

the broker



**Punching above
their weight:**
meet the giant killers

**The battle
for graduates:**
can perceptions change?

**A broker in the
Mansion House:**
at home with Alderman
David Brewer

BIBA rocks Brighton



We have built a reputation
for underwriting expertise
and setting the standard
in customer service



PRIMARY
BROKER SERVICES

**Visit Primary Broker Services
in Brighton at the
BIBA Conference
Stand B23**



Primary Broker Services

A breath of fresh air in commercial insurance

Birmingham

7th Floor
Embassy House
60 Church Street
Birmingham B3 2DJ
Tel: 0870 443 4603

Bristol

Redwood House
65 Bristol Road
Keynsham
Bristol BS31 2WB
Tel: 0117 986 6815

Glasgow

2nd Floor
The Beacon
176 St Vincent Street
Glasgow G2 5SG
Tel: 0141 249 6696

Harrogate

The Lenz
Hornbeam Park
Harrogate
HG2 8RE
Tel: 01423 876 027

London

5th Floor
Providian House
16-18 Monument Street
London EC3R 8PD
Tel: 020 7868 5131

E: enquiries@primarybrokerservices.co.uk
W: www.primarybrokerservices.co.uk

Member of the Primary Group
Authorised and Regulated by the Financial Services Authority



the broker

BIBA contacts

Eric Galbraith
Chief Executive
020 7397 0201
galbraith@biba.org.uk

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

Graeme Trudgill
Technical Services Manager
020 7397 0218
trudgillg@biba.org.uk

Paul Garland
Membership Manager
07808 166124
garlandp@biba.org.uk

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

Doreen Campbell
Office Manager
020 7397 0219
campbelld@biba.org.uk

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

Leighann Burtrand
Communications Co-ordinator
020 7397 0223
burtrandl@biba.org.uk

Kirsty Gordon
Membership and Broker ASSESS
020 7397 0224
gordonk@biba.org.uk

This magazine is about you and for you – so we do rely on your contributions. Please contact Leighann Burtrand with your news and views. Her details are in the contact list above.

BIBA House, 14 Bevis Marks, London EC3A 7NT

Design: Citigate Publishing
Print: SMP
Advertising: Mainline Media

Whilst every care has been taken in the compilation of this magazine, errors or omissions are not the responsibility of the publishers or editorial staff. ©All rights reserved. Products and services advertised within *the broker* do not carry endorsement or recommendation by BIBA. The BIBA logo is added free by request to members' advertisements. It warrants or signifies nothing more than the advertiser is a member.

COVER IMAGE: GETTY

WELCOME



From 26-28 April anyone who is anyone will gather for ...making the difference – the BIBA Conference.

Have you booked these days in your diary to make sure you – and the key members of your team – will be there? This is not just for the industry's top brass – we actively encourage all members of the industry to attend and offer a special programme for younger brokers.

It's never easy to escape from the daily pressures of business life. It can seem no one can take your place – in smaller firms particularly you can feel indispensable. But anyone who has been to the BIBA Conference will almost certainly say it was time well spent. So, if you've never been before, please join us.

The networking opportunities are second to none. The seminars provide invaluable business briefings. We're confident our speakers will leave you on a high. In fact, if you're not there, what is the cost to your business?

We want to make it as easy as possible for you to attend the BIBA Conference. Contact us to find out about sponsored places and our bursary scheme. We know that you will reap the benefits and we'll be delighted to welcome you.



Leighann Burtrand
Editor of *the broker*

INSIDE SPRING 2006



Regulars

- 04 Viewpoint**
Opinion from chief executive Eric Galbraith
- 05 News and views**
The latest updates from BIBA plus Right to Reply column from Allianz Cornhill Commercial's Geoff Moylan
- 07 Around the regions**
Discover BIBA's regional activity
- 08 Media Watch**
Press briefing from *The Daily Telegraph's* Yvette Essen

Features

- 10 Recruitment**
Jane Bernstein asks how brokers can attract graduates
- 12 Analysis**
Smaller brokers who have turned giant killers give their secrets to Liam Vaughan
- 17 Marine**
This important sector is now pulling clear of troubled waters, reports Marcus Alcock
- 20 Interview**
Rachel Gordon meets former broker David Brewer, now Lord Mayor of the City of London

