

Issue 3
August 2014

The British Insurance Brokers' Association

www.biba.org.uk

THE Broker

**REACH OUT
TO YOUR SME
CUSTOMERS**
Our 'Dummies'
guide has the
answers

**WHY WE'RE
NOW A 'GO-TO'
ORGANISATION**
Working with
members for
positive change

Our new Smaller Brokers' Advisory Board

Kevin Hancock and Andrew
Gibbons on why it matters



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Welcome

Everyone at BIBA thoroughly enjoyed our recent conference in Manchester and we're delighted with the feedback from members.

One message from the brokers I spoke to was that this conference was there to facilitate business – and this was happening everywhere you looked. Yes, there was powerful debate and inspirational presentations – and of course plenty to entertain brokers. But, above all, there was a huge amount of networking and deal-making going on.

No matter how much we communicate remotely, there is still nothing like meeting face-to-face to achieve results. And this is something that our team members remain focused on through our lobbying work.

We work hard to meet and build relationships with key politicians and civil servants personally – and we always seek to provide input from membership and specialists.

Our work with the Competition and Markets Authority (CMA) looks very likely to achieve a significant result with the banning of wide Most Favoured Nation (MFN) clauses. This follows the CMA's recent report on ways to improve the motor insurance market.

Backed by significant evidence from our motor committee, our team sought to educate the CMA about the damage these restrictive clauses do in terms of reducing competitiveness. We talk a lot about the need for a level playing field – this is one step towards it.

Leighann Forsyth
Editor

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Group BIBA



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MAKE YOUR WORLD GO

CEO UPDATE

Where do you stand on standards?

Direct from BIBA – **STEVE WHITE** provides a briefing for members

The 2014 BIBA Conference attracted a record attendance, both in terms of numbers of brokers and overall attendees. I would like to express my thanks to our sponsors, exhibitors and delegates for their support and help in making this event now the largest insurance broking event in the European calendar.

I made several announcements in my keynote address on stage in Manchester, including confirming the

launch of our member consultation paper, *A pathway to raised standards*. Let me take this opportunity to assure members that BIBA has no defined end position in mind – we are encouraging every member firm to engage with the consultation process.

We want to know what you think, whether you want BIBA to stay out of the development of standards for our profession or, conversely, whether you want BIBA to be fully engaged. Please

don't be shy – we want to hear from you and will be proactively contacting member firms to get your feedback. The consultation paper has been sent in hard copy to all member firms and is available on the BIBA website – consultation closes on 14 August.

Steve White, BIBA Chief Executive

ON MY DESK

THE FUTURE OF FLOOD INSURANCE

BIBA and customer representative bodies met with Flood Minister Dan Rogerson on 23 June to discuss the scope of Flood Re and the information submitted by BIBA regarding availability and affordability of flood insurance for those out of scope from Flood Re – mainly small businesses and leasehold properties.

Defra has confirmed that they are carrying out further robust market monitoring including using the BIS small business survey. Findings should be announced in December to identify any systematic issues. In the meantime BIBA and the ABI are meeting separately to discuss the excluded classes in greater detail. BIBA believes Flood Re is a valuable solution for homeowners at risk of flooding and we fully support it. Our aim is to find a positive way forward for members and their customers to access affordable insurance.

EUROPE

We have been talking about the revision of the Insurance Mediation Directive (IMD) for years but, as I write this piece, there now appears to be momentum in Brussels to bring this revision to a conclusion this year. There are still discussions ongoing regarding the key elements of the revised text, eg the scope, conflicts of interest and disclosure plus professional requirements. BIBA continues to play an active role in BIPAR (the European Federation of Insurance Intermediaries) to ensure that the decision makers take account of our members' views. The IMD revision is just one of some 45 key European issues that we are keeping a close eye on.

FCA ENGAGEMENT

We set out elsewhere in this edition updates on relevant regulatory activity. BIBA engages with the FCA at all levels on a regular basis. I have met twice this year with their Chair, John Griffiths-Jones. Martin Wheatley was recently the guest at a specially-convened board dinner, where he spoke about the FCA's style and his intention to provide proportionate regulation. We meet their relevant supervisory team regularly and have had a variety of meetings about the individual thematic pieces of work they have either concluded or have on the go. Our new advisory boards will also be more involved in direct dialogue with the FCA on relevant and key issues.



BIBA voices support for CMA report

BIBA is backing changes to the motor insurance sector as put forward by the Competition and Markets Authority (CMA), formerly the Competition Commission.

The CMA recently produced proposed 'remedies' following widespread consultation with the industry. BIBA was asked to provide guidance in the form of three oral hearings.

The CMA's aim is to improve competitiveness and reduce the cost of premiums. Its proposed changes include:

- A cap on the charges passed to the insurer of an at-fault driver in an accident for the cost of providing a replacement vehicle to the non-fault driver. This is to better reflect the actual costs incurred and remove significant inefficiencies in the system.
- A ban on price parity agreements

(also known as MFN) between price comparison websites and insurers. The CMA has identified that certain price parity/MFN clauses in contracts between the comparison websites and insurers have the effect of suppressing price competition.

- Better information for consumers on the costs and benefits of no-claims bonus protection.
- A recommendation that the FCA looks at how insurers inform consumers about add-on products.
- Better information for consumers about their rights following an accident.

Executive Director Graeme Trudgill commented: "We welcome these findings. Almost all of the points we put forward

were adopted by the CMA and we are very grateful to the contribution from our motor committee, which provided so much expertise.

"We are particularly pleased to see a recommended ban on MFN clauses. These are used by a number of price comparison sites and restrict brokers from offering the same product cheaper elsewhere. This was also one of our key Manifesto goals to help improve motor insurance prices for consumers. There is no benefit for consumers if price comparison sites are distorting rates. Brokers should have appropriate pricing flexibility and we believe they will benefit from removing this restriction."

The CMA will publish its final remedies in September.

REGIONAL DATES FOR YOUR DIARY

SCOTLAND

Golf Day – 13 August

CENTRAL

Five a-side Tournament – 21 August

GREATER MANCHESTER

Corporate Golf Event – 11 September

WEST MIDLANDS

Lloyd's of London Tour – 11 September

MERSEYSIDE & WEST CHESHIRE

Annual Dinner – 25 September

SCOTLAND

Clay Pigeon – 1 October

ANGLIA

Golf Day – 9 October

COMPLIANCE FORUMS

Central/South East – 18 September

South Wales – 24 September

West of England – 25 September

Anglia – 14 October

Greater Manchester – 22 October

CALL FOR ACTION

WE NEED YOUR VIEWS

1) BIBA is contacting all members for views on raising standards.

Members are being contacted by telephone for their views on the proposals within BIBA's consultation, *A pathway to raised standards*. Alternatively, you can respond online.

Steve said: "This is your opportunity to shape BIBA's thoughts and direct where we take the issue. We have no preconceptions or end point in sight for where our consultation will take us."

"So whether you think BIBA should or should not engage in raising standards or whether you are for or against any of the possible outcomes, such as a potential code of conduct, please let us know."

2) BIBA is looking for members who can insure risks for the 'sharing economy'. BIBA is specifically looking for brokers who can cover car sharing, occasional property rental, skills renting and sharing possessions such as tools.

3) BIBA is seeking views on proposals for motor insurance renewal documents to include clearer comparisons between this year's renewal and last year's premium.

For more information, please visit the website - www.biba.org.uk



Lord Hunt congratulates the finalists. L to R: Stevie Ridgley, Lord Hunt, Lois Williams and Natalie Albert

Young Broker of the Year

Lois Williams of Oval Insurance was named Young Broker of the Year at BIBA's conference. Stevie Ridgley of Firth & Scott and Natalie Albert of Caunce O'Hara & Co were also named national finalists in the award which was presented by Lord Hunt and recognises the performance of younger brokers and encourages commitment to the future professionalism of insurance broking.

