

Issue 2  
May 2012

www.biba.org.uk

# THE Broker

The British Insurance Brokers' Association

**INSURER  
BOSSES  
SPEAK OUT**  
We put them  
on the spot  
**GETTING TO  
GRIPS WITH  
ELTO**  
What this means  
for you  
**COMPLIANCE  
FORUMS**  
FSA focus on new  
client money rules

## The new regulator

**Exclusive:** Martin Wheatley,  
the first CEO of the FCA, sets  
out his priorities



**BIBA  
& IIB**

**SHAPING  
OUR FUTURES  
CONFERENCE  
SPECIAL**

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## Welcome

I hope you like the new look and content in this issue of *The Broker*. I know how hard our members work and how little reading time you have – so our aim is to provide the absolute ‘must know’ information in a format that is quick and easy to digest.

BIBA 2012 is fast approaching and we have a special supplement including an insurer Chief Executive Q&A session – you may find some of what they say both challenging and surprising. Last, but certainly not least, don’t miss our Opinion piece from new FCA Chief Executive Martin Wheatley. He’s written this just for us and as you’ll see, there are clearly some interesting times ahead...

**Leighann Forsyth**  
Editor

**Member Helpline:**  
0844 77 00 266



**BIBA 2012** **SHAPING**  
CONFERENCE & EXHIBITION **OUR FUTURES**  
Manchester Central, May 16-17

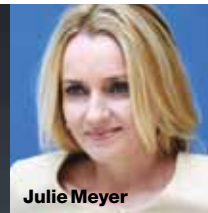
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### BIBA 2012 SPECIAL

Your complete guide to Shaping our Futures – Manchester Central 16-17 May – we provide insight on the programme and exhibition. Plus a Q&A – big insurer names respond to Eric Galbraith’s questions on the industry’s crunch issues



Sponsors of the  
BIBA 2012 supplement

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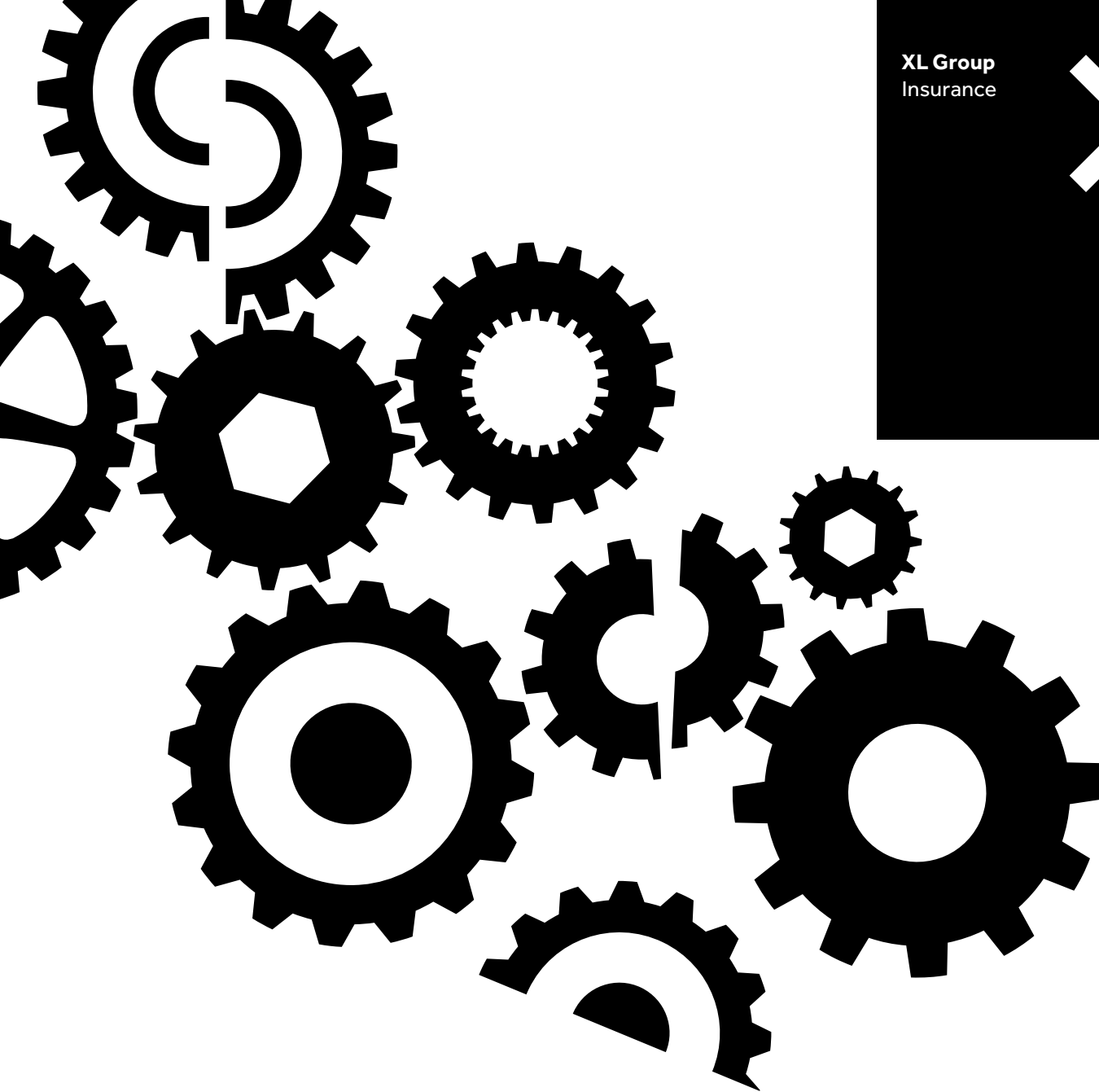
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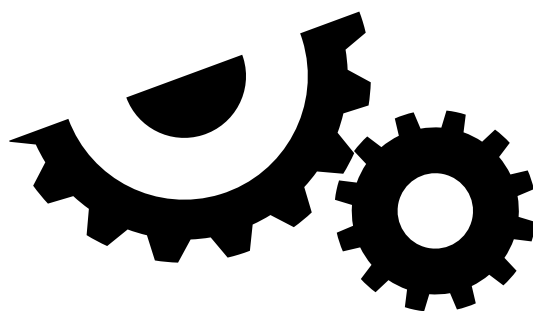


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# CEO update

There are many issues affecting our sector and I'm sure you don't have the time to keep up with all of them. Whether it's new legislation from Europe, regulatory changes and costs, the economy or professionalism, we are working behind the scenes representing and protecting members so that you can continue the important task of 'doing business'. The high level issues that you need to know about are below but our team at BIBA is always on hand to provide more information.

As a sector we have a great story to tell to the outside world, whether it's about protecting customers, our critical contribution to UK PLC and GDP or the fact that we touch every part of business and personal life. These points are being made at all levels to government, and we are at the heart of influencing the key issues affecting you.

Thank you for your support and I hope to see you at conference where we will not only do business and help facilitate business, but demonstrate to everyone else that that's what we do best.



Eric Galbraith, BIBA Chief Executive



“Recent issues in the EU to benchmark changes to the IMD with other directives is causing concern

## THE ISSUES

### 1 On the FCA

- a. If regulatory separation is not an option for our sector we want recognition of the low risks our sector poses – the right regulation.
- b. BIBA is progressing specific initiatives on client money, risk transfer and Threshold Condition 4 – Adequate Resources.
- c. Please engage with the current FSA regulatory review programme, this will help the regulator to understand that we take not only compliance but customer outcomes very seriously.
- d. Please note the current focus of FSA/FCA on governance, culture and controls. They are undertaking a four year supervisory programme focusing during 2012 on the North West, South West and West Midlands, in which all firms will get a supervisory contact.

### 2 On the FSCS

- a. We want the review to begin as soon as possible – no further delays to the process will be acceptable. BIBA has appointed consultants and lawyers to look at alternative sustainable structures.

### 3 On Europe

- a. BIBA's attention is on the review of the Insurance Mediation Directive (IMD). Recent issues in the EU to benchmark changes to the IMD with other directives is causing concern. While the FSA has just renewed BIBA's market solution on transparency for another three years, it could ultimately be affected by the proposed changes to the IMD by 2016.

# Signposting success



BIBA's work with HM Treasury, the Government Equalities Office and the Association of British Insurers (ABI) has resulted in a new agreement to address concerns about access to motor and travel insurance for older people.

The agreement means that if an insurance provider, including a broker, is unable to provide insurance to a

person because of their age, they will be obliged to refer that person to a provider who can meet their needs or to a dedicated 'signposting service'.

BIBA already provides a Find a Broker signposting service. This service is formally recognised by government and the ABI as the suitable dedicated signposting service for the purposes of this agreement, which will provide thousands of leads to BIBA members.

## A FORCE FOR GOOD – KEY POINTS

### ● This is a very positive step for:

- ▶ Older customers who, if failing to find suitable insurance protection because they are an older traveller or motorist, should be signposted to a suitable insurance provider who can help them
- ▶ The insurance sector to be able to retain risk based pricing
- ▶ Insurance brokers to promote their value and raise their profile

- Find a BIBA Broker is launching on iPhone and iPad
- Brokers unable to provide cover to a customer because of their age, will need to signpost to the BIBA Find a Broker service or refer to an appropriate provider
- The new agreement was launched on 6 April 2012
- Within the Equality Act 2010 insurers will still be permitted to differentiate pricing and acceptance criteria based on age



## MORE INFORMATION

- Member guidance on signposting is available on the [BIBA website](http://www.biba.org.uk)
- Members should update their information on BIBA's Find a Broker service – go to [www.biba.org.uk/UpdateDetails.aspx](http://www.biba.org.uk/UpdateDetails.aspx)
- BIBA's Find a Broker Service can be accessed by consumers on [www.biba.org.uk](http://www.biba.org.uk) or 0870 950 1790 Monday to Friday 9am to 5pm

## DATES FOR YOUR DIARY

**16–17 MAY 2012**

**BIBA 2012 CONFERENCE AND EXHIBITION**

Manchester

**23 MAY 2012**

**CENTRAL – TOP TABLE LUNCH**

London

**30 MAY 2012**

**YORKSHIRE & NORTHERN – 5-A-SIDE FOOTBALL**

Leeds

**14 JUNE 2012**

**YORKSHIRE & NORTHERN – BREAKFAST FORUM**

Sheffield

**21 JUNE 2012**

**SOUTH WALES – SUMMER PARTY**

Cardiff Bay

**6 JULY 2012**

**ANGLIA – SUMMER BALL**

King's College Cambridge

**13 JULY 2012**

**YORKSHIRE & NORTHERN – SUMMER EVENT**

Marriott Royal Bristol

**FOR REGIONAL COMPLIANCE FORUM DATES, PLEASE**

**SEE PAGE 10**



For more information, visit  
[www.biba.org.uk](http://www.biba.org.uk)

## Business resilience – don't knock it

BIBA has launched research with the Cabinet Office to promote the benefits of business continuity planning (BCP) – the research revealed that such plans are likely to stop businesses from failing after a major disruption.

BIBA will use the research with the media, politicians and small businesses to promote brokers, and the next stage will be to produce a guide for SMEs with the Cabinet Office.

Our research showed:

96%

felt that a BCP would keep businesses trading or reduce the costs they would incur when they would have otherwise likely failed

83%

of insurers asked said they would provide a discount or improved insurance terms to a business interruption policy if a BCP was in place

74%

of all emergencies against businesses were water or fire related

62%

said that those with plans benefited from premium discounts, reduced excesses and doors opening to new insurance markets

5%

believe that small and micro businesses have plans in place.

## Graeme achieves his FCII

It's many congratulations to BIBA's Head of Corporate Affairs, Graeme Trudgill, who has gone on to successfully complete his Fellowship with the Chartered Insurance Institute (CII). Graeme's dissertation was on the signposting to brokers' initiative, something which BIBA continues to champion and which he feels passionately about. Graeme already holds the ACII, an open university professional certificate in management and is a Chartered Insurance Practitioner – and so the FCII is the final and highest qualification he can hold from the Institute. He says: "It's hard



Study time: Graeme Trudgill

work, but the Fellowship programme is extremely rewarding and I would encourage any members who have made it to ACII to go the last lap and get their fellowship."



Award success:  
Left to Right: BIBA CEO Eric Galbraith, BIBA's Kirsty Wingrove and CII's Scot Grimmer

## broker ASSESS wins major award

broker ASSESS, the online training and competency system, has been named Learning Technology Solution of the Year at the Learning and Performance Institute's (LPI) 2012 Awards.

Kirsty Wingrove, BIBA's Head of Membership, said: "The system has had a huge impact helping many

brokers to demonstrate that they are meeting FSA training and competency regulations. The award is a testament to the hard work of the broker ASSESS team and the brokers on the working groups who have helped to develop the system. We are delighted with this recognition."

### WHY IT WORKS – four steps to success:

- 1 Effective use of learning technologies
- 2 Representing significantly more than conventional eLearning
- 3 Covering core skills, development and CPD
- 4 Demonstrating that whilst technology is important, content is critical.