Conference

- 22 BIBA Conference 2006**
Your complete guide to ...*making the difference* – Brighton 26–28 April

Management

- 27 Schemes focus**
Technical services manager Graeme Trudgill announces some new arrivals
- 30 Your business**
Advice on new fire regulations, managing stress and proposed family-friendly legislation
- 32 Training**
Know it all? Test yourself on real-life broker ASSESS
- 34 Technical briefing**
Hugh Price, partner with Hugh James, gives the legal ins and outs of the Road Traffic Act
- 37 Regulation**
A guide to treating customers fairly from head of compliance and training, Steve White
- 38 Question time**
In-house specialists answer members' technical queries

Eric Galbraith, BIBA's chief executive, tells members about the key issues on his radar

**The BIBA Conference
– the date for your diary**

Why use a broker? In my view, many clients would say it is because the advice, expertise and ongoing support they receive makes a real difference. Importantly, in today's world that advice is not just about insurance products, but the whole area of risk and a variety of other related services.

The theme of this year's BIBA Conference and Exhibition, making the difference, will, I feel, go some way to showing why we add so much value. I'm looking forward to meeting as many members as possible at this market-leading event which takes place between 26-28 April in Brighton. I hope you will agree that this is one of the most exciting programmes yet. I would urge you to make time to attend if at all possible. There is nothing else like the BIBA Conference and the business benefits it brings are invaluable.

**Producing facts and figures
that matter**

I have referred previously to the lack of formal data available on the UK's broker and intermediary market. In my view, it is imperative that we know its scale and scope if we are to start communicating effectively with government. Too often, data on what brokers bring to the UK economy and the volume of business they control is lost within other figures on the insurance sector as a whole.

We have now outlined what we want this research to achieve and have appointed consultants to conduct this for us. The work will take several months, and once completed, should prove an effective tool in showing we are a sector to be reckoned with. I am confident this will be extremely useful for us as an organisation going forward.



There is nothing else like the BIBA Conference and the business benefits are invaluable.

Public affairs on the agenda

BIBA has recently appointed a new public relations agency, Fleishman Hillard. In addition to public relations, this firm will also, for the first time, handle our public affairs work, which will be a key emphasis for us in 2006. Over the years, BIBA has developed strong links with the national and trade press. Indeed, for many journalists writing about general insurance, BIBA and its in-house team of experts, is first port of call. We are committed to ensuring this continues, but we also need to communicate more with government, which is a further reason why the research I mention above is vital.


I have already expressed doubts about the validity of the investigation into the competitiveness of business insurance led by the EU Competition Commissioner. The industry now awaits details on the next stage, which we expect may involve an approach to members' firms. This type

of issue emphasises the need also to have a representation in Europe and to ensure we are talking to those who matter.

In this connection, we continue to work closely with BIPAR, the European Federation of Insurance Intermediaries.

PI protects

It is just over a year since we launched our professional indemnity initiative. Having had the opportunity to meet with underwriters, the Financial Services Authority, the Financial Ombudsman Scheme and the Financial Services Compensation Scheme, I am now even more convinced that we need to continue to develop this initiative. I believe there are many advantages to be achieved from this and by addressing such issues as policy wordings and risk management – two of the items next on our agenda.

 **Email Eric Galbraith at**
galbraithe@biba.org.uk

Make the pricing right

It's time to say enough is enough. If insurers continue writing business at such low rates, we risk the whole market being destabilised. The consequences for many brokers' clients and the economy are serious.

We survived one liability crisis, but at huge cost. Some capacity was withdrawn, rates shot up and it was reported that some businesses failed because they could not afford cover. The insurance industry's reputation was damaged and it wasn't easy for brokers either. Commercial clients need to be able to plan their outgoings through stable pricing.

Brokers know there is a difference between seeking value and just demanding the lowest quote. They have a significant role to play in educating clients.

I welcome competition, but new entrants looking to win market share must do more than just offer cheap rates. There is no such thing as a lucky underwriter! It's time to end the mixed messages. We're seeing cases of insurers' head offices saying they want pricing discipline, but at branch level pressure to meet sales targets is leading to irresponsible quotes. At Allianz Cornhill Commercial, we are turning business away rather than write business below the economic price.

In 2005, many insurers turned in reasonable profits helped by earnings from 2004, when rates were higher. This was helped by relatively favourable conditions, although the £200 million plus incurred arising from Buncefield was a warning that no one can be complacent.