Tour of the regions – be a part of it

BIBA has announced the dates of its regional tour for 2014. Senior members of the BIBA team will be providing a briefing on forthcoming plans and answering your questions.

4 September	West Midlands
12 September	Central
18 September	South East
26 September	Anglia
2 October	Greater Manchester
9 October	West of England
17 October	Yorkshire and Northern
23 October	Eastleigh (11am to 1pm)
23 October	Plymouth/Exeter (6.30 to 8pm)
24 October	South Wales
5 November	Northern Ireland
6 November	Scotland
14 November	Merseyside
18 November	All regions open house (London)
20 November	East Midlands

Contact Kirsty Wingrove (wingrovek@biba.org.uk or on 0207 397 0224) to book your place

All eyes on Scotland as a nation decides its future

BIBA Scotland Conference 2014

Inchyra Hotel & Spa, 6 November



By the time the next BIBA Scotland Conference is held, Scotland will have decided whether its destiny lies as an independent country or as an integral part of the United Kingdom. So whatever the result of the referendum, the conference will look closely at what the decision means for brokers and for the future of the insurance sector in Scotland. BIBA will offer complimentary entry to all BIBA members to support this momentous year.

The BIBA Scotland Conference has established itself as an important event in the broking calendar and once again will provide brokers with the opportunity to network with a growing number of insurers strongly committed to the Scottish market and also to discuss matters relevant to the sector and learn from experts on a number of topical subjects.

The event is very popular with attendees, last year 100 per cent of visiting brokers said they would attend again in 2014. For the second year running the conference will be held at the Inchyra Hotel & Spa, a short drive from Glasgow and Edinburgh.

So if you work in Scotland, do not miss this crucial date. November 6 will be the day the industry meets to discuss its future. And this year, come along for free!

Dawn Harley, Scotland Regional Chairman

Minimise exposure to insurance fraud

- Application fraud and misrepresentation is a significant issue impacting the insurance industry
- 1 in 4 consumers are willing to commit application fraud for cheaper car insurance*
- 15% think it acceptable to change their No Claims Discount (NCD) to obtain a better price*

The No Claims Discount module (NCD) for LexisNexis® Policy History Motor automates the verification and validation process for insurers, providing efficient access to credible data, helping insurers to meet consumer demands while minimising risk.

* Consumer Perspectives Research Study, July 2013

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Association success: L to R: Comedian Dominic Holland, Becky Pledge, Nicola Martin, Graeme Trudgill, Leighann Forsyth, Andy Thornley and sponsor Jon Murthy from UKAS

BIBA scoops Trade Association of the Year Award

BIBA has been named Trade Association of the Year for a second time since 2009 at the prestigious Trade Association Forum's Best Practice Awards. BIBA also won the Event of the Year Award for its Journalist of the Year Awards.

The judges recognised BIBA as "an organisation which has clearly demonstrated excellence, innovation and success over a huge range of their activities." They said that "BIBA has been consistently up with the best trade associations – they are ahead of the curve,

particularly with embracing social media which remains a dark art to many and that acknowledgement of their fantastic work is well deserved!"

Graeme Trudgill, BIBA's Executive Director, said: "We are delighted to again achieve Trade Association of the Year status on behalf of our members. We are extremely proud that our achievements have been recognised by our peers and will continue to strive to deliver for members."

NEW JOINERS



Lindsay Cunningham is BIBA's new Area Manager for Scotland and Northern Ireland



Martin Bridges becomes BIBA's new Technical Services Manager. He joins BIBA from Green Insurance and has more than 30 years' experience in the insurance industry



Anthony Hilton of the London Evening Standard is BIBA's Journalist of the year and accepts the trophy from Steve White



Peter Franklin was named winner of the Francis Perkins at this year's conference in Manchester

British Insurance Brokers' Association

BIBA Compliance Manual

For more information, please contact the publishers directly:

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Since the start of regulation of our sector, members expressed an urgent need for an easy-to-understand compliance manual which could act as a source of reference as well as a clear explanation of key rules and requirements.

The result was, and still is, the BIBA Compliance Manual which has developed into an "industry standard" since it was first produced in 2004. Over 1,000 members have bought this manual so now is the time to update your copy or buy one for the first time.

The **BIBA Compliance Manual for 2014** has been fully updated from FSA to FCA and includes a much in demand chapter on CONC (consumer credit) which has been kindly authored by Allan Gambles from Coversure. Every chapter explains clearly in plain English what the rules mean and then you use clear templates in order to assist you achieve, maintain and demonstrate compliance.

The templates are in either Word or Excel format which means you can easily download and alter them, without having to spend time creating them. In other words, they are yours to modify as you wish so that they can help you evidence and support a compliant regime in your business.


The manual comes on a CD for a one off £495 + VAT (and that's it – no monthly access charges, etc). Any updates made in 2014 are included at no extra charge and we aim to update fully on an annual basis and this will then be subject to a renewal cost.

For a full list of contents and the templates available please use this link:-
<http://www.branko.org.uk/BIBAComplianceManual2014.pdf>

What one member has said:-

"The BIBA Compliance Manual continues to be an invaluable resource, providing fast, easy reference and well-explained guidance written in plain English" - Peter Marshall - K Drewe Insurance Brokers.

Written by experienced and practical compliance professionals and at a cost which is easily affordable – get yours today!




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Covering a classic

The past few weeks have seen bumper coverage for BIBA as **LEIGHANN FORSYTH** reports



BIBA worked recently with classic car specialist brokers and member Adrian Flux to explain the importance of knowing a car's value.

We gained coverage in the *Daily Mail*, *Sunday Telegraph*, BBC Radio 4 and *Auto Express* and advised classic car owners to ensure their vehicles are correctly valued and protected.

The price of the average classic car – vehicles aged 20 years or more – have soared over the past decade, according to figures from the Historic Automobile Group.



Luxury cars such as Porsches, Bugattis and Bentleys from the 60s, 70s and 80s now fetch up to eight times more than they did in 2004. Less

glamorous vehicles such as VW Golfs, Toyota MR2s and Ford Sierras, have also risen in value.

But many classic car owners have been renewing year on year and do not realise their car is underinsured.

Gerry Bucke, General Manager at Adrian Flux, said: "Underinsured owners could end up receiving only a percentage of their car's value if the worst happens. We have come across vehicles that have doubled in value since the owner last checked."

Adrian Flux wrote to thousands of its customers warning them to check how much their cars could fetch if they were sold.

BIBA Executive Director Graeme Trudgill added: "It's really important to get a proper valuation every year. Otherwise, if the car is stolen or is involved in an accident, they may struggle to replace it."

Case studies sourced by Adrian Flux showed a client with a 1969 Daimler 250 V8 would only have received up to £12,500 if the car was written off or stolen – but after a check, it was found the vehicle was now worth £37,500. Another client paid £8,000 for his 1970 Porsche 911S in 1996. He recently had the car valued and found it is now worth £80,000.

PRESS WATCH

Which?

The heart of the matter

A reader had undergone cardiac bypass surgery some 31 years ago and was on medication, but had no problems since the operation. But Age UK was unable to quote for a holiday to Alaska. Which? recommended using a specialist via BIBA's Find a Broker service which has a number of providers able to offer cover.

Which?, 1 June 2014

METRO

Motor premiums plummet

BIBA is urging customers to keep shopping around to boost affordability. The article quoted a survey, which showed comprehensive cover prices are down 19.1 per cent compared to last year and are £596 on average – the lowest levels for five years. *Metro*, 10 April 2014

Auto Express

Telematics takes off

Drivers may have to opt out of telematics within the next 10 years as the technology becomes increasing common place. BIBA provided some reassurance, confirming there would still be alternative markets. Currently, telematics is targeted at young drivers and makes up just a fraction of all policies, but take-up has trebled since its introduction in 2009.