### FIND OUT MORE AT:

[www.biba.org.uk/BrokerAssess.aspx](http://www.biba.org.uk/BrokerAssess.aspx)



# In the media

Head of Communications **LEIGHANN FORSYTH** provides examples of BIBA promoting brokers in the media

## Helping the jobless find motor cover

On behalf of the BBC, BIBA worked with three members to produce research into the cost of insurance premiums for unemployed motorists. Our broker research found that the cost of insurance for unemployed people ranged dramatically from insurer to insurer – from between zero and 63%.

The BBC's interest in the research resulted in the highest level of broadcast coverage that BIBA has

received for a proactive PR project. The research was covered by BBC TV's news channel at least seven times throughout the day, leading the news agenda. It was also covered on BBC Radio 4, BBC Radio 5 Live, on Teletext and in the *Sunday Sport*.

This provided not only significant profile for BIBA but there was strong messaging about the need for a broker who can help to find insurance at competitive costs. All coverage was attributed to BIBA and brokers, and interviewees suggested that using a broker was the answer to finding competitive insurance.

Evening Standard Tuesday 6 March 2012

London  
**Evening Standard**

Once you've found the cheapest quote, check before paying if cashback is available via a site such as [topcashback.co.uk](http://topcashback.co.uk) or [quidco.com](http://quidco.com). The latter, for example, offers £80 back from a new policy with Aviva, plus three months' free cover.

Now is the point it is worth phoning your current insurer to see if it will match your cheaper price.

If those steps have not triggered major savings, it's worth contacting a local insurance broker to see if they can help. The trade body lists these on its website at [biba.org.uk/ConsumerHome.aspx](http://biba.org.uk/ConsumerHome.aspx) or you can ring its helpline 0870 950 1790. Higher-risk, young drivers may benefit from a tracker scheme such as Coverbox or the AA, where your style of driving is monitored and safer drivers benefit from savings.

Email: [lucy.tobin@standard.co.uk](mailto:lucy.tobin@standard.co.uk)

**BBC**

BIBA has promoted brokers on BBC Radio Five Live, BBC Moneybox and various regional radio stations on numerous occasions so far in 2012 – subjects range from motor, pet and home insurance, and even consumer phone-in panels.

**FT**

Financial Times Tuesday 3 April 2012

fold to £12bn a year by 20 because of rising sea levels and heavier rainfall. The government welcomed the attempt to find an answer. "Industry-led solutions that allow insurers to compete even for the highest risk homes, without government intervention in the market, would give the best value for taxpayers' money," it said.

Project Noah has the backing of the reinsurance industry and was welcomed by the British Insurance Brokers' Association. Eric Galbraith, chief executive of Biba, said: "Project Noah is a deliverable reinsurance solution ensuring flood

insurance availability for UK homes. The government can focus spending on improving flood defences whilst homeowners should be paying a more equitable premium."

The ABI has come up with a separate proposal for an insurance pot to cover all flood-prone areas rather than the entry – but its mod on a government "No other world provide for the most properties... But... stock... to

## PRESS CUTTINGS

**The Mail**  
ON SUNDAY

Most customers will be directed to the Find a Broker service run by the British Insurance Brokers' Association. Callers to the helpline (0870 950 1790) can speak to an operator who will match them to a specialist broker. The service is also available at [biba.org.uk](http://biba.org.uk).  
*Mail on Sunday, (Main) 15 April 2012*

**THE SUNDAY TIMES**

Under an agreement that came into force this month between the government, the Association of British Insurers and the British Insurance Brokers' Association (Biba), if an insurer can't offer cover because of age restrictions on its products, it will now automatically refer customers to an alternative provider who can – or to Biba's "find a broker" service.

*Sunday Times (Money), 15 April 2012*

**DAILY EXPRESS**  
ON THURSDAY 25 JANUARY 2012

If you're concerned, discuss your travel plans with your doctor before booking your holiday, says Graeme Trudgill at the British Insurance Brokers' Association.

"Speak to an insurance broker about where you want to travel, because your destination could affect the cost of your cover."

*Daily Express, 25 January 2012*

**THE TIMES**

If an alternative provider cannot be found, the older motorist will be referred to a "signposting" service such as the Find a Broker website of the British Insurance Brokers' Association (BIBA).

*The Times, 7 April 2012*

**The Daily Telegraph**

Graeme Trudgill, head of corporate affairs for Biba said older people were "being turned down flat" for insurance and were left not knowing which way to turn. The organisation is launching a "signposting agreement" next month, which will see its members agreeing to provide the name of a broker that will cover special insurance cases rather than leaving people in the lurch.

*Daily Telegraph, 24 March 2012*

**The Mail**  
ON SUNDAY

Check both options. A broker can do this for you... Or you could find a local broker via the BIBA helpline on 0870 950 1790.

*Mail on Sunday, 8 April 2012*



# THE ROAD AHEAD IS NOW ONLINE

Don't miss the latest industry news, stakeholder views and insider updates from the Motor Insurers' Bureau (MIB)



## roadahead.mib.org.uk

As part of Continuous Insurance Enforcement (CIE) law, the Motor Insurance Database (MID) is systematically compared with the DVLA's registered keeper records to identify uninsured vehicles from the record. Just like the DVLA, drivers can check their vehicle is appearing on the MID at [www.askMID.com](http://www.askMID.com).



CIE advertisements are currently appearing on TV across the UK with a radio and an online advertising campaign to follow.

Look out for the Employers' Liability Tracing Office (ELTO) and the Insurance Fraud Bureau (IFB) exhibiting at this year's BIBA Conference in Manchester from 16-17 May 2012.

**Both teams will be there to support brokers with the latest materials and advice. Please visit their stands for more information.**

**ELTO** Employers' Liability  
Tracing Office

**Stand B27**

**ifb** Insurance Fraud Bureau

**Stand B28**

## The Road Ahead contains all the latest MIB news and updates, including:

- Broker support materials such as FAQ downloads and guides from the Employers' Liability Tracing Office (ELTO)
- Updates on police and DVLA enforcement activity to reduce uninsured driving
- Tackling fraud – operational updates from the Insurance Fraud Bureau (IFB)
- CIE materials and advertising campaign updates

Sign up to receive your copy of MIB's quarterly eNewsletter at [roadahead.mib.org.uk](http://roadahead.mib.org.uk)

**MIB**  
Motor Insurers' Bureau

# It's all happening

**STEVE WHITE** provides an update on hot regulatory topics and says the months ahead are going to be significant for crooners and compliance



2012 is turning out to be a momentous year, what with 60s heartthrob Engelbert Humperdinck set to represent the UK in the *Eurovision Song Contest*, the London Olympics and the Queen's Diamond Jubilee. It is quite a year for regulation too.

BIBA's discussions with the regulator and HM Treasury about more appropriate, proportionate and cost-effective regulation continue and we are sensing a more targeted and risk-based approach from what will become the Financial Conduct Authority (FCA). We

continue to press for separation and an end to cross-subsidies in the Financial Services Compensation Scheme and have engaged both lawyers DAC Beachcroft and consultants Oxera to assist in this process.

Issues in Europe are having an increasing influence on our domestic regulations and we continue to work very closely with the European Federation of Insurance Intermediaries (BIPAR) to ensure the best interests of our members are being as well protected as we can.

## Client Money – making progress

You will read elsewhere in *The Broker* of the FSA's engagement with our regional compliance forums regarding forthcoming changes to the Client Money rules. The fact that the FSA is prepared to use 10 of our forums to engage with brokers and then to try and write rules in much plainer language are developments that we will all readily applaud.

## A sanctions solution

Finally, with the release of BIBA's SanctionsSearch.com facility, it is important to remind members that our role here is not that of a quasi-regulator. We would, however, recommend that you give the system a try as we would not want any member pleading the lyrics of one of Mr Humperdinck's greatest hits 'Please release me, let me go' to the authorities because their compliance with financial sanctions legislation had been found wanting.

## Upcoming Regional Compliance Forums:

**13 June**  
MERSEYSIDE

**28 June**  
LONDON MARKET

**29 June**  
WEST OF ENGLAND

**1 & 8 August**  
YORKSHIRE & NORTHERN

**27 September**  
WEST OF ENGLAND

**10 October**  
WEST MIDLANDS

**11 October**  
SOUTH EAST AND CENTRAL

**18 October**  
LONDON MARKET

**7 & 14 November**  
YORKSHIRE & NORTHERN



Keep your eyes peeled for more information about events on your regional section's website.

## MUST READ REGULATORY UPDATES

Members can stay up to date with what is happening in the world of regulation by visiting the BIBA website where you will find frequent Regulatory Updates from BIBA's compliance team. If you have not visited the update section recently, must read bulletins include:

1

The FSA's Retail Conduct Risk Outlook (RCRO) 2012 has identified add-ons, payment protection and products of limited value as potential problems for consumers which will need close supervisory attention. Members should assess whether they have taken sufficient action to identify, monitor and control the risks highlighted in the RCRO.

2

The 'Dear CEO' letter setting out the FSA's transformation to the new regulatory structure. The FSA introduced the new 'twin peaks' style of regulatory model in April 2012 replicating the structure due for adoption by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority in 2013. Separately, the Treasury Select Committee published a report identifying defects in the Government's approach to the FCA.

3

The Financial Ombudsman Service's (FOS) plan and budget for 2012/13. Half of its expected workload (130,000 cases) will result from complaints generated by payment protection insurance (PPI) mis-selling. The FOS is looking at its charging and is proposing the introduction of a supplementary case fee for each PPI claim submitted to it. The revised FOS funding model would allow for the number of free cases BIBA members receive to rise from 3 to 25 per year.


4

The FSA has renewed the official status of the BIBA-led Industry Guidance 'Transparency, disclosure and conflicts of interest in the commercial insurance market' for another three years. The FSA normally revokes Industry Guidance status after three years unless a request is received to renew it. The status of the guidance has been extended to March 2015.

# Working together on Premium Finance

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Premium Credit is the No.1 insurance premium finance company in the UK & Ireland with 1.8 million customers, advances of £3.2bn and 18 million Direct Debits processed in 2011. With competitive net rates, flexible terms, the ability to spread the cost of BIBA and IIB membership fees and discounted rates for paying FSA membership fees by monthly instalments, it's easy to see why we are the only premium finance company endorsed by BIBA.



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at stand  
**C36**





## Our enthusiasm lives on.

Partnership to us means shared values and commercial objectives leading to shared success. Enthusiasm for real partnership is in our DNA, delivering what you tell us you need – access to people who can make decisions, accurate information and documentation delivered in a timely way; and above all, fairness when dealing with your customers.

Visit [ageas.co.uk](http://ageas.co.uk)

**Visit Ageas at stand D16 at this year's BIBA Conference and Exhibition.**



**Your Partner in Insurance.**

**STEVE FOULSHAM** spoke to two of our technical committee chairmen for the latest on liability and property issues and also explains why these are a vital ongoing resource for the membership

# Expertise makes the difference



Technical committees allow us to drive agendas and stay ahead of what is happening in the market. The membership of these is comprised of brokers and other experts with outstanding knowledge and connections and they would typically meet on a quarterly basis to cover all the topics relevant to a particular area.

During a committee session, we typically cover government and legislative issues, but also any points raised by members – for example, if a broker has run into difficulties over a policy wording or an issue surrounding a claim. Following a committee meeting, we would then look to produce guidance material to be passed on to the membership.

Our technical committees cover motor, property, liability & accident, and private medical insurance. Our latest addition is the Trade Risk Focus Group dealing with UK & export credit insurance. We are indebted to the service provided by our technical experts – and they travel from across the UK to share their expertise on behalf of members.

Within BIBA headquarters, we provide the committees with secretariat services and field

## TECHNICAL TIPS FOR BIBA 2012

**Boost your understanding and get the most out of this year's conference:**

1

Don't forget to pick up the briefing papers from the BIBA stand that each committee is issuing on the latest issues

2

Don't miss the trade credit and healthcare sessions - they are likely to be lively!

3

Speak to the ELTO staff on the Motor Insurers' Bureau stand about any issues or questions that you have.

members' questions and briefings on meetings we have had so that a complete issue of all the leading topics are to hand.

If members have specialist knowledge of a particular area, and they would be interested in joining one of our committees, then we would invite them to apply – you can forward your CV to me at the address below.

### An all round view

As BIBA's inhouse technical specialist, I'm present at the majority of committee meetings, which provides a fantastic learning experience. And, because public affairs is a big part of what we do, I'm also able to feed in details of the work we do in this field to the committee members – for example, if we're discussing flood risk, then any meetings we've attended with DEFRA or the ABI.

I've also got a strong interest in business resilience issues and one of the key issues for our property committee was the riots and the issues these continue to throw up relating to firms being under-insured or even having no insurance.

In terms of liability, I'm also looking hard at EL – the Employers' Liability Act has been around since 1969 – and along with business interruption wordings – the question has to be asked, are they still fit for purpose? When you have a mandatory cover, this is even more essential.

Most recently, our Property and Liability Committees met and the chairmen have provided details of some of the areas that were covered.

## ASK STEVE

Q

Are working partners of an LLP required to have Workers' Compensation Act cover when working abroad?

A

This depends on local laws in the country in which they are working, as the Employers' Liability Act does not apply to accidents or diseases contracted outside UK. Normally WCA cover is not required unless the worker is employed in their country and temporary workers from abroad will not be considered as employed there.