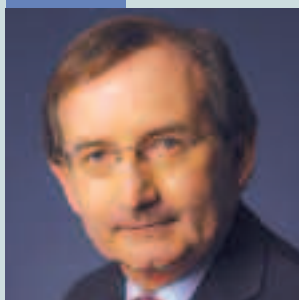
This year, reinsurance costs are going up, largely as a result of Hurricane Katrina and similar global events. In the UK, pressure on claims is building. How much do the Fire Brigade reforms contribute to this? A further cut in the discount rate on personal injury payouts will have a knock-on effect, as will the impending NHS reforms.

Some insurers are mortgaging the future for all of us. It's time to stop now.

Geoff Moylan is director, underwriting and operations, for Allianz Cornhill Commercial



Do you agree with Geoff? Let us know
– email editor Leighann Burtrand at
burtrandl@biba.org.uk



Geoff Moylan

BIBA plans launch of captivating PCC

BIBA is working closely with the Guernsey insurance industry to launch a protected cell company (PCC) initiative offering members a new and affordable solution for protecting clients.

A PCC is a limited company – and type of captive – used for self insurance in conjunction with risk management. Guernsey is highly experienced in providing these.

Each cell is separate, but overheads can be shared between the owners, which reduces costs and means small and medium-sized enterprises (SMEs) may be able to benefit from PCC cover.

Chief executive Eric Galbraith has met with representatives from the Guernsey Insurance Company Management Association (GICMA), Guernsey Finance – which promotes the island's financial services industry – and regulator the Guernsey Financial Services Commission.

Merise Wheatley, chairman of GICMA, said: "Some members may think captives are only for the large plcs and multinationals, but the PCC structure, which was pioneered in Guernsey in 1997, provides a captive insurance

vehicle for SMEs looking to extend their self insured retentions. This is in a formal, structured way but without the costs and management time associated with full captives."

Launch of the initiative is expected in 2006 and Ms Wheatley added: "Regional, as well as national brokers, will be able to add captive insurance to their toolbox."

Peter Niven, chief executive of Guernsey Finance commented: "Our meetings were hugely productive. Our next move will be to tell members about the plans. We are taking a stand at the BIBA Conference and are also planning presentations – we will probably tie these into BIBA master classes."

The venues for these are likely to be Birmingham, Bristol, Leeds, Manchester and Leicester.

Mr Galbraith said: "This is hugely exciting for members and I would urge them to attend the presentations and visit the Guernsey Finance stand at conference. We will be announcing dates of the presentations shortly."

GICMA and Guernsey Finance look forward to being able to present the captive and PCC concepts to BIBA members, with case studies, and to make members aware of the expertise available to them.



IMAGE: REX FEATURES

Welcome to the board

BIBA has strengthened its board with the appointment of three new members.

They are Patrick Smith, chief executive of Swinton Group, John McLaren-Stewart, chief executive of Alliance Corporate Risk Management and Peter Kelly, head of office at Marsh Belfast.

The new board members bring with them valuable experience that will boost BIBA's expertise.

Patrick Smith will chair a new BIBA focus group concentrating on market issues concerning personal lines business. John McLaren-Stewart will represent the BIBA Heart of England regional constituency. He replaces Clive King of C R King & Partners, who served the association for many years.

Peter Kelly runs the Belfast office of Marsh. Currently, he is chairman of the BIBA Northern Ireland region and also represents the Scotland region. His area of expertise is professional liability and directors' and officers' liability insurance.

Eric Galbraith, BIBA's chief executive, said: "We are delighted to welcome Swinton and Alliance Corporate Risk Management to the board. Patrick, John and Peter bring a wealth of market knowledge with them and I am certain they will prove to be very positive additions to our board. It's also great news that Swinton and Alliance Corporate Risk Management have joined as new members."

The appointments follow the formation of another focus group for large regional brokers, who are represented on the BIBA Board by Alec Finch.

Survey shows satisfaction is up

Brokers are more satisfied with the overall levels of service from insurers, according to the results from the 2005 BIBA Intermediary Satisfaction Survey.

Despite this, brokers are calling for greater underwriting flexibility. And, one way for an insurer to keep a broker happy is to provide them with a dedicated account manager. Brokers say this would encourage them to place more business with a company.