Auto Express, 28 May 2014

HELP AT HAND FOR HOLIDAYMAKERS

BIBA recently conducted research for a *Daily Telegraph* article to show how travel insurance can contain both exclusions and variations – and helped educate and inform holidaymakers of these.

The BIBA research looked at 15 single trip policies and as BIBA's Graeme Trudgill commented: "Don't just focus on price alone. If you are in doubt, speak to a broker to check."

Peter Hayman from PJ Hayman who featured in the article said: "It was a very good article and unusually for the media, focused on policy cover, or indeed absence of cover, rather than price. An excellent platform for BIBA to show its professionalism and

expertise." The research also showed 10 key areas that consumers should watch out for when buying cover:

- **Trekking**
Different rules exist on the height above sea level for treks.
- **Alcohol**
There are numerous definitions, with references to 'misuse' of alcohol and being 'under the influence'.
- **Missed departure**
This may not cover both outbound and inbound journeys.
- **Delay**
Differences apply – some require 24 hours' delay, others will cover after 12 hours.

- **Excesses**
Some insurers apply one excess fee per claim, others will demand an excess for every relevant section.
- **'Close' family members/colleagues – unexpected events**
If a trip has to be cancelled because of illness or death of a relative, cancellation of the holiday should be included. But, some will also include close business colleagues.

- **European Health Insurance Card (EHIC)**
Holding this should mean a reduction or waiver of excess for medical cover in state run hospitals.
- **Horse riding**
Some will only cover if wearing a helmet and/or activity is supervised.
- **Valuables**
BIBA found some had single item limits of just £50 to around £500.
- **Scuba diving**
Variations depending on water depth and if accompanied by a qualified instructor.



A year of transition

PETER FRANKLIN provides an update on the Liability Committee's key agenda issues

MESOTHELIOMA ACT 2014

This is due to come into force in mid-2014. The Act is intended to provide compensation to sufferers who have not been able to obtain compensation because the employer is insolvent or cannot be identified. Compensation is payable at 80 per cent of the average mesothelioma civil damages.

The claimant will need to prove they were negligently exposed to asbestos during the course of employment in the UK. More details are in the May issue of *The Broker* (page 12) and on our website.

LEGAL REFORMS

In 2013, reforms were introduced restricting the use of Conditional Fee Agreements (CFAs) in personal injury cases and Damage Based Agreements (DBAs) were introduced.

This was an attempt to reduce high legal fees on personal injury cases where, because of the insurance put in place for the fees, the claimant had no interest in the amount being charged by his solicitor. They also stopped solicitors paying commission or fees for cases referred to them.



Peter Franklin is
Chairman of BIBA's
Liability Committee

LEGAL CASES

The following are waiting on the results of appeals to the Supreme Court.

1) *Percy McDonald v Department for Communities and Local Government and National Grid Electricity Transmission PLC* [2013] EWCA Civ 1346. The Supreme Court is considering whether a visitor to a site where asbestos was being mixed is entitled to damages from the site operators.

The court is being asked to

decide whether the Asbestos Industry Regulations 1931 apply only to that industry or others outside it.

Should the Supreme Court follow the Court of Appeal decision then we could see an increase in claims from employees where hitherto it was thought the employer would not have been liable because the exposure was incidental to the main work being undertaken and the risk was considered not foreseeable.

2) *International Energy Group Limited v Zurich Insurance Plc* UK.

This is important in deciding whether an insurer can claim a contribution from their insured for any period for which the insured cannot prove that he held insurance in mesothelioma cases.

ELTO

The Financial Conduct Authority's transitional period, allowing insurers to use 'best endeavours', was due to expire on 1 April 2014.

The regulator had been considering the implications of its 12-month extension period for Employer Reference Number (ERN) capture in light of the current level of compliance in the market.

ELTO undertook a survey of its members concerning the challenges of ERN collection and the results were presented to the regulator in January 2014. The FCA has now extended the transitional period to 1 October 2014.

The FCA will be consulting on a new permanent rule applying 'best endeavours' to the collection of the ERN.

If the FCA is not satisfied with the level of compliance, then it may fine insurers that do not have a high enough success rate for collecting ERNs.

BIBA is monitoring this and any attempt by insurers to pass penalties on to brokers.

PROFESSIONAL INDEMNITY

The pressure is on brokers, not only to arrange the cover correctly, but also ensure insurers are not able to challenge legitimate claims.

Knowledge matters and brokers should keep up to date with legal changes and papers such as those produced by CILA on updating business interruption wordings. BIBA has published a number of guides, with one covering underinsurance to be published shortly.

Regulatory Fees Instalment Plan



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If you wish to pay your regulatory fees and levies invoice over 10 instalments this year, you can apply* via www.premium-credit.co.uk/FCA.html



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BIBA speaks out at FCA conference

DAVID SPARKES keeps a watchful eye on all regulatory activity that impacts on brokers and has an update on the FCA's latest moves



Representatives from BIBA's new advisory boards had centre stage at the FCA's broker session, which was part of its first conference for the general insurance sector.

The conference, which took place in London on 2 June, covered, among other things, responding to the conduct agenda and the future of insurance distribution.

Keynote speakers on the panel were Stuart Reid, Executive Chairman of Bluefin, Peter Blanc, CEO of the Arthur J Gallagher's UK retail business, and Andrew Gibbons, Managing Director at Mason Owen Financial Services – Stuart is Deputy Chairman of BIBA, Peter is Chairman of BIBA's Larger Brokers' Advisory Board and Andrew is Deputy Chairman of BIBA's Smaller Brokers' Advisory Board.

Stuart said he believed brokers had a strong future "as long as we are innovative". He added new and emerging industries were creating new opportunities for brokers.

He said consolidation would continue and that there would be a new spate of businesses being sold, but that opportunities would not be closed off. He believed those brokers who had the flexibility and ability to change their businesses would thrive best in the changing environment.

Stuart also called on UK regulators to address the disproportionate cost of regulation in this country. He pointed to BIBA research, which found that UK brokers were paying 14 times the global average, even though it was clear there was no systemic risk in the sector.

Peter emphasised the way to put customers at the heart of a broker's business was to act as true advocates, to manage conflicts of interest, to be at the forefront of new technological developments to boost clients' choices and to support customers with claims.



Meanwhile, Andrew said that despite the fact some believed small brokers had no future, he believed they were able to add significantly to the customer experience. He pointed out if there were limited insurers looking to deal directly with smaller brokers that there were "other avenues to get cover placed". Andrew said smaller brokers were often close to their customers and that personal involvement could still make a difference.

Andrew also made reference to BIBA's Claims Working Group, which looks at service issues and to boost understanding of the process as well as engage with the regulator. Earlier, the conference had addressed wider insurance issues, with FCA Chief Executive Martin Wheatley speaking.

Mr Wheatley said the London market and retail insurance were the regulator's current priorities.

He added that more work needed to be done on reputation. "For some, the insurance industry has been psychologically bundled into the bracket of generally untrustworthy financial services," he said.

"There is a legitimate concern over the way general insurance complaints have waxed and waned over the years – at times significantly. That mood music has not been helped when we have to go through large, costly, high-profile redress schemes," he added.

Mr Wheatley continued he was pleased with engagement from insurance industry boards on conduct issues. "When we started a year ago one of my shorthand codes for what we were trying to achieve was to get conduct in the boardroom. Now most boards tell me they spend more time talking about that than some of the other core parts of the business."

should be subject to the same regulatory regime.

No room for claims complacency

The FCA has found no systemic failings with insurers' household and travel claims handling processes, but BIBA is emphasising that brokers have a vital role in supporting customers.

The FCA's findings in its recent thematic review into household and travel claims, found that some 64 per cent of customers were satisfied with the service they received.

As such, no rule changes have been recommended. We welcome the fact that the FCA engaged directly with customers for the review – something that did not occur with its predecessor, the FSA.

Anecdotally, we are aware of many instances where a broker's intervention has been highly effective, in either ensuring a refused claim is paid or as may well happen, achieving a higher and more appropriate settlement.