Steve Foulsham is Head of Technical Services. He can be contacted at [foulshams@biba.org.uk](mailto:foulshams@biba.org.uk)

## BIBA PROPERTY COMMITTEE

### Update from Chairman

#### David Meur

(also Managing Director of broker Genavco)



#### Key points

- Flood risk is high on our agenda. We have been reviewing a number of possible market solutions to enable flood cover to continue to be available and at an affordable cost after the expiry of the Statement of Principles in 2013. We are engaged in an ongoing dialogue with all the relevant agencies including HM Treasury, Environment Agency, DEFRA, ABI and others. We are contributing to the production of a Flood Consumer Guide to be published on government and BIBA websites.
- We are collaborating with the Cabinet Office in the production of a guide on business resilience for SMEs which will include a chapter on insurance.
- The Property Committee recently reviewed the Government Panel's report on the aftermath of the riots last year, and we responded to comments on the performance of the insurance industry in handling claims. We were able to show that certain negative comments were inaccurate and unfair.
- We are contributing to a Business Interruption Policy working party being led by CILA with the aim of updating BI wordings and cover.
- In November 2011 representatives of the Property Committee met with senior underwriters of leading insurers to discuss and exchange views on a range of property insurance subjects of common interest and concern to the market.

## BIBA LIABILITY & ACCIDENT COMMITTEE

### Update from Chairman

#### Peter Franklin

(who also runs Franklin Consultancy)



#### Key points

- ELTO is now up and running and while there were the inevitable teething problems it is providing good results for those looking for past employers' liability policies. It is mandatory from the 1 April 2012 for insurers to populate the database but transitional arrangements until 1 April 2013 have allowed some breathing space to ensure that the additional information now required can be captured. It is important that brokers support this initiative as the alternative could well see the introduction of an EL fund similar to the MIB, which will add to the insurance costs of existing employers. Find out more about ELTO on page 36.
- The Supreme Court heard the Trigger Litigation appeal on employers' liability in December 2011. The result is now awaited which should finally decide the meaning of the different words used in policies 40 years ago. It took the Court of Appeal 11 months to deliver its judgement but hopefully the Supreme Court will not take so long.
- The Consumer Insurance (Disclosure and Representations) Act 2012 was given Royal Assent on the 8th March and is expected to come into force in 12 months' time in 2013. The Act brings the law into line with the current practice of the FOS and makes important changes as to when a broker is acting for the insured or the insurer.



Where do you

g



when you're  
completely  
satisfied?

Nowhere.

**Last year we had a 100% satisfaction rating from commercial customers who had a claim settled or received advice from our survey team.\***

What is the secret to this success? Is it our great value specialist cover? The knowledge help and professionalism of our claims handlers and risk surveyors? Or simply our experience and underwriting expertise? Whatever the reason, no wonder brokers have consistently voted us best insurer in our specialist areas.\*\*



**Come and meet our specialist experts  
at BIBA on stand D36.**

\* 100% of commercial customers had a claim settled were 100% satisfied with our knowledge, help, and professionalism and would consider renewing with us - Source 2011 Ecclesiastical Claims Satisfaction Survey. 100% of commercial customers are satisfied with the overall service provided by our survey team. Source 2011 Ecclesiastical Risk Services Opinion Survey.

\*\*Of those brokers who named an insurer in the survey, the majority named Ecclesiastical as the best insurer for charity, heritage, care, education and faith insurance. Research carried out by FWD, an independent market research company.

# The way • I see it

It's all change and Martin Wheatley will soon become Chief Executive of the new regulator, the FCA. Speaking directly to BIBA members, he spells out his priorities covering consumers and brokers

## MARTIN WHEATLEY

joined the FSA on 1 September 2011 as the Managing Director of the Conduct Business Unit. In due course, Martin will become the CEO of the Financial Conduct Authority (FCA).

Martin joins the FSA from Hong Kong's Securities and Futures Commission where he served as CEO for five years. Before this, he held various roles including Deputy Chief Executive of the London Stock Exchange Group plc and sat on the FSA's Listing Authority Advisory Committee.

By this time next year, the Financial Conduct Authority (FCA) will have taken over the FSA's work to make markets work well and help consumers get a fair deal. We are determined to ensure the FCA spots risks to consumers much earlier and, backed with new powers, acts more decisively to deal with these problems.

For brokers, we will build on what we are doing now with regular assessments of firms and regional workshops, where we explain face-to-face the areas of business risk we focus on in firms. The assessments concentrate on how firms are run and their culture, aiming to get to grips with what delivers the right outcomes for consumers. The FCA's work with individual firms will go alongside more thematic analysis – such as particular products or groups of firms which are posing risks to customers. Our goal will be to get to the heart of what is driving these problems and take the appropriate action more quickly than at present.

### We'll step in early

Overall I want regulation to do less looking backwards, and I want the FCA to also do more to stop issues and problems emerging before they get too big. This involves smarter analysis of what is happening in the market to consumers, and, again, better and earlier intervention with firms. I expect firms to be able to show their customers' needs are at the heart of the way

products are designed and sold.

For insurers this is about identifying the target market for their product, ensuring the cover offered meets the needs of that target market and that the product does not create barriers to comparing, exiting or switching cover. With brokers it is about doing the best for your client, so they are able to trust that the cover they buy works for them and they are getting a fair deal.

### Understanding add-ons

In the meantime, we continue to deal with current concerns in the general insurance market. We know

many customers are simply thinking too much about the price, without considering the difference in policies and charges after the sale. Added to this some firms are increasingly reliant on low-cost, high-margin add-on or optional insurance products (such as breakdown and keys cover) to generate income and differentiate policies. In these sales, the customer is often focused on the main purchase, and may not understand the overall cost and value to them. We are also keeping an eye on new payment protection products.

With many ways nowadays to buy insurance, brokers have an

Photo of Martin Wheatley by Gus Campbell





“““

We will publish proposals to make our rules easier to understand and more effective, and we will come along to BIBA's compliance forums to involve brokers in the changes

opportunity to demonstrate the value of good quality advice, and to show the difference between a business based on price alone to one that is led by getting the best result for the customer.

#### Attending compliance forums

On the financial side, it is about making sure your firm has enough resources to protect itself if the worst happens. And a key priority across the FSA will be making sure firms are protecting client money, and keeping it separate from their own. We will publish proposals to make our rules easier to understand and more

effective, and will come along to BIBA's compliance forums to involve brokers in the changes.

The FCA will aim to be a more open and accountable organisation, so I want us to do more work like this, and get out and listen to brokers and explain our requirements clearly. This, combined with a better emphasis on what really causes problems for consumers, and dealing with issues earlier on, will deliver better outcomes for all.

**Martin Wheatley is the FSA's Managing Director, Conduct Business Unit**

## TEN FACTS ABOUT THE NEW REGULATOR

- 1 The FSA is being split into two independent organisations: the Financial Conduct Authority, who will be dedicated to making markets work well to help customers get a fair deal and the Prudential Regulation Authority, who will make sure people's money is safe in banks and insurers.
- 2 Legislation is going through parliament to allow the changes to happen, and the new regulators are expected to begin life in March 2013.
- 3 The FCA will take over all the FSA's current work on consumer protection and markets regulation, covering 27,000 firms and everything from someone buying an insurance policy through to companies raising money on the capital markets.
- 4 The approach to regulation will build on the FSA's recent work to focus more on what people actually experience and to be more proactive in getting the right outcomes from firms.
- 5 The FCA will regulate both how brokers deal with their clients and how they are financially managed.
- 6 Its aim will be for anyone selling insurance to make sure they get a proper understanding of what the customer's needs are and take reasonable steps to ensure the customer can make a claim when an event occurs.
- 7 The FCA plans to be a more open and engaging organisation, and wants to have a better two-way conversation with brokers.
- 8 Brokers will have a regular assessment by the FCA and will be able to attend workshops that cover the risks the FCA will look at.
- 9 The FSA has published 15 priority areas for the year ahead in the Retail Conduct Risk Outlook, with four emerging risks and potential concerns in general insurance: consumers focused on initial premium, products of limited value – such as when retailers bundle general insurance products with another product – add-ons and payment protection.
- 10 The FSA will review the client money rules later this year to make them more effective and simpler, and will attend BIBA's compliance forums to involve brokers in the changes.



Continuity in an uncertain world™

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# Prepare to win



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Tel: 01245 396396

Amlin UK is a division of the Amlin Group and underwrites commercial insurance business. We are an acknowledged market leader and offer highly experienced and dedicated teams of underwriters in each of the business lines that we offer.

Amlin UK will be exhibiting at BIBA 2012 and will be providing an opportunity to win tickets to the Amlin Challenge Cup Final. To be in with a chance of winning please visit stand B12.

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**The most  
important event  
of the broking  
calendar – Don't  
miss it!**

# SHAPING OUR FUTURES

**Your complete guide to  
BIBA's 2012 Conference  
Manchester Central  
16-17 May**

**THE PROGRAMME:**

Main presentations  
Meet industry leaders  
Exhibition update including scheme providers





**At AXA Commercial we've listened to our brokers and changed the way we work to fit around you. Our goal is to give you the tools you need so you can work more efficiently, offer more choice and be more competitive.**

We're doing that by looking at every part of our business, from our channels to our products and processes, and asking how we could be doing more to help you. We've focused on three key areas and made some big changes that will make a real difference to your business:

## **Simple**

### **Making technology work harder for both of us**

- Easy access to products online
- Products specifically designed for e-trading
- Launching with three new products
- Cover that can be purchased electronically via our Extranet or Acturis

## **Complex**

### **Building closer working relationships**

- New local branches
- Empowered employees
- Two new products - Business Combined and Contractors Combined, tailored to specific market sectors

## **Schemes**

### **Delivering ease and transparency**

- Slicker processes - speeding up data transmission and reducing queries
- Easier to manage - from relationship support to management information
- Simpler payment and commission with automated reconciliation
- Immediate link to claims

## **And we're just getting started**

This is all part of our constant drive to give you an edge in the marketplace. We've already made lots of changes and more are in the pipeline.

Visit us on stand **E26** at **BIBA** for more detailed information or refer to broker connect <http://connect.axa.co.uk/commercial>



I'm looking forward to seeing you at **Shaping our Futures**. We'd also encourage brokers to bring along younger members of staff as it's an extremely valuable learning experience. For example, they can get up to speed on the latest technologies by visiting our **Connection Zone** or visit the business sessions and find out ways to encourage company growth. Don't forget to register before 8th May to get your free lunch!

See you there

**Lindsay Campbell**  
Conference Organiser

To view the full programme including keynote presentations, seminar sessions and fringe events, visit the conference section of the website at [www.biba.org.uk](http://www.biba.org.uk)



#BIBA2012

## Stay up to the minute with the BIBA ShowGizmo App

Brokers with smartphones – namely iPhone, iPad, BlackBerry or Android devices – will be able to download the BIBA ShowGizmo App, which is free and is a great way to know exactly what's going on, book meetings and stay in touch.

The App will give you profiles of exhibiting companies and their staff and access to downloadable brochures, which means you don't have to carry round cumbersome paper. It also allows you to list additional information about yourself and you can let people know when to contact you. This is a massively useful networking tool – and if you're new to Apps – then don't worry. We have helpful people on hand to help you download it and to make sure you get the most out of using it. We'll also help you get into Tweeting if that's of interest and you should then be able to see your views appear live on stage in the main auditorium.

## Event programme & timetable

### WEDNESDAY MAY 16

- 08.30** Exhibition opens
- 10.00** **CONFERENCE OPENS**  
Welcome to BIBA 2012  
Andy Homer, Chairman, BIBA  
AND  
Eric Galbraith, Chief Executive, BIBA
- OPENING KEYNOTE SESSION**  
Andrew Marr
- 11.15** Refreshment break and extended networking session in exhibition hall
- 11.45-12.30** Fringe sessions
- 12.30-14.00** Lunch in exhibition hall
- 13.00-13.45** Fringe sessions
- 14.10-15.00** **KEYNOTE SESSION**  
Shaping our Futures – the industry perspective
- 15.00-15.50** Refreshment break
- 16.00-16.50** Seminar sessions
- 17.30** Exhibition closes

### THURSDAY MAY 17

- 08.30** Exhibition opens
- 09.30** **KEYNOTE SESSION**  
Shaping our Futures – Britain against the rest of the world?
- 10.30-11.20** Seminar sessions
- 11.20-12.00** Refreshment break
- 12.10** **CLOSING KEYNOTE SESSION**  
Sir Tim Berners-Lee
- 13.00-14.30** Lunch in exhibition hall
- 13.45-14.30** Fringe sessions
- 14.30** Networking session in exhibition hall
- 16.00** BIBA 2012 closes

# BIBA's schemes go live

Head of Technical Services, **Steve Foulsham**, says our schemes and facilities providers will be out in force at this year's conference – these are just some of those who you will be able to meet

Stand  
D50

## Aqueduct Underwriting Limited (Aqua)

Aqua were appointed as BIBA's HNW scheme provider in February 2012. They offer a comprehensive and flexible service offering three different policies providing varying levels of cover. Brokers will find a policy that fits their clients' demands and needs. Aqua will equally write business at relatively modest levels or larger risks.

