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Counting our achievements
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Welcome



Leighann Forsyth
Editor of *The Broker*

Colder days and darker nights may be with us, but you can be guaranteed a warm welcome within your local region. The work put in by our regional committees is outstanding – and for those who do not take full advantage of the programme of activities, check out the article on page 16, where I hope we can tempt you to find out more.

This is also the season when a number of annual dinners are taking place and, as a result of member demand, we have stepped up the number of compliance forums being held.

These have proved an enormous success – and in some cases, are being held quarterly. The current regulatory landscape is challenging and the cost of employing someone full time in a compliance role – or bringing in consultants – is often not realistic. Our forums take place across the UK and mean you can share experiences with other brokers. Details of forums are available on the calendar on our website.

Talking of which, we have revamped our website, so please familiarise yourself with this. It now has an improved structure, being set up as three clear sections – Members, Customers and Media. The library has been expanded to include hundreds of Technical and Regulation Updates and we've also provided a live Twitter feed so that you can keep up to the minute with what's going on.

Don't forget to ensure your details on our 'Find a Broker' section are up to date – use of this continues to grow and we want to ensure that your firm's specialist areas and contact details are readily available to those who are searching for a particular class of business or local expertise.

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BIBA 2012

A continuing financial crisis, riots, banning referral fees, issues with gathering ERN data for ELTO and continuing disproportionate, inappropriate and costly regulation presents a range of differing challenges and only touches on all the issues that affect our sector.

Fraud, sanctions checking, the Bribery Act, the Equalities Act and age/gender, the impact of technology and lending organisations mis-selling insurance products... the list goes on and on and I am sure members could add another range of issues that impact our sector, our profession.

Notwithstanding all the issues, we need to make sure that the UK remains a centre of excellence and professionalism for risk management and insurance, that Government recognises the value BIBA members bring, advising on, and shaping our futures. Sounds like a good theme for a conference – BIBA 2012 Shaping our Futures – Manchester Central, May 16-17.

New chairman

Members will have seen our announcement last month confirming BIBA's new Chairman from January 2012. I want to take this opportunity to publicly welcome Andy and also thank Patrick for his support and guidance during his time with BIBA.

2012 Manifesto

The BIBA Manifesto is a document used to promote brokers and highlight the value they bring to UK plc. It is used by us when speaking to members of the Government, civil servants and other stakeholders. The 2012 Manifesto is being finalised, and if you wish to raise issues you believe should be included, then please get in touch.

Your input

The BIBA Board has agreed that we carry out a review of our activities and structure, and part of this project involves the recent survey sent to members by FWD, an independent research company. I know you get approached on many occasions to respond to different surveys. I also receive numerous requests to complete research questions. Your input matters and will help us shape BIBA's future activities and structure, so please take the time to respond.

IIB

At the time of going to press discussions are ongoing and I hope that both IIB and BIBA will be able to make an announcement shortly.

www.biba.org.uk

We have relaunched our website. Thanks to all the members who contributed to this project. Please ensure that your member details are correct.

Regulation and other activity

We continue our work to achieve the right proportionate, appropriate and cost effective regulation and have been busy following up on issues raised following our detailed research earlier this year. Future regulation by the FCA, the structure of the FSCS and the detail of the IMD remain our top priorities.

I am delighted with the news that the FSA will review the current unfair funding model of the FSCS during the first half of next year. This follows our lobbying campaign and I would like to thank everyone who signed our 7,000 strong member petition to the House of Commons.

We are already looking to find a workable solution ahead of the review and are working with lawyers and consultants to find a way to achieve separation for members and an end to cross subsidies.

We are also very much focused on our 2012 Manifesto and are inviting members to contribute to our work – you can read more about this on page 10.



“We need to make sure that the UK remains a centre of excellence and professionalism for risk management and insurance”



TOBAs – to be taken seriously

BIBA is advising members to make sure they are fully conversant with insurers' Terms of Business Agreements (TOBAs), following outcry over the Markerstudy agreement which allows only one hour for accidents to be reported.

Technical Services Manager

Steve Foulsham said: "We have been speaking to Markerstudy about this requirement, which we see as ludicrous. I understand that the rationale behind it is to take control of the accident before other parties get involved, such as the brokers own accident management

and legal services, but it is simply impractical.

"What if an accident happens and the customer is not aware of the notification period? What if one occurs in the evening or on a weekend when the broker can't be contacted? And, what if a broker has sold legal expenses, loss recovery insurance or has their own accident management provision? Brokers should not be prevented from recommending their own preferred suppliers. We do not want to see insurers take away brokers' input or customer choice."

He added another issue is the Employers' Liability Tracing Office (ELTO), where policy record information becomes mandatory from April 2012. "Insurers must populate the new database and they will be reliant on brokers to provide the information – including the Employer Reference Number (ERN) and full details of all subsidiary companies included under the policy."

But, he explained that not all employers are aware of this and may need to obtain the details from HMRC. "We think supplying

this information may start to be a requirement within TOBAs. It is likely to mean a lot more work for brokers, given that many SMEs may not understand what is required or may even be reluctant to provide the information if they think it is in some way linked to taxation."

Steve said that BIBA is currently in contact with a number of insurers who have made alterations to their TOBAs, which may be deemed as unfair. "Some are being helpful, others are digging their heels in. But, this is a priority for us and we will keep members informed."

Steve also recommends that brokers should always read existing TOBAs and ensure they are up to date with any changes. He said: "TOBAs are a crucial issue for brokers. Not knowing the fine print could cause serious problems and potentially even a PI claim. I think we will see more restrictive clauses coming in and if brokers are not satisfied, they need to act. I would also ask them to let us know of any TOBA wordings where they feel there are potential problems or a lack of clarity."

BIBA welcomes new appointments to two key roles

BIBA is delighted to announce the important appointments of two highly experienced and influential market practitioners.

Andy Homer, the former Chief Executive Officer for Towergate, is to become BIBA's new Chairman, replacing Patrick Smith.

Andy is a former Chairman of the Motor Insurance Bureau and was also previously President of the Chartered Insurance Institute. He commented: "It's important to make a contribution to the industry and I'm pleased to have this opportunity to give something back to broking. I

am determined that BIBA will continue to make an impact on the tough issues that it has to deal with and I'm planning to participate wherever possible."

There is also a new Chairman for the London Market Region Committee (LMRC) in Tim Coles.

He is Chief Executive of Howden Broking Group and will replace Ken Davidson, the Chairman of Crispin Speers & Partners, who led the LMRC in its first two years and will remain a member of the committee.

Tim said: "As an industry we face myriad issues and changes arising from

the current economic and regulatory environment. As Chairman of the LMRC my priority will be to seek engagement from the BIBA

membership and wider broking community in order that, together, we ensure the best possible outcomes for the industry."



Andy Homer (left) and Tim Coles





Factsheet launched on cookie changes

BIBA has worked with lawyers Beachcroft to produce a factsheet on the use of website cookies so they can comply with the Privacy and Electronic Communications (Amendment) Regulations 2011, which is now in force.

The factsheet, Cookies – A Practical Guide to Moving Towards Compliance with the New Law, is available on the BIBA website.

A cookie is used for identification purposes, and those who operate websites must now not store information without informing the client and obtaining consent.

Previously the requirement was for website operators to tell users that the website uses cookies and that users can opt out from such use by changing their browser settings. But, it was felt by the EU this was inadequate – the new regulations oblige website operators to move away from this passive approach towards actively gaining consent.

The only cookies that do not need user consent are those that are necessary to fulfil the user's request for services. This exemption covers, for example, the use of cookies to remember the contents of an online shopping basket.

All other cookies, for example those counting visitors to a website, will require consent.

The Government is working

on a technical solution so that browser settings can be used to gain consent. Until this is reached, website operators must obtain consent some other way.

The ICO has stated that until May 2012 it will not take any enforcement action against companies that can show they are working on solutions. But, the ICO has powers to fine up to £500,000 for a breach of the Privacy Regulations.

Our factsheet sets out practical guidance on how members can work towards compliance with the requirements of the Privacy Regulations, based on the ICO Cookie Guidance and discussions we have had across the insurance sector.

Head of Communications Leighann Forsyth said: "The impact of this legislation depends on the extent of your web presence and ecommerce activities. For some organisations, for example BIBA itself, compliance has been simply a matter of identifying the one cookie currently used on the site and explaining to users what it is used for."

She continued: "At this point in time all BIBA Members employing cookies on websites should be able to demonstrate they are reviewing the use of cookies and developing a plan for compliance. But, I would urge brokers to read the factsheet to ensure they are fully up to date with the changes."