We will also continue to support the education of consumers about the vital role brokers can play in supporting their customers and in providing advocacy services in the event of a claim.

Conflicts of interest are on the radar

The FCA has published its thematic research on how brokers serving SMEs can properly identify and mitigate conflicts of interest.

A number of issues arose from the findings. These included:

- The structure of some brokers' businesses and sources of revenue created conflicts of interest, particularly in relation to firms fulfilling multiple roles in the distribution chain.
- In some brokers, the control framework and management information have not developed in line with changes in the business model, and were therefore no longer suitable for the size and complexity of the business.
- Some intermediaries relied on disclosure as the main way to address conflicts of interest rather than having effective control frameworks that prevent conflicts of interest working against customers' interests.

This is also a topic for European regulators, with EIOPA reacting to the FCA paper. We are currently working with BIPAR to lobby for the best outcomes in this area.

BIBA'S VIEW

We are pleased that the FCA held this event, which demonstrates the regulator wants to engage with practitioners and hear about current issues of concern.

On a personal note, I felt I was one of the few prepared to ask questions at the event – let us all try and make our voices heard when we attend such events and make sure the regulator knows we are prepared to speak out when necessary.

One of the main issues I raised was in response to Martin Wheatley's concerns around unregulated sales – for example, some types of mobile phone insurance. There remains a "carve out" for so-called connected products within IMD2 and so we will continue to lobby hard for a level playing field and with the view that any entity which sells insurance

THE FCA'S CLAIMS FINDINGS

FCA Chief Executive Martin Wheatley (pictured) said the findings were "broadly positive". The regulator looked at the practices of a variety of 10 insurers and conducted research in conjunction with the CII.

In a first for thematic reviews, the FCA also interviewed 1,557 claimants. Of this sample, 429 had their claim declined and 100 withdrew their claim, meaning two-thirds had made a successful claim.

There were a number of areas recommended for improvement:

- Recording and use of inbound claims calls (mainly household).
- Communication and ownership throughout the claim.
- Management of supply chains (household).
- The emergency assistance activities of travel insurers and the need for the right insurance.
- Insurance in relation to medical conditions (travel).
- Consumer outcomes in long chains of delegation.
- The clarity of product documentation.



David Sparkes is BIBA's Compliance & Training Manager



Smaller brokers are a resilient bunch and now they have their very own advisory board to help influence the direction of BIBA at main board level through its representation. **VANNESSA YOUNG** reports

On *your* wavelength

David vs Goliath. Lilliputians vs Gulliver. Small is powerful, small can win out against the odds, so the story goes. It is a case of preaching to the converted as far as Kevin Hancock, Managing Director of Yutree Insurance, and Andrew Gibbons, Managing Director of Mason Owen Financial Services, Chairman and Deputy Chairman of BIBA's Smaller Brokers' Advisory Board (SBAB) respectively, are concerned.

Both have climbed the managerial hierarchy at large organisations before going back to basics to find achievement and greater personal satisfaction serving the customer at small, independent brokers.

Kevin and Andrew have had a long involvement with BIBA through various initiatives and committees, including time served together on the General Insurance Brokers' Committee (GIBC).

Kevin was the last chairman of the GIBC before it was disbanded and is the only member to transfer to the newly restructured main board of BIBA which began operating on 1 July 2014.

Andrew also joins the main board as a second representative of smaller brokers, reflecting the importance of the constituency, as well as chairing the cross industry Claims Working Group.

Manifesto pledge

They are proud of the Smaller Brokers' Advisory Board's credentials in that it is the only advisory board to have a particular

BIBA Manifesto pledge directly relative to the member firms it represents (number seven, on page seven) the one that aims to look after SMEs.

Kevin said: "It is exactly because we are all people who roll up our sleeves and get on with the day-to-day job of being an insurance broker at a small firm that when the advisory board is asked for our opinion we are able to offer feedback from a position of first-hand knowledge and experience.

"The role of the GIBC was undefined, more as a sounding board, rather than anything that helped to draw issues out for its members as the new advisory board does. There's also continuity from the old committee to the new advisory board through Andrew and I and a lot of the themes are similar – for example, being a critical friend to the BIBA technical team in respect of member scheme propositions. As practising brokers we are able to give an objective view on whether things will work or not."

The advisory board has held three meetings to date and Kevin believes that it has already been able to give a reality check to activities and how they affect brokers in the field, particularly to the regulator and the ABI.

Kevin said: "The emphasis has already changed in SBAB. It

“Our members now effectively have two boards representing them at any one time, by their membership segment and regionally.

Let's get on with the job:
(L) Andrew Gibbons and
(R) Kevin Hancock



Smaller Brokers' Advisory Board members

Kevin Hancock Yutree Insurance	Neil Grimshaw Ravenhall Risk Solutions
Andrew Gibbons Mason Owen Financial Services	Christian Poulsen EC Parker & Co
Wendy Brafield AJP Partnership	Ashley Rogoff Ashley Page
Jane Evans Corrigans	Paul Smith Fenchurch Private Clients
Paul Hatty J Hatty & Co	Ken Whitton Glenavon Insurance
Stuart Hulbert Brents Insurance	Barbara Bradshaw BIBA Consultant
Contact: smallerbrokersAB@biba.org.uk	

is more focused on the issues of the day and feeding them up to the main board, helping to form its strategy. We can do that as small firms, our discussions and the message is not diluted by the political issues that may affect other advisory boards with larger member firms on them."

Understanding the issues

Members can expect strong representation and direct, immediate access to their representatives. Kevin said: "Our members now effectively have two boards representing them at any one time, by their membership segment and regionally. They will find groups of people that understand their issues because they've encountered them themselves. In fact most of the people on the advisory boards, ourselves included, are vocal individuals and BIBA's Executive through the main board will hear exactly what the membership are after."

It is still early days yet, however. Andrew said: "I don't think members have generally got to grips with the new organisational structure at BIBA yet. The fanfare accompanying the launch of the new structure at conference and the publicity BIBA is giving the advisory boards means that what they stand for and the various personalities involved in them will become known more widely.

"It is about access. So by virtue of the fact that we have a set of advisory boards that is well publicised then the membership should be able to pick up the phone to any one of us to chat something through. Members don't have the excuse now that they don't know who to contact."

Manifesto issues such as claims, the cost of regulation and level playing fields are something that the advisory board intends to challenge the BIBA Executive to continue to promote, as these affect the smaller firms disproportionately, they argue. Education will play a big part in future activities too.

Kevin said: "I think one of the biggest challenges for the small broker is engagement. It is for the membership to get out something of value through our efforts. The cliché is that you only get out what you put in, but hopefully we can do that vicariously for some of our members. We will be doing that on new schemes by getting members access to difficult market places.

We'll be doing our best to help brokers compete in a market where consolidators are looking to get advantage. Then there's clearly going to be a change piece in the regulation of our industry where we can help to influence policy going forwards."

Educating on unstable insurers

Maintaining a presence in the market with sufficient facilities to be able to trade effectively amid increasing agency consolidation will also prove challenging, according to Andrew. "That might in turn lead to one of the big issues that we are both passionate about, which is brokers using unstable insurers transported into the UK. Of course if brokers can't get capacity through their usual markets then they are going to go elsewhere, but I think we should be continuing that education of who brokers should be using and why."

Kevin continued: "The main thing for me is for non-members to be looking at what we are doing and achieving and wanting to be a part of it. My longer term goal is to encourage people to come into the association rather than looking in on us from outside and getting the benefits of what we do without contributing or having their voice heard."

Andrew agreed: "Representation has to be one of the most valuable things we do for members and it does produce results. A good example of this is when the FCA came to see the Claims Working Group about the personal lines claims thematic. We gave them a hard time, but they came back early in July to talk about the next thematic review for commercial claims. It means they're listening and by returning, the FCA is demonstrating that we are adding value for them and doing the job properly for our members.