Unlike many HNW insurers and in line with other BIBA schemes, Aqua does not insist on a minimum level of support; there are a few qualifying criteria: minimum premium of £750 and general contents sum insured of £50,000. They will open a new agency for any BIBA member to accommodate a single policy and there are deals for high volume business.

Stand  
EB3

## Camberford Law

Camberford Law's Unoccupied Properties Scheme provides comprehensive insurance

cover for both residential and commercial properties including public houses, hotels, and warehouses. It can also provide cover for plant, machinery, and all other fixtures and fittings as well as loss of rent.

Some benefits of our scheme are full perils available for most properties, a facility to place large risks up to £11 million buildings sum insured; £2 million property owners' liability given as standard; terrorism cover available; A-rated insurers; 24 Hour quotation; six month policy available, and online enquiry forms.

Stand  
C36

## Premium Credit

Premium Credit's new service, My Premium Credit, has recently launched enabling personal insurance clients to manage their Premium Credit account online 24/7 at [www.mypremiumcredit.com](http://www.mypremiumcredit.com). They can view correspondence, sign and submit new credit agreements, update bank and address details and settle missed payments by credit or debit card online. My Premium Credit can add value by reducing client calls and queries, lowering client default and cancellation rates and aiding client retention.

Stand  
F41

## Equity Insurance Partnerships

BIBA's Private Motor Management is the new name for BIBA's Personal Lines Administration facility.

Brokers who have decided to step away from private motor, but still wanting to retain contact with their clients can transfer private car insurance to BIBA's Private Motor Management. It will give you peace of mind from knowing that your customers are receiving the very best in service. This includes highly competitive premiums and a seven day a week service and brokers maintain contact with their customers.

- Commission is payable for the life of the business
- Relieves the strain on overstretched resources
- Allows brokers to focus on more profitable business.

Stand  
D60

## Lorega

Lorega specialises in providing policyholders with specialist claims support in the event of a serious property business interruption claim – something which is becoming increasingly difficult as broker margins tighten.

BIBA has joined forces with the claims advocate to provide a Loss Recovery Insurance scheme. In the hour of need, clients know they will be supported by Lorega's Chartered Loss Adjusters.

Stand  
B55

## Tasker Partners

Members have access to schemes designed for the late night entertainment trade. Including nightclubs and dance venues, bars and restaurants with flexible opening hours. It recognises up to date licencing requirements and gentlemen's clubs, private members' clubs including venues providing tableside dancing and lapdancing.



Top row left to right:  
**Francois-Xavier Boisseau**  
 Chief Executive Officer, Groupama  
 Insurances  
**Richard Ward**  
 Chief Executive Officer, Lloyd's  
**David McMillan**  
 Chief Executive of Aviva UKGI  
**Steve Wood**  
 Managing Director, Ecclesiastical

Middle row left to right:  
**Bronek Masojada**  
 Chief Executive, Hiscox UK



**Adrian Brown**  
 Chief Executive, RSA UK

Bottom row left to right:

**Amanda Blanc**  
 CEO Commercial,  
 Axa Insurance

**Derek Plummer**  
 Commercial Director, MMA

**Barry Smith**  
 Chief Executive, Ageas UK

**Chris Hanks**  
 General Manager,  
 Allianz Commercial



# ON THE RECORD

Eric Galbraith, BIBA's Chief Executive, posed a series of questions for 10 of the UK's most prominent insurance leaders, to get their views on some of the market's biggest issues





## Q1

## How do you see the future of general insurance distribution changing over the next three years?



**AMANDA B:** Brit, Groupama and NIG all have a “for sale” sign up, so I think M&A activity in the insurer sector will pick up. This could have a ripple effect but there are a lot of good strong brokers that will remain independent. I don't see a huge shift away from brokers when it comes to commercial lines, but I think they're going to be doing business a little differently as insurers make it easier for them to trade online.



**FXB:** In standard motor, it's difficult to see past the dominance of price comparison sites and direct writers. However, there has to be a possibility of consolidation among aggregators and the potential entry of Google. Brokers should continue to thrive in non-standard lines and maintain a significant presence in home insurance. In commercial, there will continue to be pressure from direct players at the micro end of the market, although the ongoing adoption of e-trading should level the playing field. The availability of professional, independent advice continues to be critical for business customers. Some of the consolidators might struggle under the pressure of servicing the significant levels of debt they assumed in their quest for external growth.



**ADRIAN B:** The focus on social media and growing desirability to e-trade will only continue over the next three years. At the same time, the need to promote the industry as more than a price

play is huge. That's why we introduced our Broker Promise and why we're now reinvesting in our regional presence.



**BM:** Customers with complex insurance needs will need professional advice until the end of time. Brokers who are able to provide this, supported where appropriate by technology based platforms, will prosper and grow. Customers with simple needs will migrate over time to the most efficient route – probably through affinity platforms created by industry associations supported by brokers or direct. I believe the acquisition train will start again, funding from venture capital will become more available for the larger brokers and broking firms will become more reasonably priced. I expect some consolidation among the larger brokers.



**CH:** I expect the general distribution landscape to remain largely unchanged but with more consolidation amongst both brokers and insurers. There will be growth in the bancassurance channel but limited change in direct SME. I also expect to see international brokers shifting focus back to the UK SME market.



**DM:** We don't anticipate any significant change to GI distribution with brokers continuing to dominate the commercial market. Technology will play a key role in transforming the way insurers work with brokers. At Aviva, we want to make it easier for brokers to trade online. We are making it simpler and faster to trade small business online which will give brokers the choice on how they trade with us, be it Fast Trade or through their software houses.



**DP:** Domination in personal lines will continue from the price comparison sites and direct online trading. Brokers will seek niche opportunities where specialist advice and service is sought. SME will continue to be the battleground for regional brokers. Slick, cost efficient mechanisms will be essential for small package business and local underwriter service for bespoke business.

**“The focus on social media and growing desirability to e-trade will only continue over the next three years”**  
Adrian Brown



**BS:** Changes in the last few years have been dramatic for some products. I'm not expecting the same degree of change! It is clear customers are continuing to research and buy from many different sources. What remains important therefore to meet customer need is to offer insurance products where the customer wants to buy. Brokers need to be at the centre of distribution strategies as they are in a unique position to guide and help customers make informed choices.



**RW:** I don't expect any big changes in the next three years. Further consolidation of the broker environment seems likely. The big three will get bigger and this will lead to smaller firms carving out valuable roles in niche, more bespoke areas of business. Efficient use of information technology will rapidly become a necessity for survival.



**SW:** More business will be traded online through insurers' extranets and broker software houses. Consolidation in the broker market will accelerate again as brokers look for economies or complementary and value-adding businesses or teams. Insurers and brokers will focus on slick and low-cost processes to support SME business, whilst focusing more effort and expertise on medium-sized and large risks where client relationship and quality of service delivered will be differentiators.

## Q2

## What should we do together (brokers and insurers) to shape and secure our futures?



**AMANDA B:** We need to lift the image of insurance as a whole to attract fresh new talent and we must promote professionalism in our industry if we are

to gain greater credibility amongst our customers. And the better qualified we are, the more profitable we should be.



**FXB:** In personal lines, brokers and insurers need to combine their knowledge and expertise and work closer

together. An example is the work being done currently to utilise data-mining to help counter fraud at application stage - better results will feed through into more competitive premiums. However it remains important to ensure broker software companies do not become an impediment in this. We must continue to embrace technology. For example, the progress being made in commercial lines to expand e-trading is crucially important to ensure the continuing competitiveness of the broker channel. There also has to be potential for greater use of data and technology to refine and price risk better.



**ADRIAN B:** I believe that fewer and stronger broker/insurer partnerships are critical to the future success

of both parties. Only with valuable relationships can brokers and insurers support each other's objectives and deliver differentiated propositions that add value for the end-customer.



**BM:** We should be shouting about the social benefits of the insurance industry – there is much more to us than

the noise around motor. The last ABI survey showed that in 2010 the industry received 2.1 m household claims, 3.7m motor claims and paid out £50 million per day in claims. Overall the industry provides a great service – even if we all know of instances where we cringe over this. As an industry we should promote the benefits of good risk management more effectively. We need to be better at raising the awareness of the benefits of specialist insurance for those with unusual or complex requirements. We need to be better at managing the cycle. Customers do not like to see a discount one year, followed by a 40% hike the next.



**CH:** We need a common agenda which focuses on delivering for our customers. This includes long-term

solutions for our clients that meet their needs, rather than what we think they need. This means working together on training and developing our people and putting a clear focus on professionalism, moving the industry towards Chartered status. This will drive talent into our industry, knowledge and technical skills.



**DM:** We need to ensure we are meeting customers' needs. We can do this by working together and offering

brokers services that benefit them and their customers. For example by creating propositions that provide offerings such as risk management, HR & legal consultancy support combined with our facilities that provide access to other markets.



**DP:** We should work together to give customers a value proposition, rather than just the cheapest price. Most

customers value local service so we should create greater awareness of the advantages of this unique asset. We should invest in joint marketing on the same scale as direct writers and affinities.



**BS:** We need to understand how we can work together and recognise where we all can add value to the

customer proposition and out of that have confidence of sustained profitability. This could include more cooperation in product design, transparency of returns and rating requirements. Service delivery by all and efficiency gains are vital. The best will prosper.



**RW:** In terms of Lloyd's, brokers are our lifeblood. They are our customers, our salesmen and our

distribution networks. I want to see how we can capitalise on the investment which international brokers have made setting up local distribution networks, in particular in Asia and Latin America. We must collaborate to keep the industry innovating, in terms of how we create new products and use of technology.



**SW:** Work together in partnership and recognise each other's strengths. Unless you're a large broker or insurer

you must specialise to survive and prosper. Identify your target market, understand what those customers want and make sure you can deliver what you promise in terms of price, risk management, cover, product and service. In addition, we must look at all parts of the value chain and remove duplication.

Q3

## How will you support the broker distribution channel in the future?



**AMANDA B:** We're broadening our proposition at AXA Commercial Lines to support the products and

services we offer to brokers and become a more attractive partner. We've just taken a group of 30 brokers through a week-long training session in Bordeaux covering succession planning, leadership and management skills to help them become better business leaders and provide them with tools to help them grow their businesses. We are focused on the SME sector and our scale gives us the opportunity to provide credible insight.



**FXB:** In commercial lines we are pioneering new products and techniques to promote e-business and we

are also continuing to develop a range of innovative niche products to help brokers expand. In personal lines, our efforts to accelerate our activities as a specialist and non-standard insurer are continuing apace, giving brokers areas where they can continue to out-perform direct writers and price comparison sites. In addition, we are working together with broking partners and their software houses to enhance counter-fraud activities and enhance pricing by utilising data-mining at application.



**ADRIAN B:** We value our relationships with brokers, but recognise not all brokers are the same or want the

“Business leaders must lead by example and show that we have moved away from the days of bad practice and poor service”  
Chris Hanks



# BIBA 2012

CONFERENCE & EXHIBITION  
Manchester Central. May 16-17

# SHAPING OUR FUTURES

# EX

Abbey Legal Protection	E40
Access First	G37
Ace European Group	D35
Action Claims	A32
Acturis	C19
Advance Insurance Schemes	EB5
Ageas	D16
Agrical	F44
Ai Claims Solutions	C45
All Clear Insurance Services	C43
Allianz	E10
Alternative Risk Management	B16
Amlin UK	B12
AMPM	C50
AmTrust Europe	D41
Ansvar Insurance Co	EB1
APC Underwriting	D20
Aqua Underwriting	D50
ARAG Legal Services	D51
Arch Insurance Company	C63
AREPA (UK)	F51
Arista Insurance	E8
Aspray	C3
Aviva	C10
AXA	E26
AXA Assistance UK	F4
Barbican Insurance	B32
Beazley Group	D32
Bexhill UK	C53
BIBA	E70
BIBA Credit Management & Bonds Scheme	E55
Bluefin Insurance Services	G38
Broker Direct	A54
Broker Network/Countrywide	F10
Brokerdrive	G51
Call Connection	E45
Camberford Law	EB3
Capita Commercial Insurance Services	B50
Carraig Insurance/Direct Commercial	E16
Catlin	E20
CCV Ventures	B29
CFC Underwriting	A26
CGICE	E51
Chartered Insurance Institute	F60
Chartis Europe	D26

CILA
Citadel Risk Services
Close Premium Finance
CNA Europe
COBRA Broker Solutions
Cohesion Marketing by Design
CompareGroup.com
Crawford & Company
Crown Digital
Cunningham Lindsey (UK)
DAC Beachcroft
DAS Group
Davies Group

A28	Direct Group
G15	Ecclesiastical Insurance
C20	Employers' Liability Tracing Office (ELTO)
D15	Environmental Damage Management
C31	Equity Red Star
A52	Evolution Underwriting
D53	Financial Services Authority
F5	Fire Protection Association
E47	First Recovery
C40	First Assist Legal Protection
B25	GAB Robins UK
C25	Groupama Insurances
F36	