BIBA chief executive Eric Galbraith comments: "Improvements in the service brokers receive from insurers is good news, but neither brokers nor insurers should become complacent. There is a business opportunity for those who focus on service to stand out from the crowd."

Areas that need improvement are the speed of issue of policy documents and the accuracy of paperwork provided for

commercial lines brokers. Accuracy was seen as an increasingly important issue in the light of meeting FSA rules stated brokers.

Both commercial and personal lines brokers rate price and good value as the major factors when placing business and brokers will also look at the quality of service and the strength of their relationship with insurers when making decisions.

The survey also revealed that brokers predict a transformation in the way they transact business, expecting technology to play an increasingly important role.

Within two years the proportion of commercial lines brokers saying that they will be transacting 75 per cent or more of their business electronically will be more than double the number currently doing so.

The proportion of personal lines brokers saying that they will be transacting 75 per cent or more via electronic data interchange is 70 per cent, compared to just under half who do so now.

Some 44 per cent of commercial lines brokers plan to upgrade or buy new systems while 32 per cent of personal lines firms are also planning this.



BIBA supports Prince's Trust

BIBA is supporting The Prince's Trust, the charity for disadvantaged young people, through membership of a new initiative – the Insurance Leadership Group (ILG).

The ILG is a networking forum for leaders of the insurance industry, bringing members into contact with representatives from government, industry peers and potential customers. Among the topics on its agenda are problems young people can face when buying cover and creating better job prospects within insurance.

The ILG will meet at a range of events throughout the year and the subscriptions paid for

membership go directly to support young people in need.

The ILG's inaugural event, which was hosted by newsreader Kate Adie, was held in London and attended by BIBA's chief executive Eric Galbraith.

Mr Galbraith said: "The plan is to raise around £1 million from the insurance industry. From BIBA's perspective, I see benefits to members in terms of them being mentors, allowing their staff to take part in volunteering opportunities and helping create employment for young people throughout the UK."

He added that the Prince's Trust allowed its supporters to give practical support. "It helps young people overcome barriers to becoming productive members of society. This could be in mentoring

someone in a new venture, helping them gain work experience or perhaps just writing a first CV – this type of help can be enormously rewarding."

He said BIBA would forge links between its regional committees and local branches of the Prince's Trust.

The ILG is chaired by Steve Verrall, group chief executive of Sirius Financial Services.



Prince's Trust

MEMBERSHIP
MATTERS

I have spent limited time at home recently with so much going on around the regions.

While on my travels, I attended the BIBA Scottish Conference and spoke to many members about the challenges facing them in 2006. I came away with a very positive message that brokers and intermediaries are ready to face whatever issues and hurdles come their way.

Just prior to this, a successful BIBA Wales Day was held, with Peter Staddon, our head of technical services, attending from head office.

Next up was the BIBA Midlands Conference in February which had an excellent range of speakers and drew many local members.

What has struck me is the amount of member to member networking that is taking place right now. If you're not already doing so, you may want to check out what is going on in your region and get the events in your diary.

A key role for our ever-expanding team of regional executives is to

increase the amount of local activity and they are working closely with local committees to achieve this.

All the BIBA regions will be holding various professional and social functions during 2006 which will be publicised on the various regional websites at **www.biba.org.uk**.

And, while many of us will be attending the main BIBA Conference in Brighton, our improved programme of regional events is a fantastic way of keeping in contact with members, and importantly, taking advantage of training and other initiatives designed to help your business throughout the year.



Paul Garland
BIBA's membership manager

BIBA signs Bob Darwin

BIBA's strength in the West Midlands has been bolstered with the appointment of new regional executive Bob Darwin.

Bob is a former director of Jardine Lloyd Thompson's Birmingham office and a long-time BIBA supporter – he has 20 years' experience on the regional committee. "When I retired, I was delighted to be able to continue working for BIBA. I particularly enjoy being involved in education and training."

His role will also encompass providing support and advice for



members and helping organise events. "My message is that no matter how busy members are, it's really important to make the effort to attend committee meetings and events if we're all to get the most out of membership," he says.

Last year, Bob won the Francis Perkins award, a prize awarded to an individual who has given BIBA outstanding support.

Kicking off in Leeds

The Yorkshire and Northern region is launching a BIBA 'World Cup' five-a-side football competition being held this June in Leeds.