"That is an easier conversation to be had now because of the groundwork that BIBA has done and will continue to do with the help of the Smaller Brokers' Advisory Board and its other advisory boards. Now we are working cohesively we have immediate credibility, we are the voice of the general insurance intermediary community and we know from experience what we're talking about."

Vannessa Young is London Market Secretariat and Compliance Coordinator

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What is *Small Business Insurance for Dummies*?

- An introductory guide for SMEs on securing suitable general insurance to protect their businesses.
- Helps client understand insurance so they can work better with their broker.
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- Written by BIBA's Graeme Trudgill and former Cabinet Office Assistant Director Stuart Sterling.
- An additional resource that supplements the guidance brokers give direct to clients.
- Explains what legal requirements are for insurance.
- Available in hard copy and online.

Read all about it

Our new *Small Business Insurance for Dummies* guide has proved a huge hit with members as **GRAEME TRUDGILL** reports

Small Business Insurance for Dummies was launched at this year's BIBA Conference and helps to explain in a bite-sized way why they should consider various options for their business and how they can work with a BIBA broker who can help them arrange suitable cover.

This latest guide follows on from *Business Continuity for Dummies*, which was launched in 2012, following a project with the Cabinet Office.

We knew ministers were concerned about smaller firms not having adequate continuity plans in place. While there are many reasons why a business could face disruption, planning for such an event tends to be 'parked' – for business owners there is often too little time and too many other things to do.

When it comes to insurance, SME products can be viewed as complex and many SMEs may go online and simply buy the cheapest thing they can find. However, no business is the same and there are huge risks in buying insurance without the

necessary knowledge and failing to understand what specific risks could affect a firm.

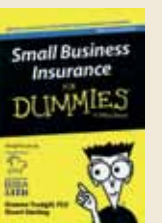
The guide emphasises the value of using a BIBA broker and shows how important it is to have the right cover. Companies will appreciate guidance on areas like what cover is mandatory, such as motor, engineering or employers' liability, and what is nice to have in terms of providing additional protection. It also looks at areas like business interruption, such as what it is and why it may be worth having a longer insured term, such as 24 months rather than 12, for example.

We selected the Dummies series to partner with as it is the bestselling reference brand in the world – we believe it is a great vehicle to communicate with customers. The response to this guide has been tremendous, with members saying it has helped in discussions with their SME clients. Members are already ordering more copies (available at cost price) and the branded versions are proving particularly popular.

THE DUMMIES SERIES

- First launched in 1999
- More than 250 million books in print
- More than 1,800 titles available
- Seen as the world's bestselling reference brand
- One sold every minute in the UK

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- All BIBA members can receive up to 20 copies (without personalisation) free of charge
- Additional copies without personalisation (up to 500) are available at the cost price of £1 per copy
- Personalised copies (branded to your firm) are available at cost of £1.18 each and there is a minimum order of 500 copies or £1 each for 1,000 copies

Members who require copies should email Nicola Avery on averyn@biba.org.uk

Graeme Trudgill is BIBA's Executive Director

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A focus on professionalism

There are changing perceptions about the Nigerian broking industry and it is now on an upward trajectory as **TOPE ADARAMOLA** reports

The Nigerian registered broking sector is on a path of growth and sustainable development.

The same is also true of the wider insurance market, which in Nigeria contributes less than one per cent of the nation's GDP.

But pragmatic initiatives from regulatory and umbrella bodies, including the Nigerian Council of Registered Insurance Brokers (NCRIB), give reasons for optimism.

The Council launched in 1962 as a loose collaboration of a few British-trained individuals, out to take advantage of the emerging foreign insurance businesses, shortly after Nigeria's independence in 1960.

Landmark law

A major landmark in the history of the council and the broking profession came in 2003, with the passing of the NCRIB Act No.21 of 2003.

This gave the council the legal right to regulate insurance broking and prescribe codes of ethics and professionalism. The law entrenched the council as the statutory umbrella body for brokers. It also helped reduce sharp practice.

The sector had been the butt of

poor perception. However, now no brokerage can be registered without going through either stringent legislative conditions or due diligence. This is in conjunction with the work of the National Insurance Commission (NAICOM), the government's insurance regulator.

Confidence rising

These developments have led to improved confidence in the insurance industry and better recognition for insurance brokers.

The fortunes of the Nigerian broking industry have also soared more significantly under the leadership of the incumbent President and Chairman of the Governing Board, Ayodapo Shoderu.

He is a British-trained insurance practitioner, and the 17th President of the council. He has more than three decades' experience in insurance practice and operation in Nigeria and the UK.

Mr Shoderu has reinforced the need for the council and brokers to gain more influence and has lobbied Government and stakeholders.

This is vital for brokers, since the Government constitutes the most critical insurance buyer.

The council has made inroads through holding major conferences and events and has a rapport with Government officials and legislators.

The council also has synergy with NAICOM for enforcement of high ethical standards and effective corporate governance from brokers.

Prior to this, there had been discord, with NAICOM and the NCRIB failing to keep the same details on broking firms in terms of their registration and licensing.

Reaching out to the grassroots

NCRIB is keenly aware that more than 70 per cent of Nigerians live in rural areas or are operating in the informal sectors of the economy.

Under President Shoderu, the council has continued to engage with traditional rulers, who are local custodians to promote insurance at the grassroots.

NAICOM has also put in place a framework for the promotion of Takaful Insurance.

Meanwhile NCRIB is continually initiating efforts to elevate the professional competence of its members.

It promotes regular training for brokers both locally and overseas. This included a professional tour with members to Australia where they compared insurance broking practices there and in Nigeria.

There is also a strong relationship with BIBA. During a recent visit, Mr Shoderu noted that Nigerian brokers can learn from their UK counterparts.

He appealed to BIBA to help NCRIB members to render their services to clients more efficiently.

Embracing change

BIBA has pledged to assist the NCRIB and particularly granted some concessions to members of the council to facilitate their attendance of the 2014 BIBA Conference in Manchester – see delegation above.

There are still some negative views about insurance in Nigeria, which can be linked to traditional or religious beliefs.

Mr Shoderu plans to boost the sector's image, penetration and to enlighten people about the value of insurance brokers to Nigeria's population of more than 150 million.

As a result, there is every reason to expect broking to contribute more to Nigeria's economy and for brokers to be valued for all they do.

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The *right tools* for the job

Empty properties, adventurous travel and large commercial vehicles can be more tricky to place without the appropriate product, **MIKE HALLAM** spoke to three of our scheme providers about their perfect fit solution



UNOCCUPIED PROPERTIES – CAMBERFORD LAW

With more than a million vacant homes in the UK, the need for vacant property insurance is high. Many high street lenders provide mortgages on these properties requiring more than the usual FLEA (fire, lightning, explosion and aircraft) only perils. This is why it is worth looking at the wider perils that are available. Camberford Law will usually be able to offer a 'full perils' policy subject to usual underwriting.

Theft

Vacant properties can attract thieves often looking to steal copper piping, copper wiring or lead from the roof. All too often these thieves cause a huge amount of damage.

They do not bother turning the water off when stealing the pipes and have even resorted to setting fire to cabling in order to make it easier to strip the copper wiring. It is not just the metals that thieves will take. Fireplaces are popular with older properties. There has also been an instance of a stone slab driveway being taken.



Alarms and good physical security are obvious as is a regular presence at the property. CCTV is now a fairly cheap option and can be a good deterrent.

Fire

Fire is the main peril, but how does one occur at a vacant property? Well the majority are malicious – youths trespassing and maybe setting fire to a pile of old letters by the door for 'a laugh'.

With larger vacant residential type properties in particular the risk comes more from rough sleepers and squatters who may use candles for lighting or even fires for heat.

Obviously good physical security helps minimise this risk but regular inspections of the property both internally and externally will prevent the build up of junk mail and bring the property owner's attention to any illegal entry or occupation of the property.