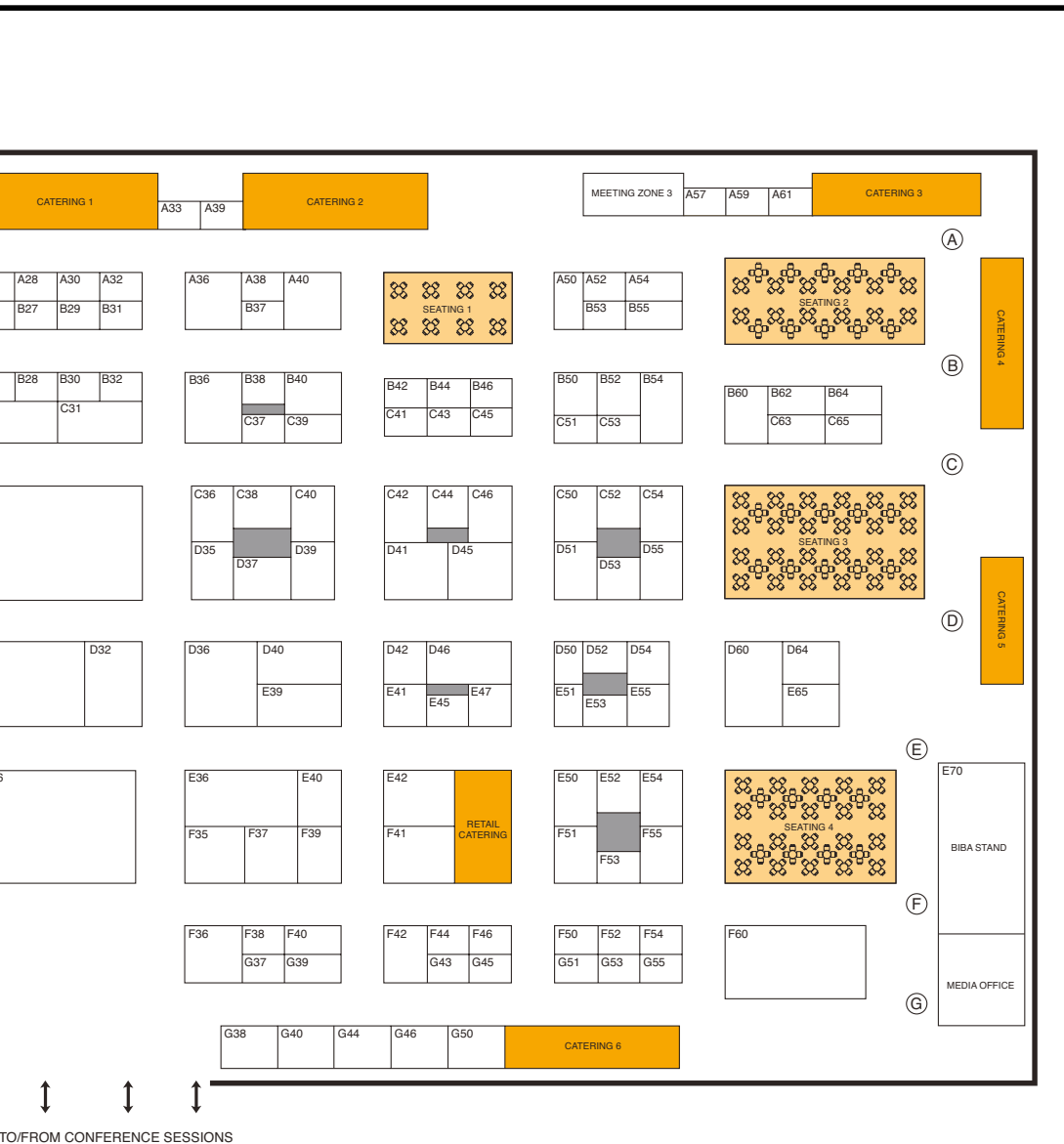
F54	GT Law
D36	Guernsey Captives
B27	Hagerty International
G11	Harris Balcombe
F41	Hays Insurance
D42	HCC International Insurance
G43	Health Shield Friendly Society
B64	Heritage Insurance Management
F35	Hiscox
F55	Home & Legacy
D54	Howden Insurance Brokers
D10	HSB Engineering Insurance
	Insurance Age

E52
F50
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F19





# EXHIBITION FLOOR PLAN



Insurance Fraud Bureau  
Insurance Times  
Isle of Man Captives Association  
Jelf/AXA PPP healthcare  
KDM Insurance Brokers  
Keychoice  
Legal & General  
Lindenhouse Software  
Lloyd's  
LMI Group  
Lockton  
Lorega  
LV=

B28 Malta Insurance Managers Association  
C54 Managing General Agents Association  
A50 Manchester Underwriting Management  
A33 MAPFRE Assistance  
B37 Markel  
F8 Markerstudy Group  
B8 Marmalade  
F18 Master Locksmiths  
B60 Association/Sold Secure  
D52 Mitsui Sumitomo Insurance  
B18 MMA Insurance  
D60 Mobile Doctors  
D6 Momentum Broker Solutions

B38 National Skills Academy for Financial  
EB2 Services  
C15 NetBooster  
D55 NewLaw  
C16 NIG  
C8 Northern Marine Underwriters  
C65 Oak Underwriting  
Oceanwide  
B20 Oliver James Associates  
D45 Open GI  
D64 Pancertronic Digital  
F38 Polaris (UK)  
G55 Post Magazine

A39  
B30  
A36  
D1  
A40  
B36  
D37  
C52  
B54  
C1  
B52  
F19  
UK Export Finance  
UK General Insurance Group  
UKS Medical Diagnostics  
ULR Additions  
W.R. Berkley Insurance (Europe)  
WebSure  
Westfield Health  
Wildnet  
XL Insurance  
Zurich

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E42  
A12/A16

same things. We cannot be all things to all people and this year, we're redefining how we segment our broker partners, how we do business with them and in some cases, whether we continue to do business with them. This will enable us to drive revenue by using service as a key differentiator – doing what we say we're going to do, when we say we'll do it, every time.



**BM:** Brokers want quality products at fair consistent prices delivered with great service. We support the

channel by providing training in our specialist areas, developing broker schemes to meet specific needs and build demand through channel neutral marketing. On the service front we know how irritating errors are to brokers, and how important it is to deal with the same Hiscox staff over an extended period of time. Our service improvement programs have reduced error rates to under 5%, and our 'Fix IT Quickly' service will correct any of our mistakes within four hours.



**CH:** We have a consistent long-term strategy based on providing high quality service delivered by professionals

who are close to our customers. For us the broker is our number one customer and our technical expertise, coupled with the financial strength of the brand and our underwriting appetite, is a great support to them. Our challenge is to work together to create sustainable business platforms so that we can better serve the needs of our customers.



**DM:** Over the next 3-5 years, we'll be rolling out a programme of activity that will change the way we work

with our brokers, making it easier for them to trade with us, by staying local and giving them access to local decision makers.



**DP:** MMA Insurance has always been dedicated to brokers and our complete focus on them will be as strong

as ever going forward. We will continue to listen to and support brokers with our actions and invest in improving our service and products.



**BS:** Our distribution strategy has always had the broker channel at its core and that remains the case. We pride

ourselves on the levels of service we consistently deliver to our brokers and the high levels of engagement between us. We will continue to research new products and will continue to invest strongly in our people and processes.



**RW:** Lloyd's has a strong brand, and brokers working in the market can benefit from this. We organise events across

the world and here in the UK, which put brokers operating in the market in contact with local brokers so they can support one another.



**SW:** We are committed to broker distribution and see great opportunities in specialist areas for bespoke,

SME and Scheme business. We already provide great service, as recognised by brokers. However, we can't stand still, and need to be relentless about improving sales and service continuously at an affordable cost.

## Q4

### What more can be done to focus on ethics and integrity as part of the drive toward greater professionalism?



**AMANDA B:** It starts at home. We were granted chartered status a year ago.

We are committed to ensuring that all our people – from the board down – are qualified and receive ongoing training and support so that they can deliver the highest possible ethical, professional and technical standards. We are creating stronger links with Chartered brokers to

**"We must elevate general insurance practising to be viewed as a profession on a par with accountants, solicitors and the like"**

Derek Plummer

provide a "Chartered value-chain" for the policyholders.



**FXB:** Every person in Groupama needs to demonstrate that they are doing so with practical examples

and this impacts on the measurement of performance and level of remuneration. We are committed to the personal development of our people. Creating the right culture in the business and within our profession is crucial. We should constantly question the way we operate: Is a particular add-on adding genuine value for the customer? Is the concept of offering loan facilities to broker partners in the spirit of the insurer-broker relationship? We should always use our values as a measure to ensure proper alignment.



**ADRIAN B:** Ethics and integrity are at the core of insurance, and it is in all our interests to make sure this

is taken seriously. This means ensuring fraud is tackled fairly and protecting honest policyholders. It also means continuing to work with the CII and other bodies to ensure that industry qualifications remain relevant. At RSA, we have a comprehensive license development programme for our underwriters and a robust learning curriculum more widely for staff, and that helps us grow talent from within.



**BM:** The UK insurance industry has become much more professional in the past decade. As one of our directors

recently said: "In my time in the industry when you were at a dinner party and someone asked where you worked, you'd be happy if people thought Lloyd's was a bank. Now, 20 years later, it's the reverse." The more established insurers and brokers are gaining CII accreditation. This is a great way to stamp quality and professionalism on your business, and the industry, as a whole. Making this the industry norm will help.



**CH:** The challenge is to move this on to the personal agenda of every professional working in our industry.

Business leaders must lead by example and show that we have moved away from the days of bad practice, inadequate training and

poor service to a position where we have professionally qualified people who are best equipped to give advice to customers. Only then will we rebuild and regain trust in our industry.



**DM:** Treating our customers fairly. Providing the support, development and recognition for our people by creating opportunities to enable them to enhance their professional capabilities and at the same time instilling appropriate leadership behaviours throughout our organisation.



**DP:** We must elevate general insurance practising to be viewed as a profession on a par with accountants, solicitors and the like. Training, development, qualifications and publicising the industry all have a role to play.



**BS:** Insurance is essentially the delivery of a promise to customers when they are in a time of need. Our focus must be on delivering that promise in the most efficient and customer friendly way. Greater levels of professionalism through initiatives such as the Aldermanbury Declaration create a platform to develop and retain our people and promote to the general public the high levels of professionalism that exist.



**RW:** Insurance is a promise to pay, so integrity is a fundamental part of any insurer's business model. This concept is at the heart of the new Lloyd's Code of Conduct and our approach to CSR at the Corporation. In terms of brokers, the critical issue is to be transparent towards the client.



**SW:** Greater promotion and understanding of what professionalism really means – ie what standards and competence levels are expected, and how this is backed up by qualifications. We also need to be better at making insurance a positive career choice for those with talent and drive. This has to be driven and the example set at senior levels within the industry with clear communication and transparency.

Q5

## Solvency II is focusing brokers' minds on the risks they are exposed to. How do you see the implementation of this affecting insurers' appetite for granting risk transfer?

### How would you support a BIBA market solution for client money and risk transfer?



**AMANDA B:** I support the provision of risk transfer for those brokers that we deal with directly. However insurers will become more reluctant to provide risk transfer for intermediaries further down the distribution chain, where it is more difficult to assess the risk being run and hence the amount of extra capital required.



**FXB:** We would consider the concept of a BIBA market solution around uniformity of terms relating to client money and risk transfer. However, the requirements of Solvency II inevitably mean the adoption of a risk based approach for any solution. Clearly the differing levels of risk appetite among the insurer community may present some challenges that might not be easy to overcome.



**ADRIAN B:** Assessment of risk has always been an integral part of our business model and the models we have developed over a number of years will form the basis of determining our Solvency II capital requirements. As such I wouldn't expect Solvency II to impact significantly on the way in which we do business or our risk appetite. Strong controls and processes around client money is important to us and we welcome new ideas in this space.



**BM:** We are comfortable with our risk transfer arrangements. We have a restricted agency base and we have very stringent credit controls and we don't cascade risk transfer beyond the immediate agency. Of course we will be watching how the rest of the industry responds to the changes.



**CH:** Solvency II represents the need to focus on profitability in order to retain a strong capital base, which is already a part of the Allianz DNA. For insurers such as ourselves, who have shown a long-term commitment to underwriting discipline, Solvency II is a real opportunity, but smaller, less capitalised and professional companies may struggle. We would whole-heartedly support a BIBA market solution for client money and risk transfer.



**DM:** We can understand brokers' interest in resolving this issue and would consider a BIBA market solution on its own merits, balancing the interests of insurers and brokers.



**DP:** Solvency II hasn't materially changed our position to granting risk transfer. We reiterate our commitment to work with BIBA to find a market solution for client money and risk transfer.



**BS:** The management of risk has always been at the forefront of the insurance industry and Solvency II adds a new layer. There remains a lot of uncertainty over its implementation but it

"The management of risk has always been at the forefront of the insurance industry and Solvency II adds a new layer"  
Barry Smith



will influence companies strategies and investment decisions. In terms of the BIBA market solution, we would be happy to consider it if it is business efficient and makes things easier for the customer.



**RW:** Solvency II has led to a shift towards enterprise wide risk management, formal risk governance structures, and a clearer understanding of risk appetite, which means insurers are placing more emphasis on identifying, assessing and managing risks across their business. These frameworks will provide better information on the impacts of all risk areas, including credit risk and the issue of granting risk transfer.