New website goes live

BIBA's new website is now up and running, offering improved navigation for members, consumers and the media alike.

Head of Communications Leighann Forsyth commented: "We're pleased to announce that all the main sections can now be accessed from the home page. We've also had positive feedback from our GIBC members who tested the site for us.

"Apart from being improved visually, we also think it will be great for members in business terms. This is because the Find a Broker search now has a prominent position on the homepage including a quick search for customers and is also now integrated with Google maps. Search results are displayed as part of a map of the UK and so is more integrated with the use of the internet. In addition it adds protection to our data which was at risk in the old 'list' format.

"Any member not on the site, or who has not updated us on new classes of business you offer, should do this without delay – if not they could be missing out on business."

She added that social media has been integrated with the new website so that real time tweets are fed directly onto the homepage so that members can keep up with activity.

There is also a new document library and search facility which makes the documents on the website more accessible to members and easier to find.



Check out the benefits

- **The site is divided into three sectors: members, customers and media. Hover over the three buttons to activate the drop down menu for each section. Alternatively you can click on the button to go directly to the required section of the website.**
- **Keep an eye on the moving carousel images on the top of the home, member and consumer pages. This is used to highlight key and topical information for visitors.**
- **A new library resource has been launched including hundreds of technical and regulation updates, publications and research documents on all the latest issues relevant to members.**
- **You can keep up to date with BIBA's activity by following the live Twitter feed at the bottom of most pages on the website. You can also view BIBA's latest BIBA TV updates and join our Linked In group on the new social media page.**
- **You can now subscribe to BIBA's RSS feed allowing you to see when the website has had new content added as soon as it is published, without having to visit the website.**

We're on the record

From TV to Government departments, we're out and about promoting brokers – **Leighann Forsyth** provides an update on our work that represents you

There's been plenty of dialogue in recent weeks with members of the team involved in a number of important meetings with Government departments, the regulator and other organisations, along with our continuing work of engaging with the media.

Head of Corporate Affairs Graeme Trudgill appeared on BBC's *The One Show* last month and proved that brokers could find a great deal for drivers in Manchester.

We receive many calls from consumers who are struggling to either find suitable or affordable motor cover and we are looking to provide practical help to those affected. We have presented a plan to the Transport Select Committee and also produced a guide with the Northern Ireland Consumer Council on reducing the cost of cover. We are also working with the Government to provide signposting for young and older drivers to more competitive motor insurance premiums through our 'Find a Broker' service.

We are also working with the Office of Fair Trading (OfT) in response to their call for evidence on the reported increases to motor insurance premiums and the factors responsible and have responded to the FSA consultation on proposed guidance for comparison websites.

We've also been promoting signposting and were delighted to have our campaign to boost access to insurance recognised at the Trade Association Forum Awards.

Meanwhile here is a run down

of some of our other key member representation activities:

Regulatory meetings

- BIBA attended the FSA Practitioner Panels' roundtable to discuss the new approach to regulation paper
- We met with the FSA on several occasions to discuss the formation of the Financial Conduct Authority and client money issues
- We responded to the FSA's paper on the new regulator, the Financial Conduct Authority
- We finalised our member response to the FSA's proposed guidance on the selling of general insurance policies through comparison sites.

Government department meetings

- BIBA met with the Cabinet Office to discuss our broker survey and guides on business continuity planning
- We met with HM Treasury for a quarterly liaison on key manifesto issues and the IPT special accounting scheme
- We met with the Ministry of Justice for a Claims Management Regulatory Consultative Group meeting
- BIBA attended the Department for Work and Pensions' review board meeting for Employers' Liability code of practice for tracing EL policies
- We met with the Defra and the Secretary of State for the Department of Environment, Food and Rural Affairs on insurance brokers and flooding
- BIBA attended the Conservative Party business day and lobbied key Ministers and

MEPs on broker issues

- We prepared a response for the Home Affairs Select Committee following the riots
- We presented to the All Party Parliamentary Group on the unfair funding model of the FSCS and on the riots
- We met with Chris Stanton, Clerk of the Treasury Committee, and Ian Liddell-Grainger, MP for Bridgwater, to discuss regulatory topics.

Industry/other organisation meetings

- BIBA met with the Confederation of British Industry regarding trade credit
- We met with ABI and the London Market Association to discuss signposting
- We met with CII to move forward broker ASSESS development plans
- We also met with the Centre for Justice on Civil Litigation Costs following the Lord Justice Jackson review.
- We met senior officials in the EU commission to discuss the revision of the Insurance Mediation Directive.

Media

BIBA appeared in a wide range of publications and broadcast media, including: *Mail on Sunday*, the *Daily Telegraph*, the *Sunday Telegraph*, the *Financial Times*, the *Sunday Express*, *BBC TV* and *BBC Radio Kent*, *Leeds* and *Nottingham*.

Leighann Forsyth is BIBA's Head of Communications

Promoting brokers on prime time

Graeme Trudgill was recently invited to appear on a motor insurance slot on *The One Show*, where he was interviewed by presenter Dominic Littlewood.

The theme was that price comparison sites and direct insurers are not the only option for consumers, and it was highlighted that brokers may be able to provide consumers with a better deal and more appropriate cover.

Filming took place in the Manchester M13 area, where motor premiums have rocketed. Motorists who were featured included Juliet, who owned a Ford Fiesta of modest value – perhaps £1,000 at the most. Despite this, her premium of £680 was poised to more than double, as the renewal quote given was £1,500 on a price comparison site.

Graeme came to the rescue providing her with a broker price of £579 – a phenomenal saving. Littlewood said on the show that he “loved brokers” explaining to viewers the benefits of using brokers to find cover.

Also in the interview, Graeme referred to brokers’ specialisms in terms of affinity groups and how they could help those with niche requirements or



BIBA's Graeme Trudgill promotes brokers to *The One Show's* Dominic Littlewood

indeed those who were not sure that the price comparison site quote was the best or most relevant.

Viewers were also reminded that they should not ‘bend the truth’ and should

always accurately represent their risk, for example when trying to obtain cover for a teenage son and disclosing their full claims experience – and again, brokers can provide guidance in these crucial areas.

Award success for signposting initiative

BIBA has won the ‘Social Initiative’ Trade Association Forum Award for our work on signposting which helps customers who may have less standard insurance needs find the most appropriate cover – which is invariably going to be through a broker.

The Trade Association Forum Best Practice Awards were held at London’s Plaisters’ Hall and the judging panel said: “BIBA have clearly thought long and hard about the problems traditionally associated with insurance in terms of age or medical condition and recognised an opportunity which they have maximised both for their industry and consumers.