Regional executive Ian Raper says the aim is to have 16 teams, ideally made up from local member firms.

Once the teams are decided, a draw will take place, with each being given the name of a World Cup participating country.

Ian is being supported in organising the event by present regional chairman Tim Mortimer of Smart and Cook and former chairman Mark Elvin of Haxton Nichols Hutton.



A taste of Scottish Honey

Andrew Honey, the FSA's head of insurance, small firms division, told members they were adapting well to regulation at the recent BIBA Scotland Conference.

His talk focused on the benefits of electronic reporting which allows the FSA to conduct a virtual visit – meaning the broker could be spared the real thing. He said information on this facility was

available on the regulator's website.

The conference, held at Sterling University was BIBA's first in Scotland since 2002. Speakers included MSP Euan Robson and Professor Charles Munn, chief executive of the Chartered Institute of Bankers Scotland.

BIBA chief executive Eric Galbraith hosted the event, along with Lorraine Dillett, the BIBA Scotland chairman.

Regional executives – contacts

Yorkshire and Northern
Ian Raper
01274 209748
raperi@blueyonder.co.uk

Merseyside, West Cheshire, North Wales, Isle of Man and Greater Manchester
Bob Nicholls
07831 423628
nicholrobe@aol.com

Scotland
Clive Hurn
07836 609 960
clivehurn@btinternet.com

West of England
Barry Blakley
07766 235037 (mobile)
blakleyb@biba.org.uk

West Midlands
Bob Darwin
0121 3547760
bobdarwin@blueyonder.co.uk

Anglia
Jo Morgan
01638 565880
jo@memailtd.com

South East and Central
Diane Smyllie
01959 701793
smyllied@biba.org.uk

What made the news?

A round up of BIBA's recent press coverage

BIBA campaigns for better PPI deal

BIBA scored a publicity hit in the press with its campaign to secure a fairer deal for customers buying payment protection insurance (PPI). BIBA stated in a press release that single premiums should be outlawed and the industry should switch to monthly premiums.

The Independent on Sunday reported BIBA pointing out that banks, building societies and credit card companies generated some £5 billion in revenue for a product that was often poor value.

Insurance Times quoted BIBA chief executive Eric Galbraith. "We need to raise awareness so that the public realises that, like travel insurance, they can buy PPI elsewhere." BIBA said that brokers should take the opportunity of the FSA's crackdown on mis-selling to offer clients better value products than those available through mortgage lenders.

Meanwhile, in a letter to *Post Magazine*, broker Simon Burgess said: "BIBA is tackling the single premium issue by asking for it to be outlawed and it is working to shift the blame from our industry to the lenders who created this debacle."

The Independent Why there's no such thing as uninsurable

Graeme Trudgill, BIBA's technical services manager, explained that many insurers' attitudes towards ex-criminals can be short-sighted. "Insurance is about trust and good faith, so if you're a convicted criminal, most insurers won't want to take the risk with you," he says.

"These customers are often a really good risk because they're so happy to find someone to insure them, that when they get a policy, they're very careful."

BIBA is now offering cover for ex-criminals in conjunction with Bureau Insurance Services.

The Times Motor insurance problem solved

A motorist travelling through France and Italy for seven months was having problems finding an insurer that would provide cover for their car abroad for longer than 90 days. BIBA advised that the brokers can provide a policy for up to a year.



IMAGE: CORBIS

BIBA plans EU public affairs onslaught

Public relations and public affairs specialists Fleishman-Hillard have been selected by BIBA to boost its lobbying influence and connections.

Chief executive Eric Galbraith says: "We put a number of top agencies through their paces for a competitive pitch. Fleishman-Hillard impressed us because they have strong connections in Brussels and public affairs is a new area for us. It is crucial we fight for our members' interests within Europe as well as the UK."

He emphasised that BIBA will continue building strong media

relations with the national and specialist press in addition to developing a public affairs presence.

Key messages will include emphasising brokers' knowledge and high business principles, promoting the choice and value that using a broker can offer and re-enforcing BIBA's role as the pre-eminent trade association for the sector.

The account will be managed by Fleishman-Hillard director Julie Harris, alongside senior consultant Gavin Megaw.

Fleishman-Hillard replaces Citigate Dewe Rogerson.

PRESS BRIEFING

When the insurance industry faces a major loss, one of the first reactions from brokers and underwriters is to try to avoid the press.