**SW:** Ensuring risk management is embedded across the company and its supporting business partners is an essential ingredient of successfully delivering Solvency II. Insurers will be mindful of dealing with brokers with the same ethos and with risk profiles in line with theirs. Solvency II should enable more informed decisions to be made on risk transfer to brokers where it is undoubtedly the case that data standards and compliance practices will need to be top-drawer.

Q6

## What do you perceive as the biggest emerging risk for the UK general insurance sector?



**AMANDA B:** Long-term recession or stagnation represents the most immediate threat. Falling asset values and a potentially reduced customer base is a serious risk. Right now our customers are looking to trim costs. They need pared back cover they can afford. Our approach

to building simple products designed to be traded online will help brokers secure that cover for customers.



**FXB:** The first is the ongoing weather change. None of the property classes are being priced for any kind of major event or indeed even for the recurrence of smaller weather related episodes. This will be painful for insurers and in the absence of clear support from government on managing flood risks, some citizens will be exposed to severe financial hardship. The second relates to regulatory 'gold plating'. The creation of the 'two towers' in 2013 has the potential to add a burden which, when combined with Solvency II, will inhibit agility and our ability to respond quickly to a changing world



**ADRIAN B:** Regulatory, social, political and legal pressures within motor insurance are huge right now. Trends in BI and fraud, excluding gender in rating, banning referral fees and the thematic review all represent real challenges for general insurers during the next 12 months and beyond. In addition, recent dealings with the government on motor reforms, flood and small businesses have not placed the insurance industry in a good light. This may hinder our ability to attract people of a high calibre.



**BM:** The greatest challenge is attracting talent to our industry. Most of us ended up in it by mistake. We need to all work together to make insurance – broking, underwriting and support services – a destination sector for the best and the brightest from all backgrounds. We sell a professional service – so we need brains and trading skills in the industry to provide the best product for our clients.



**CH:** The biggest risk facing the industry is the people within it! We cannot allow the current opportunity to restate our professional credentials and build a long-term base of technical and professional expertise pass us by. If we fail now we will condemn the industry to another 20 years of negative reputation, poor service and loss of profitability.

“Long-term recession or stagnation represents the most immediate threat”

Amanda Blanc



**DM:** There is an unprecedented level of regulatory change on the horizon that needs to work for brokers and insurers. We need to ensure that insurers are recognised from a regulatory point of view as being different than the banks.



**DP:** Climate change and natural disasters and their impact on balance sheets of both insurers and reinsurers.



**BS:** I've never known such a period of intense external regulatory, public policy and legislative focus on our industry. This brings with it a number of challenges and risks. High on my agenda would be Solvency II, regulatory risk, the whole subject matter of motor – Jackson, OFT, and flood insurance arrangements following the cessation of the statement of principles next year. Influencing this public agenda has never been more important.



**RW:** What keeps me up at night is the prospect of a sovereign debt default which triggers a deep Eurozone crisis. Not getting the right regulatory architecture in place for Solvency II, in particular a smooth, timely transition from the FSA to the Bank of England would be a major problem as well. As indeed would overzealous implementation.



**SW:** Disruptive technology and increased regulatory pressure will encourage further broker and insurer consolidation. Social media platforms and networks will increasingly influence personal lines and SME business. There is also the threat of increased commoditisation and disintermediation as new market entrants and major players commit big investment in new technology and this is backed up by the right culture and processes to deliver great customer service.

**COME AND SEE  
US AT BIBA  
ON STAND D10**



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# TIME TO SHAPE UP

**I**t's a truism that the only constant in the UK insurance business is change. It might be a bit of a cliché, but it's nonetheless true and whether we like it or not the pace is increasing and shows very little sign of abating.

For brokers and insurers operating in such a dynamic environment it's already a pretty exciting place to be but the challenges that we all face in the future are just going to keep on coming – thick and fast.

After years under the FSA regime, next year we are faced with a whole new approach to regulation as the twin towers of the FCA and PRA becomes a reality. The new regulator will have a fundamental impact on how we operate and things will definitely change. Frankly though, I'm not expecting it to necessarily be for the better.

Banks have helped create an aura of distrust of financial services and this in turn has generated an appetite for more heavyweight financial regulation. Although it might be manifestly unfair for the insurance industry, I'm afraid that along with the banks we are also likely to feel the weight of the lash.

Stronger regulation presents the danger of 'gold-plating', something that under the current regulator we seem to have side-stepped with a reasonably proportionate approach by the FSA. However, if the gloves do come off, we can expect greater stringency and increased cost but probably little real benefit for the customers that the regulator ultimately wishes to protect.

**Brokers and insurers face wide ranging challenges that are heading our way fast and must be addressed now, says Groupama's François-Xavier Boisseau**



## **SOLVENCY II – ITS IMPACT IS INEVITABLE**

At the same time the insurer community also faces the strictures of Solvency II. This is likely to impose financial constraints that will have a very significant impact not just on the way in which we manage our businesses but over the choices that we make about what we do and how we employ our capital. Inevitably insurers will ask questions about the sense of remaining in capital hungry, longer tail classes or in property biased risks that expose their asset base significantly to the risks of natural catastrophe and climate change.

There are certainly tough decisions to

be made and the outcomes may yet have a major effect on the broking profession and the markets that they support. There are also issues still to be resolved about such topics as asset mix within the required financial models and these can also have a very profound impact not only on our

businesses and their strength and security but on the shape of the financial markets too.

In the meantime, the exhaustive preparation goes on and while there will undoubtedly be benefits in embedding a risk based culture across financial services, there must still be concerns about the eventual cost and impact.

The adoption of new technology is generally a major driver of success whatever your business. Yet in the insurance world we have been slow to adopt and we have paid the price as others took advantage.

Direct writing and the price comparison phenomenon have already bitten great chunks out of brokers' business over the past 30 years and although at least some of this has been clawed back with the strategy of 'if you can't beat them, join them' it's now unlikely that the clock can ever be reversed.

The fight now is for the UK's commercial insurance market and if brokers and the suppliers supporting them don't shape up quickly, it's going to disappear just as speedily as motor and home insurance. We must up our game.

After all, e-business is quicker, more efficient, cheaper and leaves brokers in



control of their customers. What's not to like? Yet notwithstanding the considerable efforts of insurers and their substantial investment in the necessary systems and products, trading volumes are still lagging.

In this most traditional of markets, we must hope that the dawn of integrated trading through the broker software houses will finally unlock the potential and deliver the change in thinking and habits that is necessary to reshape the way we trade.

#### **THE REVOLUTION THAT IS TELEMATICS**

Telematics has the potential to literally change the face of our business and turn the world of underwriting and pricing on its head. It might not have quite gained traction

yet but I think that we can already see that it can revolutionise the way we work in underwriting, the pricing of risks and also in the way that we can use it to manage claims too.

In a similar vein, it is interesting to see that the market is finally beginning to link its technology efforts with data-mining techniques to improve pricing. Not only will this help weed out fraudsters at application stage, it can also help us to ensure that we have all the information to ensure that we can underwrite risks properly and offer the most competitive premiums.

We have been working closely with a number of partner brokers for some while now and it is encouraging to see these techniques are slowly beginning to be

adopted elsewhere in the market.

#### **SOCIAL MEDIA – LET'S USE IT**

Finally on the topic of technology I feel that I should add a comment or two on the phenomenon that is social media. The reach of Facebook, Twitter and You-Tube (to name just a few) is truly staggering and yet I sense that this is another area where our industry has yet to grasp the potential to help us market ourselves better and to enhance our efforts to communicate with our customers.

If social media is to ultimately replace email as the means of mass communication, then we need to quickly learn more and establish the means of integration into our business processes.

We also need to consider the possibility of developing business propositions and products that utilise the strengths of this method of social interaction. In other European countries it is already beginning to happen.

My final thought about the growth of social media is for the broking profession whose businesses are founded on strong links with their clients. What better way is there to stay in touch with those people who are the important 'movers and shakers'?

In considering the future there are two areas from the past where frankly, we still need to shape up. The first concerns our attitude to the value of high quality service. In my experience, although we still continue to talk a lot about this we often still fail to deliver at the consistently high level that our clients expect. I continue to sense an attitude that concerns itself more with what suits us as insurance businesses than what fits best with our customers.

We still have a long way to go before we can match the real customer champions. It is no surprise for me that even our very largest companies perform relatively poorly in terms of brand value and customer perception.

Lastly, I just wanted to add a comment on business strategy and offer yet another plea for a return to the sanity of profit over the vanity of volume. It might not be sexy and growth might take a little longer to achieve but it's still the only way to offer the consistency that our customers want and to shape the sustainable future that we all crave.

## Telematics has the potential to literally change the face of our business



**François-  
Xavier  
Boisseau**

**François-Xavier Boisseau is Chief  
Executive Officer at Groupama UK**

**Stand D16 Ageas**

The Ageas team are hugely enthusiastic about their stand and will be refreshing brokers with special cocktails mixed by their mixologists. If you're still upright, then make sure you also play the Ageas duck hunt game for a chance to win a luxury getaway.

**Stand E10 Allianz**

London 2012 Olympic Taekwondo hopeful Aaron Cook will be on the Allianz stand and giving a master class – the word is he may well become a household name after the games – so come on over and see this charismatic 20 year old in action.

**Stand E20 Catlin**

Catlin's lips were sealed when we quizzed them – but they say they are attending BIBA with one aim: "To engage brokers in a very special way...so the message is to come and meet us on the stand and you won't be disappointed." Sounds intriguing...

**Stand A28 Chartered Institute of Loss Adjusters**

There's an Olympic theme here, so help celebrate CILA's 50th anniversary by taking part in a fun quiz about British gold medal winners. One lucky person will win gorgeous Links of London Olympic jewellery.

**Stand C25 DAS**

DAS are perennial favourites and always put on a good show. They say this year they don't want to give too much away, other than they will be launching a new product and have taken more space this year with an exciting stand theme – other than that, it's rumoured this may also contain beer and the famed DAS hospitality.

# Come up and see us

Exhibition planners Nick and Claire Chapman caught up with just a few of those who are going to be in the main hall at Manchester Central – to find out how they plan to tempt brokers onto their stands

**Stand F35 First Recovery**

The stand will feature an exciting cyclone game cube (imagine a traditional phone box in size) into which delegates enter. Compressed air blows balls throughout the box. The delegates try to catch as many balls as possible. These may then be exchanged depending on the number and colour of balls caught, for combinations of cash or vouchers valid at leading department stores. There is also a 'flow' concept with a new product launch – Disaster Recovery together with Professional Fees Insurance which also has a 'flow' concept.

**Stand D55 Mapfre**

Mapfre Assistance scored a hit last year and once again, their stand sounds mouth-watering with good company, with fine Spanish Tapas, wine and beer on offer. Ole!

**Stand C16 Markel**

Specialty risks are brought to life in an on-stand cinema. Make sure you collect a ticket from the Markel box office to enter our competition to win a fantastic home cinema entertainment system.

**Stand C8 Markerstudy**

Markerstudy group sent us a tantalisingly cryptic message about their theme as

follows: "We're supporting the Diamond Jubilee theme this year and will be dazzling visitors to BIBA with a stand fit for royalty. You're welcome to cross their drawbridge – but careful not to get stuck in the stocks!"

**Stand E36 QBE**

Check out QBE's stand to see its Fast Flow E-trading capability – and visitors will also have the chance to take part in an interactive game for a chance to win the latest iPad.

**Stand B31 Quotezone**

Quotezone is the UK's largest insurance lead provider – generating over 50,000 leads a month. You can find out more by visiting the stand – and they told us that they'll be plenty of free giveaways in the vicinity too.

**Stand A12/A16 Zurich**

Zurich will have a significant presence at this year's BIBA conference – the insurer tested the water last year and found it was an outstanding way to meet brokers and this year has taken its largest ever floor space. Most of its senior broker people will be attending – and you can fix up a time in a conference meetings diary for a more private discussion. There is plenty to talk about and they'll welcome you with a range of refreshments and some freshly baked luxury cupcakes.

# **Time for something completely different**



## **...that you may find appealing**

Visit us on stand C25 at BIBA



# Facing up to a new responsibility

Brokers have obligations as a result of the establishment of ELTO – we explain what they need to do in terms of making sure insurers are able to populate this new database, which is aimed at improving identification and service for claimants



In February 2011, the Financial Services Authority (FSA) published new regulations for employers' liability insurers. Although the regulations are not directly aimed at intermediaries, they do affect brokers, those with delegated authority and MGAs who transact employers' liability (EL) insurance.

The regulations come in two parts; the first compels insurers to publish details of new and renewed EL policies, as well as those that have a claim made against them. Insurers can choose to publish the policies themselves, however more than 99 per cent of the EL insurance market have chosen to use the Employers' Liability Tracing Office (ELTO) to fulfil this requirement.

The second phase of the regulations came into effect on

1 April 2012. They compel insurers to collect and publish the names of any subsidiary companies the client has and their Employer Reference Numbers (ERNs) – commonly known as PAYE reference numbers.

Where business is transacted through brokers or other intermediaries, the responsibility will fall upon them to collect this information and pass this on to the relevant insurer. The insurer then has to ensure that the data is loaded onto the Employers' Liability Database (ELD) which is managed by ELTO.