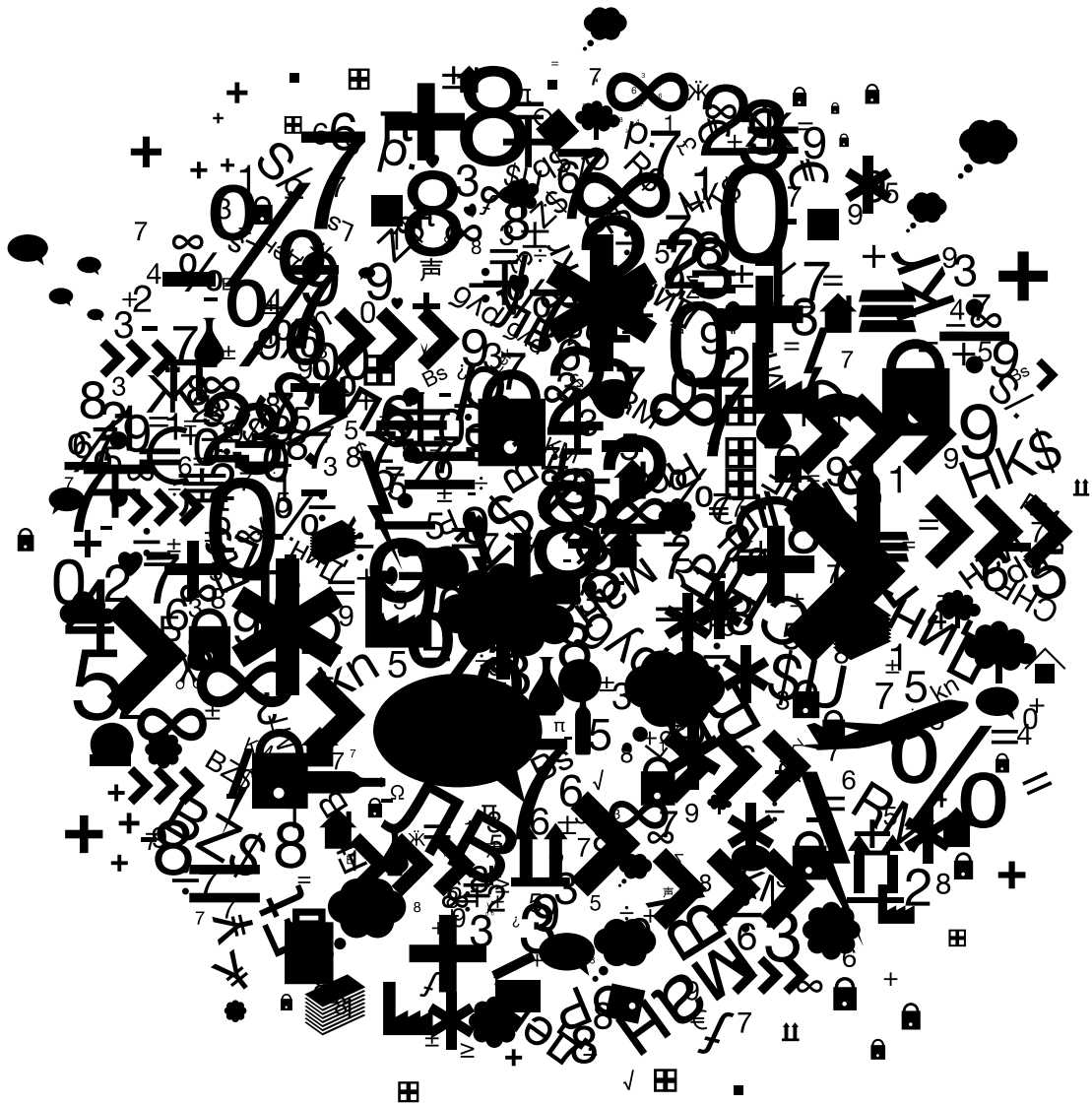
“The initiative has had a huge impact,

helping many vulnerable consumers struggling to obtain insurance protection and the introduction of a Find A Broker helpline and website has ensured that this will continue.”

The concept of signposting has also been recognised by HM Treasury. Chief Executive Eric Galbraith said: “Many customers and businesses do not know where to find advice on suitable insurance protection. BIBA’s Find a Broker helpline and website are excellent examples of how BIBA is achieving success on behalf of members. This award is a testament to the hard work of the BIBA team and we are delighted to receive recognition from our trade association peers.”



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A blueprint for a better broker future

This vital strategy plan spells out in detail our main campaign areas. **Graeme Trudgill** explains some of our achievements to date and our big campaigns going forward

BIBA's Manifesto forms our core strategy for the team's activity for the year ahead and I am pleased to report great progress has been made for our 2011 document. My aim is to provide you with a briefing on what we have achieved and our key future issues. I would also invite you to get involved by letting me know where you believe priorities should lie.

The Manifesto is our calling card and we have met with Secretaries of State, MEPs, Ministers, MPs, regulators, consumer bodies and civil servants from a number of Government departments including HM Treasury, DEFRA and the Department for Transport.

It is also an important tool for our media strategy and helps journalists understand the issues we are campaigning on – we have presented it to the BBC, all the national newspapers and a whole host of others.

It is easy to forget that many journalists may be new to covering insurance and there are also plenty in officialdom who have limited knowledge about brokers – it is up to us to present the issues that brokers care about the most and to ensure they understand what an insurance broker is, what they do and how they help customers. Key ways we were able to do this in 2011 included our first formal government petition and our first parliamentary reception.

There are 22 member issues that we are working on including some that are high profile and others that are quietly

progressing – there are also a number where we have achieved our goal and so can be ticked off. So, what are some of the most important Manifesto issues and what is the current state of play?

Continuous Insurance Enforcement – the right result

One of our main points has been Continuous Insurance Enforcement and this work has now been completed, with legislation coming into force this June after seven years of lobbying Government. This means uninsured driving is now being tackled the systemic way the industry wanted. Ashton West CEO of the MIB comments: "We have worked very closely with BIBA to achieve CIE and are delighted to see us stand side by side at the ministerial launch."

Comparison websites – now facing FSA scrutiny

With comparison websites, we finally got the draft guidelines from the FSA we had been calling for, with a strong response from the regulator which should achieve a more level playing field for insurance brokers.

Signposting – committed to improving access

With our access to insurance and signposting to brokers work, we gained government acceptance and a formal agreement is now being drawn up with





the insurance industry and government to ensure that if anyone is rejected for their motor or travel insurance policies due to their age, this business will be signposted, most often to BIBA, where it will be fed to a member broker who can genuinely help.

Flood risk – working to manage risk

With flooding, there has been an abundance of activity with BIBA sitting on three government working groups, presenting to the secretary of state at the Flood summit and authoring a guide to accessing flood insurance from an insurance broker.

Business continuity – it matters

BIBA has worked closely with the Cabinet Office Civil Contingencies Secretariat to improve resilience within the nation's small and medium sized enterprises (SMEs) by encouraging improved business continuity. This collaboration will see the 2012 launch of a simple and clear guide to help small businesses and explain the help that brokers provide.

Employers' Liability Tracing Office (ELTO) – the next phase

BIBA has played a significant role in the development of ELTO which is now live, as of April 2011, through the intermediary working group. This was set up as part of the ELTO programme board. A broker's guide has been produced which is on the BIBA website. We are now moving to the next phase of addressing individual difficulties of data recording as they occur.

Law Commission's Review of Consumer Insurance Law – where are we now?

This is of huge importance to our sector and we have met with the Law Commissioner as well as conducting a members' survey on the issues. The Bill is progressing through the House of Lords and ultimately should reduce the number of rejected insurance claims – which can only be a good thing for brokers' professional indemnity insurance.

Trade credit insurance – a better deal all round

BIBA has now arranged through discussions with Export Credits Guarantee Department, for specialist BIBA trade credit brokers to act as a conduit for placing business through the Government-backed insurance scheme for emerging markets. Brokers will also receive a commission not previously available through this medium. BIBA brokers have also been instrumental in rewriting the Government EXIP policy wording.

If it matters to you, it matters to us

It's time we started collating your ideas for the 2012 manifesto, so let us know what is on your mind. Is there something which would improve your business? What are your concerns? What annoys you? We need to hear the views of our members, no matter how small or large, national or international, general or specialist, personal lines or commercial. Whatever sector you are in we want to take your issues forward.

Meanwhile, we spoke to some of our committee members about what they felt should be high on the agenda in 2012.

Motor – Allan Briscoe, Aon Ltd



"I think the Motor Panel's key issue for 2012 is going to be the ongoing review aimed at reducing litigation costs and in particular Lord Justice Jackson's suggested reforms.

The aspect most likely to impact BIBA members is the ban on referral fees. Other key projects are the access to driving licence detail to reduce fraud and the ongoing government investigation into the cost of motor insurance.'

General Insurance Brokers' Committee – Ian Dickinson, Brunsdon LLP



"By far the most important area is going to be the lobbying with the FSA/Treasury over the way the FCA is going to treat insurance brokers. The recent press releases from

the BIBA team are spot on and I think GIBC will want to support the executive and the board here.

"GIBC is keen to provide the practitioner input necessary to assist in gaining a fairer and more appropriate outcome for general insurance brokers. Cost is one thing, but I think GIBC will be working hard to create a landscape where dealing with the regulator in practical terms becomes less burdensome than under the existing regulator. We want to see an FCA which is far more in tune with business models, concentrating their resources on risks which pose the

greatest threats to consumers and to ensure that outcomes for both firms and consumers are balanced and fair, but at the same time proportionate to the risks posed."

Property – David Meur, Genavco Insurance Ltd



"We are concerned in particular with the availability of flood insurance and solutions for high risk properties; helping businesses to manage their risks through insurance

protection and business resilience planning; and reviewing market practices and outcomes in the interests of brokers and customers. Longer term, we will need to address the impact of climate change on customers' needs and how the market responds."

Liability – Peter Franklin, Franklin Consultancy Ltd



"We would like to see progress made to the reform of Insurance Contract Law. This is currently being undertaken by the Law Commission

to bring this in line with modern practice and to keep the UK insurance market at the forefront of European insurance."

Fraud – we're onto it

Fraud is rising and we all have a role to play in tackling this. BIBA has worked closely with the ABI and Insurance Fraud Bureau to create a new guide on 'application fraud'.