"How much will it cost?" is one demanding question usually voiced by the media. "Who will be hit the most?" is another when the likes of the Buncefield explosion or a worse than expected hurricane season makes the headlines.

Most brokers will cautiously say it is simply too early to tell the extent of the damage, or instinctively move to protect their clients. Yet when a tragedy or major catastrophe occurs, intermediaries can still provide useful information.

Hacks, especially those on a daily national newspaper who face tight deadlines, are

under pressure from their editors to come up with quotes and facts. While most appreciate that it is often impossible to come up with an accurate figure the day after a big loss, they must still search for answers.

What brokers can do to help is to talk generally about an incident, even if they can not put a concrete number on the damage caused. Comments like "It looks to be one of the biggest natural disasters on record," will send a journalist cart-wheeling into their boss's office, as will statements such as: "It's very early days, but the hurricanes this year may well be worse than last year's."

The press is not out to trick or trap insurers or brokers, but looks to them for guidance.

Another way to get column inches is to look ahead. What will the impact be from events such as the Asian tsunami or a big earthquake? Perhaps rates could go up dramatically in certain lines of business, capacity could shrink or new exclusions introduced?

By helping a journalist in need, you can also gain a "friend" in the press.

Yvette Essen is a financial reporter on The Daily Telegraph



Yvette Essen



Queen Angelfish (*Holacanthus ciliaris*)

This beautiful Caribbean fish has three long fins and an angular body enabling it to turn quickly and manoeuvre between narrow gaps in the coral.

Nature favours those best adapted to their environment.

Environment doesn't create evolutionary change, rather it encourages those with the characteristics best suited to flourish within it.

At St. Paul Travelers we provide insurance and risk management services for industry sectors and professions that we know and fully understand.

St. Paul Travelers – your natural selection.



St. Paul Travelers Insurance Company Limited
St. Paul Travelers Syndicate Management Limited
St. Paul Travelers Professional Risks Limited

www.stpaultravelers.co.uk

St. Paul Travelers Insurance Company Limited and St. Paul Travelers Syndicate Management Limited are authorised and regulated by the Financial Services Authority.
St. Paul Travelers Professional Risks Limited is an appointed representative of St. Paul Travelers Insurance Company Limited.



Research has shown that insurance is perceived as boring.

Jane Bernstein

asks how more of the brightest and best can be encouraged into broking

Skills shortages continue to dog the insurance industry as a whole, and the broking sector is no exception. But despite long-standing recognition of the need to attract talented recruits, there remain significant barriers. Graduate recruitment, in particular, is still proving a challenge. So, how can brokers ensure their sector becomes a career choice for graduates as well as school leavers, rather than a job people fall into by chance?

There is undoubtedly a problem in the way insurance is perceived by undergraduates. Richard Verrall, head of the faculty of Actuarial Science at Cass Business School, believes awareness of the profession is still low among students. "I don't think they know much about it. I don't think the employers come in and speak to them about it and the general perception among students is that insurance is boring."

Friends or family

This is borne out by some worrying research from the Chartered Insurance Institute (CII), carried out in summer 2005 and championed by Cass Business School. Steve Wellard, the CII's director of communications explains: "What the research showed us is that 90 per cent of undergraduates said they would not consider a career in insurance." The reasons for this lack of interest are primarily centred on lack of intellectual stimulation, image and reputation, training, pay and job security.

The research also found that insurance ranked below accountancy, consultancy and banking in terms of awareness and

that insurance companies carried out the least number of presentations to graduates on campuses.

Robert Charles, director of the insurance division for recruitment consultants Joslin Rowe, maintains that there will always be a contingent of individuals who do choose insurance at a career entry level. "That may be because they have friends or family in the industry." He adds, however, that in reality, this is a small number and that, "not many of them have had much real exposure to the insurance industry".

Salary levels

Equally, it is likely that some brokers will be contacted directly by graduates looking for a job. However, Mr Charles warns that this may well be part of a blanket application to a range of corporate organisations, rather than a focused approach.

The industry's poor public image does seem to be the overriding issue, and more problematic than salary levels. "It is true that there is a general view that you can earn more by going into management consultancy but this is not necessarily true, and not necessarily in the long run," comments Mr Verrall, while Mr Charles adds: "There are some brokers who pay good entry level salaries."