All relevant EL policy information needs to have been collected and uploaded within three months of the policy inception or renewal date in order for the insurer to comply. Failure to do so can lead to the insurer facing sanctions from the FSA for

non-compliance. It is therefore crucial to the insurer that any intermediaries transacting business on their behalf collect and transfers the required information in good time, to enable them to fulfill their regulatory requirements.

## Proposed transitional period for additional data

The FSA has recognised that there have been challenges in collecting some of the additional data such as subsidiary company information and ERN, which became compulsory from 1 April 2012. As a result, the FSA consulted on introducing a transitional period of one year whereby insurers would not be in breach of EL regulations if:

*"...The reason for non-compliance is the inability to obtain information [e.g. subsidiary company information and ERNs] from third parties outside of their control, provided that they have used and continue to use best endeavours to obtain such information."*

The transitional period will allow the industry additional time to get to grips with collecting the additional information.

A roadmap for:

**ELTO** Employers' Liability Tracing Office

Since replacing the ABI's EL Code of Practice (ELCOP), ELTO now has over 99% of the EL insurer market as members and the Employers' Liability Database now contains over five million policy records.



**1999:**  
ELCOP  
established

**April 2010:**  
ELTO programme  
commences

**April 2011:**  
EL Database  
goes live

**April 2011:**  
FSA EL Tracing  
regulations  
implemented

**April 2012:**  
FSA regs require  
capture of ERN &  
subsidiary company  
info

**Q2 2012 - Q4 2012:**  
Roll out of ELTO  
Tracing Policy and  
data audit regime

**April 2013:**  
FSA transitional period  
ends, additional data  
becomes compulsory

“”

I would urge the industry to continue asking for and recording this information as putting it off will only store problems up for the future



Adrian Brown, Provisional Chair of ELTO and UK Chief Executive Officer of RSA said: “Insurers and brokers should not misinterpret this proposal as a deferral of implementing the regulations; the data is still mandatory from 1 April 2012. I would urge the industry to continue asking for and recording this information as putting it off will only store problems up for the future.”

He continued: “It is important to dispel any myths that the formal requirement to collect this data has been deferred, or is any less

important. The FSA has provided an additional transitional period of one year in which to obtain and publish the additional data required from April 2012 and it will still be mandatory to collect and publish the data. It must therefore all be provided by 1 April 2013.

“This will not be an easy exercise so getting processes in place early is critical. The transitional period will no doubt be followed by strong enforcement since we have been given time to get our processes in order.”

## KEY FACTS (Oct 2011)

- Investment in ELTO: £4 million up to end of 2012
- 147 Members which equates to over 99 per cent of the active EL market (104 active and 43 run-off)
- Around 4.5 million records held to date
- Over 4,000 registered users of the system from around 500 organisations (mostly law firms)
- Search volumes for ELTO are 60 per cent higher than they were for ELCOP (the Employers' Liability Code of Practice – which was set up in 1999 and preceded ELTO)
- 180-200 calls to customer service team from users about registrations, user administration and search related questions

## Where to get help and advice

**Insurer** – Talk to your insurers who are members of ELTO. Guidance has been provided to make sure that EL policy data is captured and supplied in a consistent way

**Broker Guide** – ELTO, in conjunction with BIBA, has produced a guide to EL Tracing for brokers and intermediaries. It contains useful advice and information on what ERNs look like and where your clients can find them

**Employer Guide** – This explains what information brokers and insurers will be asking for, why it is important to supply it and where to find it – highlighting which official documents it can be found on. This guide can also be used by insurers and brokers when engaging with their clients to aid in the collection and supply of EL policy information

**e-Newsletter** – Published every two months and is the best way to keep up-to-date with developments which affect you as brokers. To register for the e-newsletter or to read previous editions of the newsletter, visit [www.elto.org.uk/eNewsletters.aspx](http://www.elto.org.uk/eNewsletters.aspx)

# Altogether now

Compliance forums take place on a regular basis in all of BIBA's 13 regions, providing members with the opportunity to hear first-hand about regulatory developments affecting their business and discuss issues with their peers in a friendly, supportive environment.

**VANNESSA YOUNG** reports



BIBA's compliance forums have proved popular over the years and are currently enjoying new growth as former IIB members take advantage and realise their value too.

Peter Marshall, Compliance Officer, for K Drewe Insurance Brokers gave us this verdict: "The BIBA compliance forums are always informative and thought provoking whether discussing existing hot topics or signposting future developments. It's good to also meet other colleagues who are in what is often a standalone role and compare ideas and experiences. The recent BIBA compliance forum included a Client Money discussion from the FSA which as well as discussing existing rules, indicated their thinking and issues in reviewing rules going forward."

It is not just our members that recognise the benefits of attendance. The Financial Services Authority (FSA) took the unprecedented step of visiting 10 of our regional compliance forums during the spring to discuss its plans for changes to the client money regime.

The FSA had initially decided that it was going to present its ideas to the industry for the reform of the client money rules in a Discussion Paper (DP) earlier this year. However, they dropped the idea of a DP in favour of more direct interaction with the broking community through BIBA's regional compliance forums.

The move has proved popular and immensely useful for both sides of the equation judging by the feedback BIBA has received. The FSA has had invaluable contact with more than 200 broking groups across the country – big, small, retail, commercial and wholesale – resulting in far more feedback than would ever be generated from the sometimes sterile pages of a discussion paper. Members have had the chance to meet the FSA's policy team creating the new rules, hear what they have to say, put across their own experiences and test whether what they have been told is workable in their industry.

Discussions with BIBA members have allowed the FSA to firm up its thinking and will allow it to push ahead with the publication of a

consultation paper about revisions to the client money regime and draft rules later in 2012, probably around September time.

Greater numbers of members getting involved in compliance forums can only be a good thing. BIBA is spending more and more time with politicians, regulators and civil servants both at home and abroad. It is important that we understand our members and are able to represent them properly to policymakers. Our compliance forums ensure that we can truly say that we have our fingers on the pulse of our members' regulatory concerns.

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**Vannessa Young** is BIBA's  
Compliance Co-ordinator





“““

We have found these sessions with BIBA members extremely useful. We are reviewing a number of the proposals for the consultation paper as a direct result of this feedback from firms

**Jane Harding, Client Assets  
and Wholesale Conduct, FSA**

*These are just some of the issues that have been covered at BIBA's regional compliance forums:*

## CLIENT MONEY

- 1 The aim of the FSA's proposals is to make the client money rules simpler for firms to understand and operate. A list of proposals that will likely appear in the FSA's consultation paper include: non-statutory trust accounts; encouraging the use of risk transfer; pooling; costs of distributing post failure client money following a pooling event; weekly calculations; reconciliations; bad debts; contents of the calculation; audit reports; RMAR section C; responsibility; credit write backs; client money held at third parties; transfer of business; buffers; and money held as designated investments.

The FSA has agreed to look at drafting a rule which will prescribe the wording insurers will need to use if risk transfer is to be granted 'unconditionally'. This will naturally have implications for brokers in respect of the banking and general handling of risk transfer monies.

## IMD REVISION

- 2 Revision of the Insurance Mediation Directive (IMD) is well underway and BIBA has been working in the background on this legislation for three years. The final proposed IMD II text is expected to be published on the European Commission's website no later than June 2012. Once published, the text will go into the EU Parliamentary process, which will likely see the text debated under the Irish Presidency during the first half of 2013 resulting in a possible national implementation deadline of 2016. Areas of interest for brokers include: the scope, this is likely to be enlarged to remove the connected travel exemption and to bring car rental companies and loss adjusting into scope; a level playing field, with the same disclosures for insurers, the Commission is wedded to this idea; and conflicts of interest, transparency and disclosure.

## FSCS

- 3 The cost of regulation has long been a campaigning point for BIBA. Much of this increased burden of cost on members has been as a result of increases in the Financial Services Compensation Scheme (FSCS) levy driven by the collapse of firms mis-selling payment protection insurance (PPI). The FSCS estimates the indicative levy figure for general insurance intermediaries for 2012/13 as £57m (down from £69m). PPI claims continue to flood in, but the average claims cost is reducing. The FSA is planning a consultation paper during the first half of 2012 which will set out a new funding model for the FSCS. BIBA continues to lobby for both separation and an end to cross subsidies. Oxera and DAC Beachcroft are assisting us in this work. Invoicing of firms to collect the levy will begin in June.

# Seeing the bigger picture

The ability to decipher and present accurate data drives competitor advantage and value, reports **STEVE CLOUTMAN**



The sheer volume of data in our world has been exploding on an unprecedented scale. The ability to analyse and visualise

large data sets – or big data – has become a key basis for competition underpinned by insurance brokers being able to price risk more accurately to reflect clients' exposures.

Insurance brokers, and the organisations they represent, need to grapple with the implications of big data. And, far from slowing down, the increasing volume and detail of information captured, combined with the rise of social media and the internet, will only fuel exponential growth in data for the foreseeable future.

However, harnessing big data through risk management information systems has enormous potential and can generate significant value. They are designed to give an integrated enterprise-wide view of risk exposure and deliver risk management intelligence.

In a recent webinar run by Aon eSolutions, entitled 'Driving efficiency through data', Zurich highlighted how one client was able to save almost \$200,000 on their property risk, by providing more comprehensive and reliable data.

Another example was featured in a case study, which showed how the risk management team at The Mosaic Company was able to reduce the excess liability premium by

## MORE INFORMATION

- ▶ To watch the webinar please go to – [www.aon-esolutions.com/drive](http://www.aon-esolutions.com/drive)
- ▶ To download the global risk technology survey go to – [www.aon-esolutions.com/grts](http://www.aon-esolutions.com/grts)
- ▶ To read the Mosaic Company case study please go to – [www.aon360.com](http://www.aon360.com)



**In reality, many brokers rely on data that has been manually, painstakingly collected, so only a fraction of data points can be used**

over 10 per cent. The client was also able to knock six weeks off the time previously taken to manually gather renewals data for 49 locations in eight countries.

With these types of savings commonplace among clients, it is clear to see why Aon's global risk technology survey confirmed the number one benefit and driving force behind the use of risk management technology, is accurate and reliable data. Furthermore, automation of processes was rated as the second benefit, jumping two places from the same survey that was conducted in 2009.

According to the survey, the consequence of capturing and presenting more accurate data is a reduction in risk transfer costs and

total cost of insurable risk. Of the 400 risk professionals surveyed, from leading organisations in 57 countries, 18.5 per cent saw over a 10 per cent saving in risk transfer costs through systems like RiskConsole, and 49.5 per cent expected savings of up to \$500,000.

When you consider the number of data points many of the major insurance carriers use to price an individual risk, it's clear to see where such savings can be generated.

To give an example, for a large, multi-national organisation with 2,000 properties, they would need to be providing their broker with 100,000 pieces of data to use a typical carriers pricing model to its full extent.

In reality, many brokers rely on data that has been manually, painstakingly collected, so only a fraction of the data points can be used. The result is that clients can unwittingly end up paying a higher price to insure their risk.

With savings ranging from anywhere between a few hundred thousand to over a million pounds, the difference between supplying comprehensive, accurate data, or not, offers a massive competitor advantage for brokers.

In addition, the ability to trust the data that clients have supplied, to negotiate the best premiums with the best quality insurers, and beyond what the competition can do, is vital to winning the brokering business.

**Steve Cloutman is managing director at Aon eSolutions.**



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# Seal of approval

Becoming an endorsed BIBA scheme or facility is no easy matter, says

**STEVE FOULSHAM.**

He explains the rigorous process each goes through before they are made available to members

Every year, we receive hundreds of approaches from insurers, wholesale brokers and facilities providers about schemes they want to make available to BIBA members.

We sift through each offering extremely carefully. We have face to face meetings with the providers, check out their track record and the final decision is made by the General Insurance Brokers' Committee.

We provide support to assist with the launch and ongoing marketing, but it is the providers who show most commitment that will reap most benefit. For example, our flagship travel scheme, underwritten by Tokio Marine, has been consistently well rated by *Which?* and featured positively many times in the press. But, it is notable how much work Tokio Marine also put into the scheme's development, including Chief Underwriter Geoff Chapman and Senior Underwriter Dipesh Patel being available to talk to brokers on a regular basis.

Many of BIBA's schemes provider will be heading to our conference, where you can meet them face to face – details of some are provided in our supplement on page 22.



We also seek to ensure that all schemes and facilities are regularly enhanced and examples can be seen in the following:

**BIBA Medical Travel Insurance – improved terms on age**

Provider All Clear Insurance has announced it now has no age restriction on annual multi trip policies, making it more attractive to those who normally take more than one holiday each year. Apart from minor restrictions for the over 70s, where trip length is 31 days instead of 45 and cover for cancellation, curtailment and abandonment will be £1,000 instead of £5,000, the scheme continues to provide cover for significant medical conditions and represents value in a competitive market. Broker Ian Mantel is among those who use the scheme.

**S&P Capital IQ – ratings made easy**

There has been much activity in recent months with a number of insurers being either downgraded or under threat of downgrading. The economic situation suggests that insurers having a significant profile in the eurozone could be in for a tough time in the months ahead.

Brokers have a duty to consider the rating of the markets which they choose for their customers. The BIBA Insurer Ratings Facility operated by S&P Capital IQ provides a web source for objective ratings and analysis, includes ratings on over 100 UK and Irish insurers and optional email alerts inform members of rating changes.