Professional indemnity – change is coming

When it comes to professional indemnity insurance, we have seen some developments on the solicitors' PI side with the Solicitors' Regulatory Authority (SRA) taking their first steps in reforming the sector, such as in reducing the assigned risk pool period to six months.

Further changes will be coming over the next few years. In the meantime BIBA is producing Book 5 for its PI initiative, which is free to members. The aim of this document is to be an essential guide for staff to identify key areas and help reduce PI claims.

Northern Ireland – creating more options

Our Northern Ireland members were experiencing an unfair level of criticism from consumer bodies and government about personal lines insurance pricing in the principality. We worked with the Consumer Council of NI and launched a helpful customer guide to motor insurance, pointing customers towards brokers to access suitable and competitively priced insurance.

Validating driver licences – securing backing

Validating driving license information with the DVLA is an important tool that many of our members seek and the Minister Mike Penning spoke at BIBA's parliamentary reception in March, confirming Government were supportive of this project and since then a great deal of work has been undertaken with the Department for Transport, the ABI and the Information Commissioner to develop this. This is another long term goal that will head into 2012 but many of the barriers have been overcome this year.

Working with insurers – new 'friction issues' group formed

This is something that our members care about a great deal and BIBA's general insurance brokers' committee has set up a "friction issues" working party with the ABI to iron out some of the common complaints.

GIBC committee member Denis Morgan says: "It is in everyone's interest to have a clear and harmonious dialogue where areas of friction, or potential friction can be resolved quickly and effectively. We have now

established a forum between BIBA and the ABI which hopes to achieve this, and whilst it is early days, we have found that insurers have welcomed the initiative. Apart from current areas of friction, the forum should in future, assist BIBA to seek a uniform approach from insurers to emerging market-wide issues."

Regulation – the campaign for fairness continues

On the regulatory side, our major research project demonstrated that the regime brokers were subject to was inappropriate, disproportionate and over costly. The research also showed that general insurance brokers contribute 1 per cent to the UK's GDP, the equivalent of the agricultural sector. BIBA argued that given the size of this contribution, brokers deserved more appropriate and cost effective regulation.

The findings of this research showed how the UK is the most expensive regulatory system in Europe and have helped form our cost of regulation argument for the new Financial Conduct Authority regime which

will come into effect in 2013.

Steve White, BIBA's Head of Compliance and Training, comments: "This research has proven invaluable in helping us to convey our concerns about the current regulatory regime for general insurance intermediaries and for focusing discussions about the future shape of regulation with both the Treasury and the FSA."

Our campaign for reform of the Financial Services Compensation Scheme (FSCS) has gained momentum with nearly 7,000 members responding to our House of Commons petition which was presented by Jonathan Evans MP.

The original proposed levy on the general insurance intermediation sector was reduced by more than £20 million for 2011/2012 due to a combination of factors including the pressures BIBA brought to bear. We are delighted that the FSA will review the current unfair funding model of the FSCS following our lobbying campaign. BIBA's lobbying efforts with regard to the FSCS have not gone unnoticed and received a glowing endorsement from Jonathan

Evans as to their effectiveness recently when he said: "BIBA has kept the issue to the fore and kept parliamentarians informed about the challenges to the sector. It's difficult to see what else they could be doing apart from taking over the FSA."

Mr Evans is the MP who chairs the influential All Party Parliamentary Group on Insurance and Financial Services.

In regard to Europe we have made various trips to Brussels and met with MEPs about the proposed Insurance Guarantee Schemes Directive and the top civil servants writing the key insurance law that affects UK brokers – the Insurance Mediation Directive (IMD).

We presented our position for a proportionate and appropriate IMD, its scope and our views on commission disclosure upon request. These directives take years to finalise so this will be a Manifesto feature for 2012 too, but discussions are heading in the right direction.

Graeme Trudgill is BIBA's Head of Corporate Affairs

"BIBA has kept the issue to the fore and kept parliamentarians informed about the challenges to the sector. It's difficult to see what else they could be doing apart from taking over the FSA."



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Handle with care

BI may appear as simply a part of a commercial package, but each client needs careful assessment if this critical insurance is to be placed correctly, says **Edward Murray**

Making a mistake with business interruption (BI) can be costly – a client could be left with ineffective cover and a broker facing an errors and omissions claim.

The biggest broking firms tend to have more resources and capacity for specialisation, and when it comes to BI, this can be an advantage. The cover can be complicated when it comes to working out the right sum insured.

It is important to really get under the skin of a BI risk and if a broker is acting for large clients, it can also help because these are likely to be sophisticated buyers who are completely au fait with this insurance.

However, smaller brokers and clients often struggle to give BI cover the attention it needs, relying instead on standard wordings and limits that are often inappropriate and insufficient.

Roger Flaxman, Managing Director at Flaxman Partners, specialises in claims resolution and mediation. He says BI is a major cause of contested claims and can create significant problems for brokers if they do not advise their clients correctly.

He comments: "The calculation of BI is complex and it requires skills that many brokers do not have as you have to be able to anticipate and calculate mathematical aspects of the business turnover."

He adds: "The test that will be applied to the calculation if things go wrong is far more complex than the test that is usually applied in calculating the BI cover in the first place." Where this gap exists in the standard of work carried out by the broker, they immediately open themselves up to a claim by their client.

But just where are the major potential problems and how can brokers go about addressing them properly with their clients? Perhaps the biggest stumbling block is around

the gross profit that a business declares in its BI insurance. There are numerous ways of calculating gross profit and if the method used in the accounts is not the same one as should be used for the purposes of insurance, then there can be significant problems.

David Martin, Director at Adjusting Solutions, explains: "It used to be, for example, that wages were treated as a variable and did not count towards gross profit, but these days wages are normally treated as part of the gross profit. However, a lot of accounts will still exclude them and so this can create an immediate problem.

"If the broker accepts the gross profit figure and wages have been excluded then you are insuring for a far smaller amount than you should be."

Making sure that the definition of gross profit as set out in the insurance policy is appropriate is essential if the cover is to respond effectively in the event of a claim.

While many larger clients with more sophisticated insurance buyers will understand the potential problems thrown up by differing definitions of gross profits,



smaller businesses may not.

It is up to the broker, therefore, to make sure these issues are discussed in full and that the figure for gross profit is not simply accepted at face value without any further investigation as to what it covers and how it was reached.

Similarly, it is very easy for brokers to overlook any changes a business has been through and not account for these when placing cover. Especially in today's difficult trading environment when businesses are looking to present themselves in the most efficient financial way possible, diversify their activities and often move location.

Understanding the impact these changes could have on a BI policy is very important.

Mr Martin comments: "The policy only covers the business activity as defined and the locations set out and it is very easy, especially if using standard wordings and policies, just to put down 'manufacturing' or something, but forget a sideline that is operational.

"Has anything changed?" should be a standard question and the broker should be looking to see if there is any difference in the business activity, its locations or the way the accounting is carried out. One can feed into creating a change in the other and so if one of these things is not picked up then it can generate differences in the other areas."

For smaller businesses there is often an over

reliance on the standard BI wordings and limits offered in package policies. This ultimately could lead to cover being inadequate for individual clients in question.

Stephen Smith, Head of Corporate Clients at Stackhouse Poland, says it is imperative to really understand the business, how it makes its money and the expenses it incurs in doing so.

Only then can brokers really get a handle on how an interruption could affect the business and how such a loss could best be mitigated and insured. He comments: "A lot of the wordings include cover for denial of access, failure of utilities and other standard extensions, but you often have to ask and negotiate for a fuller version of the cover. There will be some brokers out there who do not do this and simply rely on the standard wording, leaving their clients without protection for some risks."

Highlighting a common problem with utilities cover, he adds: "If the electricity supply fails at the electricity company's substation then it will ordinarily be covered, but if someone digging a hole outside cuts through the cable then there are some standard wordings that would not cover this."

If the client has not been talked through this issue, then they may well feel that they have solid grounds for a claim against their broker should the insurance not pay out in such a situation.

This same level of attention has to be paid to potential issues around key suppliers and

customers, and if there are a number of major trading partners that a client deals with, having the correct extensions and the correct limits in place is imperative if the BI policy is going to be effective.

Attention also has to be paid to the indemnity period and although 12 months tends to be standard it is often not enough. In many cases the time required to get key pieces of equipment restored or get planning consent for rebuilding is not properly accounted for and the indemnity period simply comes to a stop before the company in question is back on its feet.

Talking to the client and understanding their business in detail is the only way for brokers to truly get to grips with the issues at hand and decide whether standard covers are suitable.

If not then such discussions will enable a broker to pinpoint exactly where extended covers and limits need to be negotiated.