Water damage

Burst pipes especially in the colder months are a real issue. In one day, a burst pipe can leak 9,600 litres of water into a property – that is 48 baths' full. In a week this can equate to 336 baths full – a petrol tanker!

Apart from the material damage caused by burst pipes it can take a long time to fully restore a property that has been damaged by water. This can delay selling or letting a property for up to a year.

The best way of preventing this is to make sure that the water system is completely drained. If the water is to remain on, then keep the heating on in the colder months and leave the loft hatch open so the warmer air can circulate around the pipes and water tank.

It is also important that anyone inspecting the property knows where the mains stopcock is in case they discover a water leak when carrying out their inspection.

Storm

Claims are usually restricted to the loss of tiles from a roof and maybe a small amount of water ingress. These losses tend to be fairly small and infrequent. Other than ensuring the property is wind and watertight there is little that can be done to reduce the risk of suffering a loss under this cover.

Flood

This is the same as with any other property insurance policy. If the property is in a high flood risk area then expect cover restrictions or increased excesses.

For more information contact Stuart Ricket on 0208 315 5029 or email properties@camberfordlaw.com

HOLIDAY TRAVEL – TOKIO MARINE KILN

We live in an ever more connected world, with worldwide travel being commonplace while increasingly bespoke and adventurous.

Traditional travel policies simply will not cut it when customers want to trek Mount Kilimanjaro or drive Route 66 on the back of a Harley Davidson, which is why the scheme covers a range of sporting activities and motorcycle trips as standard.

Every aspect of a trip is personal to the customer and it is essential that their insurance cover should reflect this, which is why innovation, flexibility and customer service are viewed as integral scheme components.

● Innovation – as new risks arise, the team creates new products and wordings to respond. The Personal Accident & Travel team was the first in the UK to cover delays resulting from ash clouds as standard.

Following the recent eruption of Mount Sangeang Api, which disrupted flights to the popular holiday destinations of Australia and Bali, customers were relieved to know that they were protected.

● Flexibility – brokers have direct access to underwriters who are empowered to look at risks on a case-by-case basis, allowing bespoke products to be offered in order to meet individual client needs. Their clients, in turn,

can directly access quotes through the online system for brokers.

● Customer service – listening to customers' needs is key. For example, wordings ensure Northern Irish residents are covered for the duration of their trip, including departures from the Republic of Ireland.

Tokio Marine Europe has been BIBA's Holiday Travel Scheme provider for seven years and will continue to hold the scheme as it moves forward as a newly-combined operation with Kiln.

Tokio Marine Kiln will remain on separate platforms as two entities for underwriting within the company and Lloyd's markets. This partnership will allow it to widen capacity, service offering and range of products, providing customers with greater choice, flexibility and service.

For more information contact Dipesh Patel on 0207 280 8406 or travel@tokiomarine.co.uk

HAULAGE AND LGV INSURANCE – BLUEFIN

Millions of items are transported around the globe on a daily basis, from retail and manufacturing

goods through to hazardous waste and skips. It is imperative for all transportation vehicles to have the appropriate insurance from a trusted insurance provider.

One problem facing insurance buyers that operate with up to five trucks is selecting the right level of insurance cover. This type of insurance is available online, however the temptation to select the cheapest option may result in inadequate cover being provided.

MotorRISK is a BIBA-approved product from Bluefin designed to offer bespoke road risk insurance solutions for the haulage and skip and waste industry.

The policy provides cover for transport, skip and waste sectors including haulage and own goods vehicles, tipplers, non-hazardous tankers and livestock, among others.

It also includes, as standard, detached skip cover for skip carrying vehicles, uninsured loss recovery, breakdown cover and can also cater for certain hazardous waste risks (excluding UN classes 1&7), many of which are common exclusions in heavy goods vehicle policies.

MotorRISK offers enhanced commission and the provision of zero per cent finance is a further benefit of the product for policyholders.

Unlike a fleet insurance product, each vehicle can accrue No Claims Discounts and benefit from protected NCD where appropriate. Bluefin prides itself at looking at the individual needs of each business, basing the premium and cover on its claims record and the measures operators have in place to ensure the safe operation of their vehicles.

For more information contact Matthew Richardson on 01638 782451 or matthew.richardson@bluefingroup.co.uk

Mike Hallam is BIBA's Head of Technical Services



Memories remain after 2014 conference closes

BIBA's Conference, *Customer... Customer... Customer*, which took place on 14 and 15 May, has again broken records for attendance and won praise from attendees for its quality.

The conference, which took place at Manchester Central, is the biggest networking and business event for insurance broking in Europe.

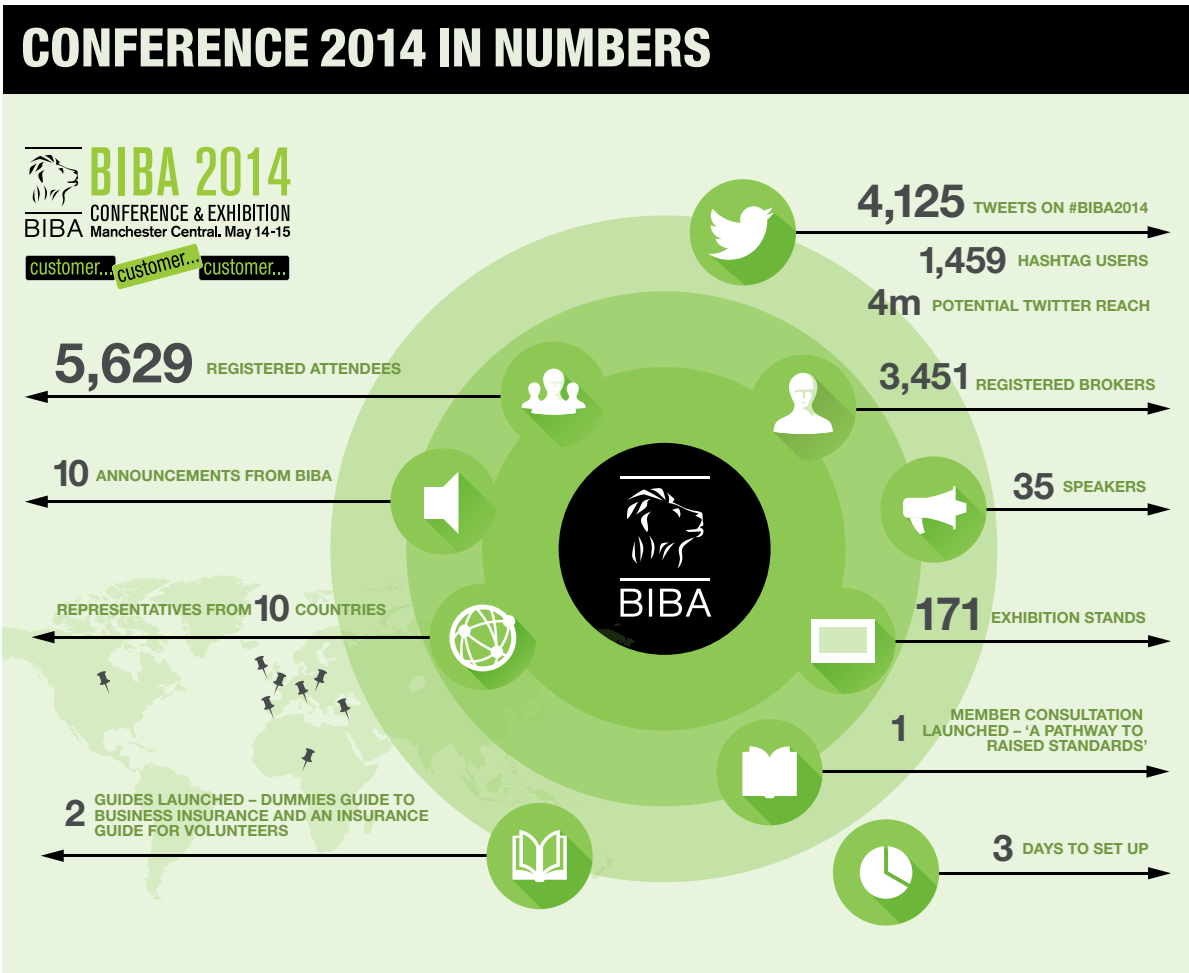
The theme of the event was the need to put customers at the heart of a business and there were views from brokers, insurers and lessons from other sectors.