S&P Capital IQ is a new brand formed under The McGraw-Hill Companies, which combines the strength of its well-known brands, Standard & Poor's and Capital IQ, providing multi-asset class data, research and analytics to the financial markets.

**CFC Underwriting – newer risks, complete cover**

Media and technology are revolutionising the way we communicate and changing the way businesses operate and grow. This is giving rise to a constantly changing legal landscape which can be difficult to navigate, while also creating a new breed of risks that are not covered by traditional insurance policies.

CFC's Esurance CPM is specifically designed to cover these new risks. CPM includes crucial cover for cloud data storage, intellectual property rights infringement, user generated content, online and offline data breaches, defamation, business systems interruption arising from the use of email, internet and social media.

Steve Foulsham is BIBA's Head of Technical Services

# Broker view – Ian Mantel, Manor Insurance

Hastings-based Ian offers his customers a number of schemes and specialises in non-standard travel, for example advising on cover for travellers with pre-existing health conditions and the elderly. Among the schemes he uses is BIBA's Medical Travel, provided by AllClear Insurance. We asked him about the experience.



## **When did you start using BIBA Medical Travel and how long have you been in this sector?**

I started using BIBA Medical Travel shortly after its launch last year and I first started specialising in this area in 2004 – we have a dedicated division called 1066 Travel Insured.

## **What do you see as the main benefits of the scheme?**

It covers a good range of conditions, including those having chemotherapy. It also has the 'Travelling Companion' cover, providing others in the travelling party, not covered directly under the policy, cover if the medical condition of the insured forces them to also cancel their trip.

## **Are you able to assist most people who contact you?**

I wish I could say yes but while we may be able to find a quote, if someone is extremely ill, the risk can mean the premium is too high for them to afford. That said, there are plenty of people we can assist.

## **Is the screening process efficient?**

Yes, it's straightforward.

## **Do you find that the non-standard travel market is ideally suited to a broker?**

We're not a call centre and I think customers definitely appreciate personal contact. We receive many referrals from charities such as MacMillan and the British Heart Foundation and they want to know patients will be listened to by people with understanding.

## **Has the BIBA Medical Travel Scheme proved effective in growing your business?**

We need access to insurance that is not available in the mainstream market and so it has been a most useful addition.

## **Do you use other BIBA schemes?**

Yes and in particular, the BIBA main travel scheme underwritten by Tokio Marine, is very popular and can also provide cover for some pre-existing health conditions, such as diabetes, at reasonable cost.



**"Millions saw the apple fall, but Newton asked why."**  
Bernard Baruch

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# Who's shaping your future?

Brokers face an onslaught of issues that can affect their businesses now or in the future. Our role is to protect members from potentially harmful outcomes – and to make sure our messages are heard by the right people

## BIBA OUTLINES IMPORTANCE OF BROKER SECTOR TO GOVERNMENT

BIBA has highlighted the benefits of brokers and its key lobbying messages to government to achieve its 2012 *Manifesto* points for members. A thousand copies of our *Manifesto* have been sent to all MPs, civil servants and political contacts.

On its launch day the *Manifesto* was hand delivered to Mark Hoban MP, Financial Secretary to the Treasury, and subsequently some 21 meetings have been set up with influential MPs relevant to brokers.

In a letter to the Prime Minister, the critical contribution that BIBA members make was outlined, including 1% to GDP, employing more than 100,000 people and selling more than half of all general insurance in the UK.

In our Budget submission, BIBA highlighted the value of brokers and called for the government to recognise the importance of risk management and insurance protection to assist growth.

## MEETING THOSE WHO PULL THE STRINGS

### Mark Hoban MP

Mark is Financial Secretary to the Treasury and a key contact for us. He is also the Minister with responsibility for financial regulation.

We've met with Mark three times so far in 2012, including with Chief Executive Eric Galbraith and Chairman Andy Homer.



### BIBA's take on Mark

Mark understands BIBA's issues on the need for appropriate regulation, a review of the FSCS and the importance of access to appropriate insurance through signposting to brokers. He understands brokers and signposts his constituents and other MPs to BIBA's Find a Broker service when they're looking for insurance. We believe he understands that brokers are low risk and that brokers are different from insurers.

### Sajid Javed MP

Sajid is Parliamentary Private Secretary to Chancellor George Osborne. We met him to discuss our concerns with the Financial Services Compensation Scheme (FSCS) and highlighted the urgent need for brokers to be separated from secondary sellers of insurance.



### BIBA's take on Sajid

Sajid has a background in finance (he worked for Deutsche Bank) and studied economics. We engaged with him in detail on the unfair funding model of FSCS and he is interested in how brokers can be distinguished and separated from non professional sellers of insurance.



## CAMPAIGNS THAT COUNT

### SIGNPOSTING

*We're lobbying for fairer access to insurance*



#### What are the messages to politicians?

- Cover is available through insurance brokers for all non standard risks
- BIBA's Find a Broker Service receives around 400,000 enquiries each year
- BIBA welcomes government's signposting agreement for older travellers and motorists
- There are further opportunities to extend signposting across a much wider range of insurance sectors.

### FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

*We're lobbying for fundamental changes to the current funding model*

#### What are the messages to politicians?

- We fully support the concept of compensation but the current model is unfair and flawed
- The failure of credit brokers has led to a growth stifling 50-fold increase in the FSCS budget over the last three years
- The impact on insurance brokers is devastating
- BIBA is calling for the FSA to urgently progress its review of the FSCS to ensure that new rules are in place in time for brokers' bills in 2013
- Brokers should be separated from secondary sellers of insurance
- Removal of the current system of 'cross-subsidies'.

### CHANGE OF REGULATOR

*We're lobbying for appropriate proportionate and cost effective regulation*

#### What are the messages to politicians?

- The 'inappropriate and disproportionate' approach from the FSA has led to huge direct and indirect costs for insurance brokers and stifle growth
- The regulatory cost burden is three times higher for insurance brokers in the UK than the second most expensive EU State (Eire)
- Brokers are low risk
- A regulatory and supervisory approach more aligned to the limited identified risks that insurance brokers pose to the regulator's objectives.



### FLOOD INSURANCE

*We're lobbying for flood cover to remain available to homeowners*



#### What are the messages to politicians?

- Cover is available for flood zone properties through specialist insurance brokers
- Through signposting to BIBA's Find a Broker Service we can help customers to find cover
- BIBA is working with members, industry and government departments to ensure that cover remains available once the Statement of Principles ends.
- We are working with government and members to find a reinsurance solution

## MEETING THOSE WHO PULL THE STRINGS

### Richard Benyon MP

Richard Benyon is the Minister for the Natural Environment and Fisheries and has ministerial responsibility for flood. BIBA took key members to meet Richard to propose a broker-led reinsurance solution to address the end of the industry's Statement of Principles agreement next year. BIBA also developed these issues with the Chair of the All Party Parliamentary Group on Flooding, Anne McIntosh MP.



#### BIBA's take on Richard

Richard understands that this is a big issue for both government and industry and this meeting has now kicked off a series of in-depth discussions about a broker-led solution catering for the affordability and availability of flood insurance for properties beyond 2013.

### Lord Green

He's the Minister of State for Trade and Investment and is responsible for the development and implementation of cross-Government strategy for trade and inward investment, UK Trade & Investment and the Export Credits Guarantee Department.



We outlined the critical contribution that brokers provide and how their relationships with businesses can assist government to increase exporting. We discussed the need for brokers to have greater recognition and reference from government.

#### BIBA's take on Lord Green

He now recognises the value of brokers and has a better understanding of the contribution that brokers make in providing professional advice and risk management.

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Brokers need to understand the growing problem of cyber crime if they are to avoid gaps in a wide range of clients' insurance programmes, advises **BEN BEESON**



In today's multi-channel, mobile and inter-connected world, every element of society including government, industry, commerce, charity, health, education

and individual citizens is increasingly at risk. Increasingly sensitive data is stored on a computer system somewhere in the world and the risks are constantly evolving as technology develops.

These risks are likely to become more acute as new generations of smart phones effectively become mobile wallets, which will place ever greater volumes of personal and financial data at risk. Cyber crime is not a fictional concept – it is a very real problem with someone falling victim every 19 seconds.

#### Regulators take action

Regulators across the world are waking up to the fact that changes in data privacy laws are required. The Obama administration in the USA, and the European Justice Commissioner, Viviane Reding, are both proposing new national and cross-border data breach notification and data privacy laws.

The EU data privacy proposals include fines of up to 2% of global annual turnover if a company breaches the proposed data laws and a requirement for companies with over 250 employees to appoint a data protection officer, and for all breaches to be reported to the regulator – ideally within 24 hours.

Data breaches are becoming more common and dealing with them increasingly costly, complex and damaging for the organisation that 'owns' the data. Norton's Cybercrime Report for 2011 estimates that the cost of stolen cash and the cost of time spent on

# Time to tackle a rising threat

## WHAT'S BEHIND THE CLAIMS?

According to NetDiligence's recent study of cyber and data breach insurance claims published in June 2011, the reasons for data loss break down into three main areas:

- 1 Hackers and criminals were responsible for **32%** of breach events
- 2 Rogue employees were the cause of **19%** of data breaches – and the poor economic climate is expected to exacerbate this problem going forward
- 3 Theft of mobile computer equipment such as laptops and memory sticks carrying unencrypted data was responsible for **33%** of breaches.

identifying and resolving data breaches to businesses and governments is around \$388 billion globally. Risk managers and finance directors realise they need to develop a greater understanding of how

to predict and prevent data breaches.

As the frequency and severity of cyber data risk increases, so the insurance world is becoming more concerned about the associated financial risks. There is a growing insurance market for both first and third party data liability business, and also first party business interruption cover. These products and covers are likely to continue to develop over the coming years.

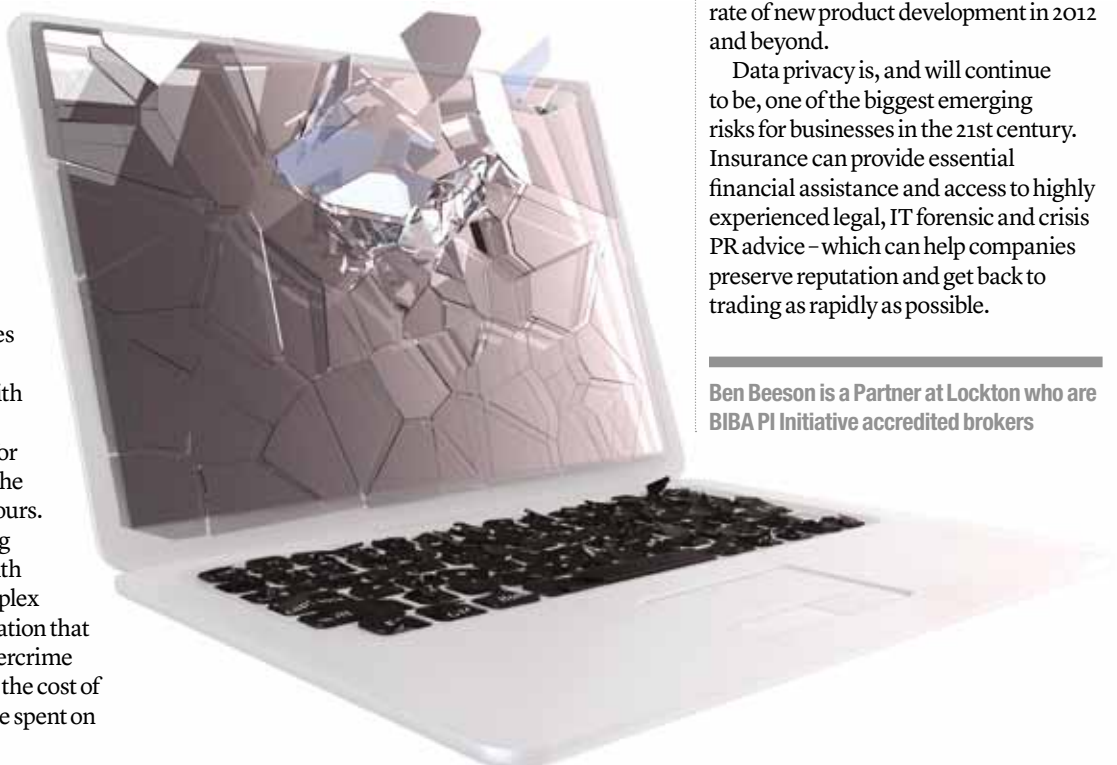
While elements of this risk exposure may be covered with a full civil liability insurance broker professional indemnity wording, there are many areas where your exposures may not be.

#### Looking ahead

London is a pre-eminent market for this business due to high levels of innovation and its ability to provide specialist and tailored cover. We expect that the introduction of mandatory reporting of data breaches for companies handling EU citizen's data inside or outside Europe will significantly speed up the rate of new product development in 2012 and beyond.

Data privacy is, and will continue to be, one of the biggest emerging risks for businesses in the 21st century. Insurance can provide essential financial assistance and access to highly experienced legal, IT forensic and crisis PR advice – which can help companies preserve reputation and get back to trading as rapidly as possible.

**Ben Beeson is a Partner at Lockton who are BIBA PI Initiative accredited brokers**







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