Although this can be time consuming, brokers can minimise the time a client needs to spend going through the detail by recruiting their business advisers into the process, as Rachel Elliot, Key Client Manager at property specialist broker Cadogan Keelan Westall, comments: "Generally we would liaise with the client at the coalface and then ask if we can liaise with their solicitors, accountants, managing agents – whoever is appropriate – to give us the information we need."

At a time when brokers are facing increasing numbers of claims being made against them, assessing all aspects of their clients' BI covers and ensuring the assessments undertaken are in-depth and fit for purpose, will not only help protect brokers from unwanted legal actions, but it will also provide clients with insurance that responds effectively when called upon.

Happening at a location near you...

BIBA's regions and the work they do are the lifeblood of our organisation. **Kirsty Wingrove** provides an update on the many business and social activities that are taking place across the UK and calls on you to take part

BIBA is proud of our regional structure and we are on a mission to encourage more members to get involved in local events and activities. You'll find a warm welcome and plenty going on ranging from compliance forums, committee meetings, market forums, regional dinners through to social activities such as golf days and five-a-side football - and we are convinced that the time you spend with us will be well invested.

BIBA has a flourishing regional structure, covering every part of the UK. This means that we have not only nationwide reach, but also extensive and valuable grass-roots knowledge of the insurance needs of every area of the country. BIBA's regional committees provide a focal point for issues of the day and give members the chance to network with other professionals in their own area.

We always welcome new committee members to join our local regional

committees. This role would benefit an employee from a BIBA member firm looking to develop their career in the insurance industry or an employee that would like to put their views forward. There are a limited number of vacancies on our local committees for enthusiastic candidates so please contact us should you be interested.

Chief Executive Eric Galbraith comments: "I know members are pressed for time - and the amount of work put in by the regional chairs and their committees are enormously appreciated. But, my message to those who may not be engaging locally is to discover what's on offer - there are great networking opportunities and there could be significant benefits for your business too."

Breakfast Forums launched

Members will shortly be receiving an email from us about a series of Breakfast Forums which will be initially held in locations in the south of England and West Midlands - final details and further locations will be announced shortly. These will take place from this November onwards.

The purpose of the Breakfast Forums is to provide a flavour of what BIBA is doing locally and nationally and to provide an opportunity for you to have your say in an informal setting - and over some sustenance.

There will be a presentation on how we are representing you and we will explain how we are trying to obtain a level playing field for members on key regulatory issues such as FSCS levies. There will also be details on all the offerings available to members, such as our schemes and facilities, training and compliance functions.

If you are a manager, then please feel free to bring more junior staff to this event - our aim - and one that is supported across the regions - is to encourage younger brokers to participate. They may well find this a useful introduction to BIBA and as it is a breakfast event, it will not impact on the working day.

We are inviting all members to attend these - and if you would like to bring a broker who is a non-member but who would be interested to find out more, then please do so. To book a place, either contact me directly or your local Regional Executive - details below.

Democratic and open to ideas

I speak regularly - often daily in fact - to our Regional Executives and Chairmen all are keen to stress that newcomers will find getting involved is easy - the atmosphere is

professional but friendly.

As the Central Region Chairman Ian Langley says: "Our committee represents all sizes of broking firms – but we don't pretend to know what events or training will be useful or entertaining – we want your feedback."

He also dispels the myth that regional activities are 'clubby' or focused on spending days on the golf course. Although social events can be a welcome break for all of us who are working longer hours and are under pressure, business tends to take precedence.

Compliance draws the crowds

Ian comments: "Compliance is still the top topic and the two sessions we run each year are always over-subscribed and in high demand. BIBA's Head of Compliance Steve White has proved, and continues to be, a valuable commodity for our members."

He continues that working with outside organisations can also bring benefits. "Earlier in the year, we had a presentation from the Fire Industry Association on fire risk assessments and this was particularly well attended."

"Our Lloyd's visits have always been popular and it is a great way for attendees to meet the BIBA team and for us to build personal contacts for both parties."

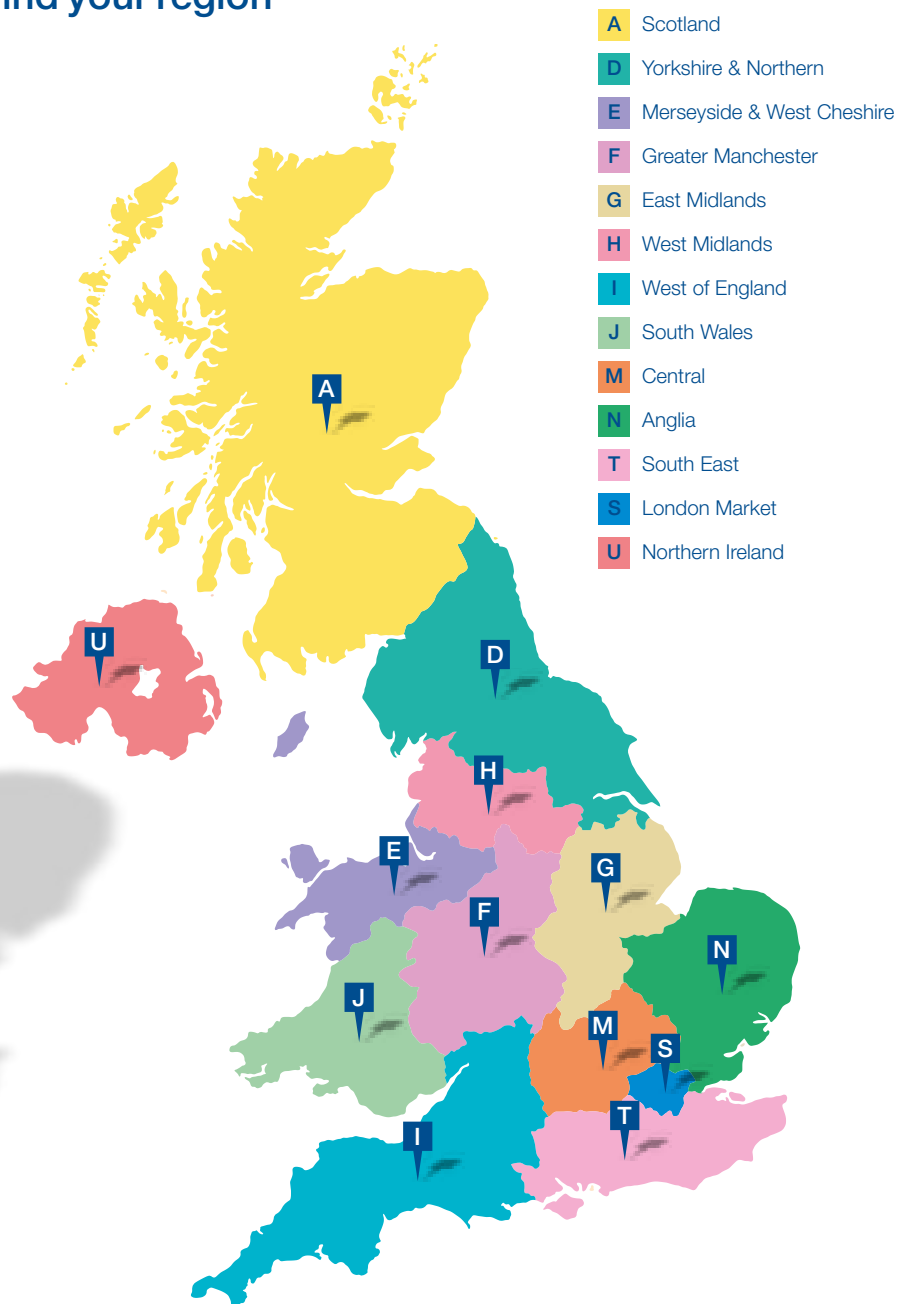
Meanwhile, Clive Hurn, Regional Executive for Scotland and Northern Ireland, says: "There are some great people involved and I'm always impressed by the amount of energy our Chairmen and their committees put into organising and planning events such as Compliance Forums. Brokers in our region also benefit from the BIBA Scottish regional conference, which is being held on the 9th November 2011. We are also always on hand to support members in day to day matters – there is a huge amount of enthusiasm. I would add that we're also extremely pleased to welcome a new Northern Ireland Chairman in Paul Hatty – and we look forward to developing the region."

West of England Chairman Wendy Brafield agrees that compliance support is always in demand. "Our 2011 Plymouth Compliance Forum was very well represented by BIBA members and due to demand we have just held another at Exeter Golf Club."