Keynote speakers included Sir John Major and Lord Digby Jones. It also featured a panel that tackled topical issues and featured Lord Prescott, David Davis MP and Sir Ming Campbell.

Key announcements at this year's conference included:

- Stuart Reid, Bluefin's Executive Chairman, was named BIBA's Deputy Chairman – Peter Blanc, CEO Retail of Arthur J Gallagher, replaced Stuart as Chair of the Larger Brokers' Advisory Board.
- Lord Hunt said brokers should set the gold standard for advice in his opening address.
- Steve White called for 'total signposting' where the insurance industry never turns customers away and solutions are found for those with less standard needs.
- BIBA and the Volunteer Liaison Group produced a guide to insurance for the voluntary sector, covering both individuals and organisations.

BIBA's 2015 Conference will be held on 13 and 14 May and will again take place in Manchester.



Reading between the headlines



Public perception towards the insurance industry is often negative, e.g., for expensive premiums or rejected claims, which highlights the need to manage issues that could move the sentiment dial, advises corporate reputation specialist **JOEL THOMPSON**

Reputation is often perceived as an intangible asset that is hard to measure, making it easy to over or undervalue the impact an issue has.

This opens up an element of speculation on the reputational impact of an issue, particularly where there is prominent media coverage. This could be a sensational, breaking news headline or a Which? campaign that steadily gains traction over time. There can be misunderstanding over how an issue is truly moving 'the sentiment dial' towards a company and contributing to its reputation.

Furthermore, a number of high-profile reputational issues such as premium phone lines and annuity reform have served to conflate public and consumer perceptions of life and general insurers. Perception of 'insurers' as a homogenous group makes life issues relevant to the reputation of general insurers, and

vice versa.

Take the following example. Which of the following events do you think had the most negative impact on sentiment toward insurers on the day of the news announcements?

1. FCA announces crackdown on add-on insurance products
2. Warn of rise in premiums following February floods
3. Confused.com survey finds drop in Q1 2014 motor insurance premiums

Going by volume and prominence of coverage alone, it would be reasonable to infer that concern surrounding home insurance premiums during the floods or a regulatory "crackdown" on the add-on market would be more negatively impactful than news of falling motor insurance premiums in Q1.

In fact, the reverse is true. Sentiment towards the industry was at its lowest point on the day that

news broke that motor insurance premiums had, against expectation, continued to fall in 2014.

There are several important underlying variables to consider, too, such as the volume of coverage, influence of the source, relevance of an issue to a particular insurer and the prominence of an issue over an extended period of time.

Content relating to February's floods, for example, had a significant impact on the sentiment scores of general insurers for a longer period of time than news of falling motor insurance premiums.

What accounts for such gaps between intuition and actual sentiment towards an issue? In the case of February's floods, sentiment data reveals nuanced coverage surrounding the relative exposure of some insurers to flood damage. By contrast, negative sentiment surrounding the drop in motor insurance premiums was more acute and relatively unadulterated.

'Reading between the lines' in this way can serve to challenge preconceptions about what is moving the sentiment dial and ultimately reputation.

This might validate our expectations from time to time – sometimes for reasons other than those we might expect. Sentiment data towards the insurance industry in recent months highlights this, and challenges industry professionals to revisit how they conceive of and navigate reputational risk, both for their direct issues as well as broader industry challenges.

SENTIMENT GRAPH FOR UK INSURERS, FEBRUARY-APRIL 2014



Joel Thompson is alva's Consultant Analyst for the financial services sector and insurance industry

Other territories can offer greater returns – and if they can provide the right services, there is no reason why more brokers should not be leveraging these opportunities, according to **CARLO PALMIERI** and **IAN HOLT**

Time to broaden your horizons?



Carlo Palmieri



Ian Holt

The UK insurance market is one of the most advanced in the world in terms of product offering, pricing sophistication, risk measurement and management and distribution.

In recent years, the UK market has suffered from oversupply, with an impact on profitability and the structure of the distribution network, which is still going through an extended period of consolidation.

Further, a stagnant market provides little opportunity to innovate and grow.

With such business dynamics locally, it is unsurprising that UK brokers and MGAs are looking at international expansion into developing markets or at developed markets, where they can bring some added value, in terms of product, pricing or risk capabilities.

Extension of the international footprint, once deemed only for large insurance groups and large broker groups, is now something that also national and specialised niche brokers should consider. Notably, Marsh, AON, Willis, JLT and similar operate globally with local subsidiaries focusing on large corporate clients.

EU 'passporting' makes access relatively easy from a regulatory point of view within the EU, as there is no need for a local licence or the requirement to build a local presence.

We recommend that brokers assess their current capabilities and focus on leveraging their strengths. Identifying the priority markets is essential and requires investment in time and resources to get to know the target market(s), to define the entry strategy and to identify the right local partner(s) at distribution level. Table 2 contains a top down summary checklist of what we think should be considered.

Carlo Palmieri and Ian Holt are Partners of BSA Consulting, a boutique management consulting firm specialising in the insurance sector

TABLE 1: MATURE MARKETS VS EMERGING MARKETS

Mature markets	Emerging markets
<ul style="list-style-type: none"> • Most clients are already served by local providers. • Limited additional demand, at least for existing products. • Access to existing distribution may be difficult. • May need to explore alternative distribution channels for personal lines (eg affinities). • Commercial lines: plenty of opportunities for product innovation and risk assessment /risk management, especially for SMEs. 	<ul style="list-style-type: none"> • Significant demand not served, or underserved. • Products not offered locally. • Access to existing distribution may be difficult, due to limited capacity and skill-base. • May need to build own distribution.
<p>Opportunities exist in a niche product-driven approach, with distribution via existing providers (wholesale broker approach).</p>	<p>Opportunities exist in developing a local presence and distribution capabilities enabling profit to be created during the organic growth of the market (S-shaped growth).</p>

TABLE 2: KEY QUESTIONS TO BE ADDRESSED WHEN THINKING OF GOING INTERNATIONAL

Capabilities assessment	Foreign market understanding
<ol style="list-style-type: none"> 1. What are we good at? In which product area(s) do we specialise? 2. What is our area of specialty? <ol style="list-style-type: none"> a. Risk assessment b. Risk selection c. Product customisation d. Pricing e. Client relationship f. Access to capital/risk capacity 3. Can these areas of excellence be exported? If so, are they reliant on people and process or software/platforms? 	<ol style="list-style-type: none"> 1. What is the size of the market and the expected growth? When is the inflexion point (this is when five to seven years of quick growth) expected? 2. Can we (easily) access distribution? In what form (eg direct/indirect)? What regulatory barriers exist? <ol style="list-style-type: none"> a. Broker-dominated markets b. Agent-dominated markets c. Bancassurance-dominated markets 3. What are clients lacking? Can we 'add value' with our capabilities? Do we have preferential access to capital for some of these products/risks?

Come to us for *solutions*

Being a 'go-to' organisation matters says **GRAEME TRUDGILL** and there is a direct correlation between raising awareness and promoting brokers in Government and members receiving both recognition and doing more business



In just one day last month, BIBA had five key Government departments contact us with requests for briefings on insurance-related topics.

These contacts came from the flood minister Dan Rogerson, the Department for Transport, the Treasury, the FCA and the Home Office. All of these were responded to promptly with meetings arranged and work is already progressing.

