strengthening the market's reputation for innovation and expertise.

– **Professional indemnity (PI) insurance**

PI cover provides an invaluable safety net to professionals. BIBA is leading reform in the areas of brokers' and solicitors' PI to ensure better protection and understanding and will work with the Solicitors Regulation Authority.

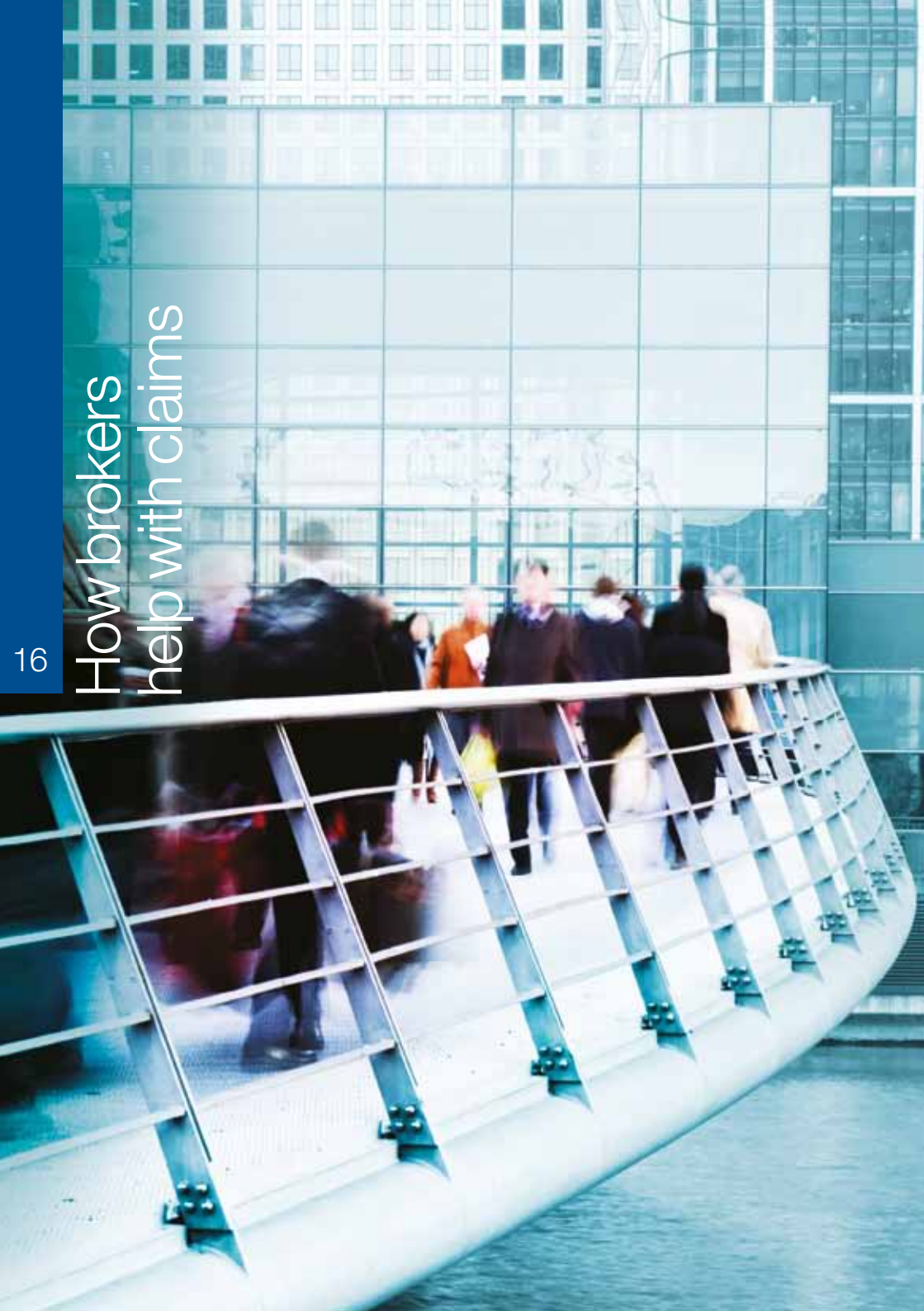
– **Fraud**

BIBA will work with government and industry stakeholders including the Insurance Fraud Bureau and the Health Insurance Counter Fraud Group to reduce fraud and misrepresentation and will seek greater access to the DVLA driver licence database.

– **Trade credit insurance**

To improve access to trade credit insurance for businesses and to form closer relations with the Export Credits Guarantee Department to help SMEs access trade risk cover for exports to emerging markets.





BIBA brokers can add value in the claims process, helping customers to obtain a fair and prompt settlement from insurers. In research on behalf of BIBA, 67% of broker respondents said that they had to fight harder on behalf of customers to get claims paid during the recession and 93% regularly negotiate up to a 20% uplift on claims settlements.

Case study

In July 2009, Argo Saint George, a corporate finance adviser and fund manager, suffered a theft of a laptop computer from their office premises. The claim for the laptop was rejected by the insurer on the basis of a policy exclusion for theft by 'persons lawfully on the premises'. The BIBA insurance broker negotiated on behalf of the customer to demonstrate that there was no evidence to support this policy exclusion and built a case to demonstrate that the claim should be paid. They took the case to the Financial Ombudsman Service, who ruled in favour of the broker and client. The broker's involvement resulted in a full claim payment to Argo Saint George for their replacement laptop computer worth £1,800.

Daniel Geoghegan, a partner at Argo St George, said: "We were dismayed when the insurer cited a technicality to avoid paying out. Our insurance broker obviously felt one theft was enough and was unwilling to let things lie. Not only did he advance a partial payment from his own coffers, but he went the extra mile in pursuing the insurer. His commitment to service and integrity was fully appreciated."



BIBA



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