Reaching out to younger members

Regional activities do not just involve business briefings or interacting with other members – they can also involve the wider community and Wendy is a big supporter of raising awareness of careers in broking at schools and colleges. "We get involved

Find your region



in careers events where possible, although there can be frustrations when it seems the ambitions of some are to be on X-factor or to be famous. But, we'll keep working in this area, and you'll find us showing that broking offers a lot of variety and interest...and with a big tub of sweets!"

Regions are also active participants in the BIBA Young Broker of the Year Award and this event is largely made possible because of the efforts made to present the achievements of rising stars. Many members will have seen this year's accolade go to 26

year old Alexandra Dredge from Thomas, Carroll.

She was put forward by the Welsh region of BIBA before going forward to compete with winners from across the UK's 13 regions. Committee Secretary – and the former Chairman – Sue Davidge comments: "It was fantastic to see Alex progress in this competition and to receive her prize at the Manchester conference." It was said "judges recognised a steely determination to succeed, being always prepared to go that extra mile for her clients", and Sue says

younger members are always extremely welcome.

Each region has different events and activities – and the content will largely be driven by the members. South-East Chairman Paul Smith comments: “We want a balance between business information and training along with social events, but are always open to listening to what members would like.” Compliance forums and a Lloyd’s visits are favourites, he says, although another popular event was a ‘top table lunch’ where local members were invited to speak directly to BIBA representatives to discuss business and industry concerns.

Ask an expert

If you’re a member who is currently inactive and are not sure which regional you should initially contact, then call me at Head Office first and we’ll put in contact with your Regional Executive.

Regions cater for brokers of any size for example, the West Midlands Chairman Richard Scott works for Giles and is supported by 14 committee members who include among their numbers a well known BIBA supporter, Eamonn Browne – he’s been part of our technical motor panel for many years and is also on the General Insurance Brokers’ Committee and so is an ideal conduit for keeping the region fully briefed.

Regional Executive Sue Dimmock emphasises that regional meetings are where brokers can often find support and help. “We have a lot of expertise in several areas that can be tapped into by regional members, notably Peter Franklin who is an expert in liability business interruption, among many other things. He is an LLB, MBA, FCII, FIRM and CPCU and as well as lecturing on a variety of insurance subjects has appeared as an expert witness. He is also Chairman of the BIBA National Liability Committee – we feel we can say with some authority that there is someone available to help our members on most issues.”

The West Midlands also has a Broker Assess User Group, which allow members to have input into development and content of the online training facility.

Keep up to speed online

Many members check out what is going on in their regions through contact directly from other members, from their local Regional Executive or from our website.

Ian Raper, Regional Executive for Yorkshire and Northern Region, says we welcome contact from members about what they want to see happening.



A perennial favourite: Yorkshire & Northern members head south for the visit to the Lloyd's building



Regional appearance: Nick Leeson

There is a lot coming up, adds Ian, including a workshop on minimising the risk of professional indemnity claims – and another favourite – the visit to Lloyd’s.

No one should forget that regional activities also have their enjoyable side – and no one should make any apologies for this. What is more, many regions are also passionate supporters of local and national charities.

There are five a side football tournaments, golf days and as the South East’s Paul Smith says, charity fund raising is taken seriously. “Our annual dinner will raise funds for The Rainbow Trust and The Insurance Charities. At the 2010 dinner we were able to donate £1000 to The Insurance Charities and £1250 to Help for Heroes. This is not only a fantastic, entertaining evening but a great way to raise money for my nominated charities.”

I hope this has whetted your appetite to find out more about your region and how you can get involved. Check out the regional section of our website, contact one of the Regional Executives who are listed below or you can also email me directly at wingrovek@biba.org.uk

Kirsty Wingrove is BIBA’s Head of Membership

Getting started – your regional contacts

For more information about taking part in your region contact our team of Regional Executives.

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Yorkshire and Northern

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ADVERTISEMENT FEATURE

The Department for Transport accepts that people driving for work purposes are a common contributor to nearly a third of all road incidents resulting in death or serious injury in this country.

Although employers have a legal obligation to take all reasonable steps to minimise the risks that their employees are exposed to whilst driving for business reasons, they often neglect the most obvious first step i.e. do they all have a valid driving licence?

This may seem simple to confirm but the reality is very different. A cursory visual check is just not sufficient and licence verification experts

Intelligent Data Systems say that one in every 650 drivers checked will be disqualified, one in every 300 will have a revoked or expiring licence and as many as one in 16 drivers will have an expired, or expiring, photocard.

However, insurance brokers will be able to help businesses with support and guidance in verifying licence details.

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meet this demand, in the form of a highly secure and user-friendly web application, which then can be branded or white labelled as required. This provides the vital 'added value' factor in a highly competitive market place, as well as encouraging customer retention. From the customers' point of view, it's a turnkey service that requires the minimum of administrative input but directly fulfils a crucial duty of care obligation.

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Bringing benefits all round

The pinnacle of achievement for your firm is in reach – as these two BIBA members affirm – reports the CII's **Graeme Sutton**



There are fewer than 60 Chartered broking firms in the UK – but should it remain such an exclusive club? Certainly getting there is no walk in the park, but there is growing interest and the CII is confident numbers will rise.

More than anything, Chartered status shows major commitment towards greater professionalism – something which is not only being talked about, but is now being actively sought by brokers as they seek differentiation and to raise standards.

Matthew Pyke, Managing Director of Taunton broker Lloyd & Whyte, supports a more qualified broker sector. “For Lloyd & Whyte, the move towards increased professionalism through formal qualifications underpins our own company culture. We have long recognised the necessity to raise the profile of the insurance industry and were an early supporter of the Aldermanbury Declaration, as well as gaining an Investors in People (IIP) certification.”

The CII met his firm's application with enthusiasm. “Many of our existing continuing professional development (CPD) processes were validated, and the CII was also able to outline key performance indicators tailored to our specific professional needs. The onus is not simply on attaining Chartered status, but on establishing unified learning programmes that allow staff to continue their development.”

Lloyd & Whyte is a specialist insurance provider to professional affinity groups, and he explains it is particularly important that clients perceive the firm as being highly qualified. “Chartered

“We believe Chartered status will become the accepted minimum standard for insurance brokers, but it really only sums up what we've been endeavouring to achieve for some time now.”

status helps to demonstrate this extra level of professionalism and technical expertise.”

John Isles ACII, is Managing Director at Blackpool broker Rowlands & Hames, and says: “We believe Chartered status will become the accepted minimum standard for insurance brokers, but it really only sums up what we've been endeavouring to achieve for some time now.

“In an industry where huge variance in standards and expertise exists between brokers, Chartered status is starting to act as a benchmark. We are already committed to working towards all client-facing staff achieving the CII's Certificate in Insurance by the end of 2012 and Diploma in Insurance by 2015. The move to Chartered was a logical step.”

He continues: “The route to compliance was straightforward, requiring submission of an online questionnaire, training schedules and ethical standards. Two of three directors were already Chartered which was a good step forward for our application. We anticipated a minor stumbling block in encouraging those few staff, not already CII members, to join. However, this proved unfounded as employees were wholly convinced of the long term merits, and our policy is to pay for membership.

“For our commercial and corporate clients, the main priority is promoting Chartered status. We actively promote the accolade on stationery, email and online channels and, once clients are made aware of it, their reactions are positive. It has helped us retain clients and set us apart from competitors.”

Graham Sutton is the CII's Director of Corporate Development

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The only way is up

However tempting it may seem, this is no time to cut back on PI cover as there are a number of worrying claims trends, says **Neil Pointon** in this assessment of the key professions

Economic conditions are forcing businesses, including professional services firms, to cut costs. Inevitably, spend on professional indemnity (PI) insurance is being scrutinised at a time when challenging fiscal conditions, rising claims and increasing reinsurance rates could impact premiums. To assist your clients with budgeting, it may well assist to provide an overview of current PI market conditions.

Looking firstly at surveyors, notifications and claims against this profession have increased and currently total in excess of £500 million. The majority of claims relate to allegedly negligent valuations for lending. Around 60 per cent of matters are reaching settlement and insurers are experiencing loss ratios above 100 per cent.

Consequently, insurance capacity has reduced for firms that have done valuations for lending, and rates are at between five per cent and 15 per cent, although premiums for all other surveying disciplines are generally competitive.

Anxiety regarding valuations will continue until 2013; six years past the peak of the property market and outside the Statute of Limitations. With some insurers predicting a further rate increase if lenders continue to pursue valuers, the outlook remains bleak, and if interest rates rise it is likely to worsen.