We have grown from an organisation simply interpreting and disseminating Government decisions and are now involved in creating and influencing them.

Our aim is to raise awareness of how brokers act as experts on behalf of the consumer, whether that is someone with a pre-existing health condition seeking travel insurance or one of the myriad of small businesses that will benefit from guidance on areas like business continuity or security. We also look out for any unintended consequences or bad decisions that could negatively affect member business models.

Our Manifesto has helped press home our messages in recent times, in making our key issues straightforward to understand and with an emphasis on better outcomes for customers.

There is now more understanding of the broker's role – and in particular the benefits of working

with a professional. Our Find a Broker service has grown following awareness, and members are receiving more queries than ever from BIBA.

Increasing contact with Government does not come overnight. There are many professional lobbyists out there and BIBA is a small association compared to some others within financial services – or some of the large corporations that seek to be heard.

My personal view is that we have been successful in the way we work with Government and I always bear in mind a lesson I learned early on in my broking career with Layton Blackham, when a director always used to tell me, "don't bring me problems, bring me solutions".

We all know there are problems within any industry and some are far from easy to rectify. But those

working in Government are time pressed and do not just want to hear a long list of complaints. They want to understand the situation and hear how it can be put right, hence our calls for action in our Manifesto.

I believe this is what we have achieved, and what we will continue to do. While we may be contacted directly by Government, we also often have a 'heads up' as a result of hearing from members about what they feel is important and issues of concern.

What is more, in giving feedback, we are often ably assisted by speaking directly to members via our regional, technical committees and advisory boards when we provide evidence. It is this practical approach and willingness to show that BIBA members are ready to help that has led to so much interaction from those in positions of authority.

Key issues under discussion with Government are currently:

- riot insurance
- flood insurance
- Law Commission Review of Insurance Contract Law
- motor insurance
- Academy School insurance
- Insurance Apprenticeships
- cyber risks
- European Directives.
- Insurance Growth Action Plan

You can find more details on our website. If you have any political or business issues you want to talk to BIBA about that need raising with Government, please call us on 0844 7700 266 or visit our website.

Graeme Trudgill is BIBA's
Executive Director

LORD HUNT'S MESSAGE

At BIBA's conference, Chairman Lord David Hunt called on brokers to shine by ensuring that customers are at the heart of their business, engaging with BIBA, the Government's Growth Action Plan and delivering innovations.

Lord Hunt told brokers that their role is to provide customers peace of mind and that they should be "setting the gold standard for advice". He said that due to "tough, complex and uncertain times" there is a "clear and urgent need for expert and trusted advice."

He also acknowledged the positive and significant changes to BIBA made by Directors Steve White and Graeme Trudgill, and told brokers that as a result "BIBA is now recognised at Westminster as a 'go to organisation'."



BIBA's Chairman

He finished by issuing a clarion call to brokers: to maximise this golden opportunity, put customers first and to strive for raised standards.

Property Committee responds to riot consultation

BIBA's Property Committee is preparing a response to the Home Office's consultation on the Riot (Damages) Act, which is being overhauled and was included in the Queen's Speech on 4 June.

The original Act of 1886 showed it was totally inadequate following the widespread rioting, which took place in the summer of 2011. It is agreed the Act lacks clarity and that there were problems in terms of claims being paid and who was responsible.

A review of the act was subsequently carried out by Neil Kingham and reported at the end of last year. Some 20 recommendations were made, which form the basis for the consultation, some we agree with, others we disagree.

These included:

- a riot claims bureau in the event of disturbances taking place, which would be staffed by adjusters and insurance specialists
- compensation should be made on new for old basis, rather than current indemnity basis
- making the excess unrecoverable
- extending deadlines for making claims and provision for interim payments to be made
- capping the compensation payable by police
- including damage to cars and vehicles in a revised Act as these did not exist when the law was first drafted.

Many of these topics were initially on our Property Committee's 'wish list' and we see these as a pragmatic way forward. However, we do take issue with the proposal that there should be restrictions on making claims to business with a maximum £2 million turnover a year.

We are lobbying for a higher limit. It is our view that the police have a duty to stop riots and to minimise the effects of attacks on property – and of course compensate any people who may be affected. We remain concerned that the decision on whether the disturbance is a riot does not lie with an independent body but instead with the police.

We fully support the formation of a riot claims bureau and of having extended deadlines – something that a number of insurers implemented to help customers, following the 2011 riots on an ad-hoc basis. We were also pleased to see that interim payments were proposed. There needs to be a unified approach and customers should have the reassurance that they know where to turn for help following a period of disruption.

We are also looking at the issue of consequential losses and see this as an area for further consultation. The BIBA Property Committee is putting together a detailed response and has practical alternatives to ensure all businesses are adequately protected should further riots occur.

Insurers paid over £200 million to customers after the 2011 riots. (source: ABI)

Proposed changes from the Solicitors Regulation Authority potentially could mean problems for brokers as **BRIAN BOEHMER** explains

Beware the PI minefield



Since the last renewal, the Solicitors Regulation Authority (SRA) has undertaken a consultation with regard to the introduction of a minimum security rating for insurers who wish to insure the legal profession.

This follows on from the fall out of the Balva and Berliner debacle, meaning that four unrated insurers have now failed following the abolishment of the old mutual [SIF] and the commencement of the commercial market.

Following the consultation, the SRA, for reasons best known to itself, has concluded that no requirement for a minimum security rating will be introduced this year. It has since begun another consultation regarding the mandatory level of coverage under the Solicitors Minimum Terms and Conditions (MTC).

Suggested changes include:

- reduce the level of mandatory PI cover to £500,000
- introduce an aggregate limit on claims
- compulsory cover required only for claims by individuals, small and medium-sized enterprises, trusts and charities (ie not for claims by larger corporates, lenders etc)
- reduce run-off cover to a minimum of three years
- require firms to assess the level of cover appropriate to their firm beyond the minimum.

More coverage?

Many of the changes proposed appear to be aimed at firms who do not presently experience difficulty

in purchasing cover on the existing minimum terms, so we do not expect the changes proposed to achieve the benefit to the public and the profession, which the SRA is targeting.

Lenders, along with other larger commercial organisations who are accustomed to instructing solicitors on a regular basis, are unlikely to find such changes to the minimum terms acceptable.

This means that a large proportion of the profession will need in practice to secure significantly greater coverage than the bare minimum now being proposed by the SRA if they are to continue to receive lender and large corporate instructions.

What does this mean for brokers?

If the SRA's changes are implemented, a significantly greater burden is likely to fall on the broker in practice to establish and advise upon an appropriate level of coverage for a firm.

To a large extent, this will depend upon what type of work is being undertaken, but with the proposed limit being £500,000, the minimum level of cover permitted by regulation is no longer likely to be sufficient for many firms given the areas of law in which they practise.

There are already widespread difficulties in the placement of commercial brokers' E&O, largely due to the rise in claims arising from the ever-increasing number of coverage issues taken by insurers generally.

There are no signs of immediate improvement either, as insurers continue to take a technical and often uncompromising approach to coverage, which in turn raises tension between the insured and the broker. This often spills over into outright acrimony where ultimately the policy does not respond as the insured expects.

In the event that any of the proposed changes to the minimum terms for solicitors are implemented, then we would be unsurprised to see E&O premiums rise further for those brokers that place this class of insurance.

More scrutiny needed

If implemented, it will be prudent in any event to apply much greater scrutiny to the client's individual circumstances and to broaden the scope of the questions asked of your clients to ensure that you are advising clients appropriately in relation to the limits and terms of cover they should be purchasing.

Failure to do so and failure to record such advice on your files could expose brokers to ever more E&O claims and consequently a rise in PI premiums for us all.

With these proposed changes there is a potential minefield ahead and those brokers active in this space need to be aware of the potential dangers that lie ahead.

Brian Boehmer is Partner with Lockton Companies, a BIBA-accredited PI Initiative broker



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