Spotlight on solicitors

There's been a steep rise in claims against solicitors with an estimated 60 per cent of notifications arising from property related matters. Consequently, conveyancing practices, particularly smaller firms, have seen a steep rise in premiums with some firms paying 20 per cent of fee income for cover. At the time of writing, the addition of capacity through unrated security, particularly in the SME end of the market,

suggests that the post-October 2011 Assigned Risks Pool (ARP) may be a fraction of the size of previous years.

Elements of the Law Society Review of Solicitors' PI will take effect in 2011 and 2012, but one of the major concessions to insurers, the disbandment of the ARP, will not impact until 2013. It remains to be seen whether insurers' other requests, including the ability to cancel policies where premiums go unpaid and void policies for fraud and misrepresentation, will be met. While this would encourage new capacity, the Solicitors' Regulatory Authority (SRA) has so far stood firm in the face of demands.

The riskier areas of the legal and surveying industries should be aware that if capital is diverted from the PI market, because of a rise in reinsurance rates resulting from global catastrophes, they will be hit first and hardest.

What about the broking sector?

Rates and terms remain competitive but major insurers have stopped aggressive undercutting which has halted the premium falls of the past five years. New capacity bucks this trend but the cover available is usually more restricted. Insurers are seeing a greater frequency of claims, often arising from underinsurance in respect of property and business interruption and failure to explain warrantees sufficiently. This may lead to a gradual hardening of premiums although it is too early in the cycle to provide clarity.

Premiums for independent financial advisers have fallen by 60 per cent since the market was at its hardest in 2003/4 and new capacity means that competition remains high and rates low. However, the soft market is at odds with economic conditions and the expectation of high volumes of claims arising from investment losses. If the UK economy enters a double-dip recession, PI buying could get a lot harder.

There is also uncertainty about the impact of the Retail Distribution Review on PI rates with a lack of clarity surrounding insurers' rates for the two categories of advisers; Restricted and Independent. Most advisers want to be categorised as 'Independent' but this category could carry a higher risk rating. Some have suggested that unless 'Independents' advise on, and document, all available products for every client, they could be liable if any investment they don't mention out-performs the recommended product.

Subsequently, there may be some benefit in being a less glamorous 'Restricted' adviser. Conversely, the fact that the RDR introduces tougher guidelines should, over the longer term, lead to a fall in claims which may impact positively on premiums.



Neil Pointon is a Director of Howden's retail division. Howden is a BIBA accredited Professional Indemnity broker



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Bernard Baruch

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Accurate jewellery valuations, investing in Wales and registered emails provide some food for thought

Soaring gold values impact on sums insured

The rising cost of gold means brokers could well need to advise their clients to have their jewellery valued – or existing valuations updated – to ensure they have adequate sums insured.

High values could also mean some clients should be switched to mid or high net worth policies. Many people could be surprised at what their jewellery is now worth – the price of gold has risen by 50 per cent in the last year alone. And, even silver is now worth about nine times more than it was 10 years ago, according to pawnbroker Suttons & Robertsons.

But, research from Chubb Insurance showed that half of women have never had their engagement ring valued, and one in six valuations are more than 20 years old. It also found that high value watches are proving strong investments – it said a Patek Philippe men's watch worth £13,000 in August 2006 was worth £24,000 in 2011.

Sterling Insurance offers an enhanced jewellery replacement option to all high net worth customers whereby customers can receive a replacement item with an increased value of 20 per cent greater than the item insured. This is in addition to the 125 per cent extended replacement cover already provided to protect against the market value increasing beyond the sum insured.

Director David Sweeney says a customer recently lost a diamond engagement ring insured for £44,000 and secured a replacement worth £52,800.

Those who are suspected of being under-insured by more than 15 per cent, may find any claim will be reduced. Notably, if an insurer realises that a policyholder is under insured, it can only pay the original valuation if a claim is made, and if they suspect a claimant of deliberately underestimating the value of their contents, it can refuse to pay the claimant entirely.

According to jewellery valuer and expert witness Steven Jordan of Hawksworth Associates: "I specialise in home visit jewellery valuations and am constantly amazed how inadequately covered clients are.

"Quite often I am faced with updating a valuation from four years ago, which at one time would have been a reasonable period for an update. However, the gold price has increased by 360 per cent during the period. In addition, gemstone prices, particularly diamonds, have risen over the period. Taking for example a modern brilliant cut diamond of 1 carat, of colour G, clarity VS, which would have risen by 38 per cent."

He adds some high net worth insurers will either fund or part fund jewellery valuations – but that in any case, paying for a valuation still makes a lot of sense compared to being under insured.

Penny Parkes, Marketing Manager for The Birmingham Assay Office, says

a valuation should provide "a detailed professional description of the jewellery or watch, a clear digital image of the item for records and a current replacement value on one document." She adds use of their SafeGuard valuation service can also mean a ring has a small unique "SafeMark" punched in to give proof of ownership.

She continues that if customers are required to pay for the valuation, this should be at a standard price, regardless of the value of the item and be made clear at the outset.

Meanwhile Leeds broker Bartlett Group has also issued guidance for clients, reminding them to get in contact for guidance as well as issuing tips which include:

- **Ensure specific 'all risks' cover is arranged**
- **Always tell your broker of any new acquisitions**
- **Keep a copy of any valuations with the broker for safekeeping**
- **Take a photograph if the valuation does not include one**
- **Have jewellery professionally cleaned and the settings and mountings checked**
- **Keep items in a suitable safe – discuss security with a broker first**
- **When travelling, use hotel safes or carry items with you.**

In terms of what not to do, it says jewellery should never be kept in a bedroom as this is the first place a burglar will look, and that valuables should not be packed in suitcases or worn to the pool or beach.

Whether someone has one valuable item or they have built up a collection, it is vital jewellery is correctly insured – and judging by current values, brokers could find this applies to a surprisingly large number of clients.





We need you: Secretary of State Cheryl Gillan says Wales presents opportunities

Why brokers should focus on Wales for business growth

After meeting the BIBA team, Cheryl Gillan MP now talks to *The Broker* magazine about encouraging brokers to consider Wales as a location when looking at business expansion

Welsh Government is working with the UK Government to bring about change. It is only by the two administrations working together that the Welsh economy can grow, jobs can be created, and businesses allowed to prosper. Since taking office I have brokered discussions between the First Minister and the UKTI Minister Lord Green on attracting inward investment to Wales.

Together with five major UK banks, we're launching a £2.5 billion business growth fund to back established and growing businesses.

It is also vital that BIBA helps its 1,700 registered firms find new ways of adapting to difficult consumer conditions. This way, regulated bodies and stakeholders who employ more than 290,000 people and contribute (directly and indirectly) 1 per cent to UK GDP, can continue to thrive.

We also need to be aware of new opportunities for growth. e-trading, for example, offers substantial opportunities

for firms, as younger people conduct more and more transactions online.

The UK Government is improving the communications environment for enterprise and trade in Wales which, with a multi-million pound investment in superfast broadband, will allow businesses in Wales to access new markets.

Brokers can now be sure that faster broadband speeds and connectivity in rural areas will help them reach new client bases in Wales. We are also electrifying the Great Western Railway to link South Wales, improving the links between the two capital cities.

Wales has so much to offer, with a developing infrastructure, a well qualified and skilled workforce, and excellent links to Welsh academic institutions. I encourage you to consider Wales as a location to base your business and take advantage of the benefits this exciting country has to offer.

Registered email arrives in the UK

RPost, which specialises in verifying email delivery and is well established in the US, is expanding into Europe, and is targeting brokers in the UK as users of the service.

Business Consultant Owen Knight explained that administration of Notices of Cancellation for motor business is a challenge with companies sending tens of thousands of notices each year, representing a significant administrative overhead. "The insured may have decided to discontinue the insurance, or payment may simply have been overlooked, in which case the insured will quickly respond on notification."

He said the problem for the industry is how to confirm delivery with minimal cost and effort. "One solution is to deliver notices by email. In many cases the broker will already be in possession of an accurate email address. The policy wording will need to state that notice may be given by email. But standard email is unreliable and has known security and proof of delivery issues."

RPost's Registered Email service provides legal proof of sending, delivery and content delivered and optional automatic encryption and pdf conversion. RPost captures electronic 'handshake' data on delivery of the email. Locked copies of the email and attachments are returned to the sender in a comprehensive receipt which, in the event of a dispute, can be verified as legal proof of delivery.

Receipts can be matched to sent emails, providing a joined-up approach for multi-channel follow up. The solution is equally valid for electronic delivery of all insurance documentation, including ecertificates, claims correspondence and compliance.



Trusted and approved

Quality counts and we vet all our providers carefully, says **Steve Foulsham**, who has details on the latest additions and enhancements to the BIBA members' portfolio

Why the right travel insurance matters

Travel insurance is often treated as a last minute purchase like a European converter plug, namely a box to tick a customer's 'things to do' list while packing their suitcases.

But the type of policy purchased is critical to the protection of your customers, and it is important for brokers that:

- Your customers have the right cover
- They know what they are and are not covered for
- They have made the necessary disclosures.

Insurers pay out more than £5 million in travel claims every week, but we see in some press reports that many claims are also rejected.

BIBA has worked with insurer Tokio Marine to create an award-winning travel policy that BIBA members can sell to their customers and will overcome many of the issues seen in the sector as well as allow direct access to underwriters, and it was rated top at 92 per cent by consumer body Which? in April 2011.

It offers benefits in the following cases:

Financial failure

With numerous companies struggling during the recession there has been a number of failures; BIBA Protect pays for the financial failure of the end supplier. This includes scheduled airlines, hotels, and other such end suppliers.

Excess per section

A common cause of complaint is the stolen handbag that warrants an excess for the bag and the money. This means two excesses for the customer, but Tokio Marine only applies one per person per claim incident.

Pre-existing medical conditions

Insurers vary dramatically in what they want to know about an individual's

health. This is one of the biggest hazards when selling travel insurance. Tokio Marine try to make it easier by accepting certain conditions such as diabetes without referral, although of course it is vital to check if you are not sure about a customer's condition.

Volcanic ash

Tokio Marine paid out all the travel delay claims following the 2010 volcanic eruption.

Other potential claims from riots, terrorism and strikes would also have been paid by the Tokio Marine policy.

The importance of the policy chosen for the customer cannot be underestimated and as a BIBA member there are no minimum

levels of support – brokers can contact Tokio Marine for an agency at travel@tokiomarine.co.uk

Lightening the LGV load

The haulage industry and other trades operating large goods vehicles (LGVs) have been hit especially hard by the turbulent economic climate of the last few years. Not only have high fuel prices disproportionately affected this sector, but a reduction in manufacturing output, the cost of driver training and the general



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For more information about how we can help increase your share of this market please contact:

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www.sterlinginsurancegroup.com**



cost of running vehicles have also played a part in squeezing the margins of these businesses.

A good quality insurance policy with all the necessary covers is a very important factor for any business running LGVs. However, finding room for this insurance within already tight budgets is no mean feat.

Bluefin's team of specialist underwriters can provide you with technical advice for insuring LGVs to ensure you are offering your clients the right cover at the optimum price.

This is invaluable when you are dealing with things like operators' licences where the rules surrounding the requirements for such licences are often misinterpreted by the operators of the vehicles themselves. The different types of vehicles and considerations when insuring them is another area where our underwriters can guide you.

Bluefin continues to offer a quality product for your clients whether they are using the vehicles for hire and reward or for carrying their own goods.

Some of the features and benefits of the BIBA scheme are as follows:

- All types of large goods vehicles considered
- Underwritten by leading insurers
- Smaller service vans can be accommodated where a large goods vehicle is insured
- Unspecified attached and detached multi-trailer cover provided
- Hazardous goods (excluding UN classes 1 and 7) can be considered
- Up to 50 per cent introductory no claims discount available for new ventures
- Personal accident and personal belongings cover available
- Automatic cover for skips
- Interest-free instalments available on skip hire risks
- Low claims rebate available on some skip fleets.

To find out more about this product, to get a quote or simply for some advice on insuring this sector, please contact Samantha Todd or the motor team on 01638 782217 or email brokers.bis@bluefingroup.co.uk



Up to the limit – why excess of loss matters

Public and products' liability insurance provides protection to the insured against legal liability to third parties for accidental bodily injury or damage to property arising from the operations of their business or from goods sold or supplied in connection with that business.

Companies are increasingly being asked to carry higher levels of public and products liability insurance to meet the demands of local authorities/councils and their customers, and due to the increasing defence costs and frequency of large claims.

The primary insurer may not be able to provide full limit of insurance required by your client and that's where **cnaexcess.co.uk** can help.

CNA, an insurance organisation with over a century of experience, has designed in partnership with BIBA, **cnaexcess.co.uk**.

This provides members with quick and easy access to affordable excess public and products liability insurance for small to medium sized UK based businesses.

The easy to use online scheme has been designed exclusively for BIBA brokers to place excess of loss business with a minimum attachment point of up to £1 million, up to a further £20 million.

The benefits of **cnaexcess.co.uk** include:

- Quote and bind cover online for over 1,600

businesses in minutes

- Competitive premiums and commission rates of 25 per cent
- Ability to cover USA and Canada exports
- Full documentation issuance ensuring contract certainty
- All major insurers' wordings accepted
- Excess employers' liability cover available offline for up to a £20 million limit of indemnity following referral to a CNA underwriter
- Access to a team of experienced underwriters and a guaranteed same day turnaround on referrals
- Flexibility to cover annual periods or long and short period contracts if the higher level of cover is only required for a specific contract
- Available 24/7
- Register online in minutes.

In addition, CNA's underwriters focus on providing high levels of service and a fast turnaround. For more information, please contact Louise Shone or Karen O'Leary on free phone 0800 028 2501 or email cnaexcesssupport@cnaeurope.com

Steve Foulsham is BIBA's Technical Services Manager



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Creating a new framework

BIBA and the IIB express shared concerns over proposed FCA regulation

The style and intensity of regulation is inappropriate for the general insurance broking sector, and fundamental reform is essential if the new Financial Conduct Authority (FCA) is to deliver discernable value to regulated firms and their customers, BIBA and the Institute of Insurance Brokers (IIB) have told HM Treasury. The two trade associations called for reform in a joint response to the Financial Services Authority's (FSA) consultation paper, *The Financial Conduct Authority (FCA): Approach to Regulation*.

The response is a landmark, representing the first time the two trade bodies have responded jointly to a consultation. The prospect of a BIBA/IIB merger prompted the move – a single authoritative voice was considered vital in ensuring development of the right regulatory approach at the FCA. Eric Galbraith, BIBA's Chief Executive, said: "The creation of a new regulator gives us a unique opportunity for a fundamental review of the way general insurance brokers are supervised."

Concerns with regulation were outlined under three headings in the response: proportionality, transparency and rules.

Proportionality

It was argued that insurance brokers do not incur credit risks by lending; they do not take on underwriting risk; and they do not face significant liquidity issues. Brokers operated in a highly competitive market and their customers could renew their products annually and switch providers if desired. "It

follows that insurance brokers should bear a lower level of scrutiny compared to other firms carrying out activities which pose much more significant risks to consumers and to regulatory objectives," the response argued.

The payment protection insurance debacle had shown that all insurance intermediaries were not alike. It was felt that the current method of classifying firms and their activities should be examined with a view to using better risk-based criteria.

The response also raised concerns about the FSA's plans to use product intervention as a regulatory tool more strongly in future. The FCA was urged when building on its predecessor's approach to ensure a balance between encouraging diversity and effective market competition on the one hand, while on the other ensuring that consumers are educated about the products purchased and take responsibility for their decisions.

Transparency

The Government promised greater transparency and accountability for the new regulator in the consultation, which BIBA and the IIB welcomed whole-heartedly. "We would like the new regulatory regime to be more approachable, more knowledgeable about the markets and more sensitive to the practical aspects of compliance, for both small and large firms," the response noted.

The new regulator needed access to specialised knowledge in the many and varied aspects of the financial services industry. In particular, the FCA had to have sufficient expertise, understanding

and resources to be able to respond to the differing demands of supervising the wholesale and retail broking sectors. There was also a need for greater practitioner involvement in developing policies, rules and standards more closely in tune with the customs and practices of particular activities.

Rules

Compliance was identified as being over-complicated and resource-intensive. However, the response did not advocate or anticipate any radical changes to the existing principles and priorities underpinning regulation of insurance intermediaries. Instead, the FCA was urged to look afresh at the rules to clarify and simplify the current Handbook, taking into account the needs and characteristics of insurance brokers and the other diverse market participants. Measures suggested in the response, were they adopted, could help towards lowering costs, both in terms of supervision and compliance, and help to create a regulatory system which provides more effective oversight, raises the sector's morale and builds consumer confidence, the two bodies concluded.

Vannessa Young is BIBA's London Market Secretariat and Compliance Co-ordinator

For more information visit BIBA's website at www.biba.org.uk/uploadedfiles/169fcaapproachresponseaugust2011.pdf



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