Mr Charles believes not much has changed in recent years because little has been done to make a difference. He comments: "The market profile is no different this year to last year or the year before that – the industry has done nothing to promote itself as a viable arena in which to work."

However, 2006 may well be the year in

Grabbing t



which the tide begins to turn and there are encouraging signs on both an industry level and from individual brokers that recruitment strategies are developing to embrace new talent.

South Wales-based broker Thomas, Carroll is a case in point. The broker has implemented a graduate recruitment strategy that has allowed it to recruit one graduate a year for the last five years – and it has developed strong links with local universities in the process.

University links

Managing director Stuart Love explains: “We have close links with the University of Glamorgan and Cardiff University. We also advertise in the local paper.”

Thomas, Carroll’s work has certainly paid off and Mr Love says it has been, “bombarded with some fantastic candidates”. He adds: “The standard, especially this year, has been terrific. Last year, we picked up a first class honours degree student, who has been fast-tracked through to account executive.” Mr Love believes that the broker’s strong brand locally has helped and says the universities have been very receptive to its efforts to forge a relationship.

If perceptions among undergraduates are going to change, it will be important for more individual brokers to spend time developing these kinds of relationships with local business schools and

universities, in order to make students aware of the potential career opportunities. As Mr Verrall emphasises: “What brokers should be doing is making it clear that this is a fantastically attractive career, with interesting jobs.”

But efforts from brokers like Thomas, Carroll, need to be accompanied by industry-wide initiatives too. Mr Love explains: “We’ve got to do our bit locally to present an exciting, dynamic and vibrant company, but that’s got to be backed up by the industry leaders doing it nationally.”

Faculty of Insurance Broking

Again, there are some interesting developments in the pipeline this year. The CII has set up a cross-industry steering group to look at attracting and developing

“”

What brokers should be doing is making it clear that this is a fantastically attractive career, with interesting jobs.

talent, which will include input from its Faculty of Insurance Broking. There are plans to raise the profile of insurance and to put initiatives in place to tackle some of the major problems in terms of lack of understanding and awareness.

Of course, recruiting good people is not just about attracting university graduates but also looking at the wider talent available. As Mr Wellard observes: “It is about attracting people to your organisation

that are going to meet your needs. School leavers are equally important.”

However, attracting talent to the industry is only the first step, and in order to ensure recruits are retained, it is vital to offer a good level of training and development. Mr Love comments: “There is an expectation among our graduates that they are going to be kept interested and stimulated – and this is something we try and do for everyone. It is the old cliché of giving people five star treatment and expecting five star performance.” Again, Thomas, Carroll’s efforts have reaped rewards, and last year it took 16th place in *The Sunday Times* list of the best small and medium-sized enterprises to work for.

Part of the CII’s efforts involve helping sectors of the market with a graduate/school leaver training and development tool kit. This is currently being written for the broking sector and should be ready in time for the BIBA Conference.

A significant amount of time and

investment will be needed from brokers and from the wider insurance industry in order to tackle the stereotypes that still exist, and which continue to influence graduates. “There are a lot of exciting, successful people in this industry,” observes Mr Love.

The challenge is to get that message across and to publicise the training, development and opportunities available through a career in broking.

he graduates

IMAGE: GETTY



Smaller brokers need a sharp strategy if they are to triumph over nationals and super-provincials. **Liam Vaughan** spoke to those who have the competition sussed



Many brokers are feeling the heat. Competition is fierce both from rivals and insurers such as Norwich Union Direct attacking the small and medium-sized enterprise market. Added to this, Financial Services Authority regulation, introduced in January 2005, is costing the average firm thousands of pounds just to remain compliant.

And let's not forget perhaps the greatest threat of all – the seemingly insatiable appetite for acquisition and consolidation of the super-provincial and national brokers.

Yet, some medium and smaller independent firms continue to thrive as if oblivious to the shifting tides around them. These giant-killers are able to trade on their local name and reputation to win sizeable accounts over the nationals and super-provincials and can even use their diminutive size as an advantage.

According to Nigel Dyer of insurance marketing specialists Intelligent

Marketing: "Some brokers are sitting there desperately hoping that someone else out there will snap them up as the purchase of the century and for many, it's a case of don't hold your breath. But then, there's a new breed – technologically sound, customer-oriented, business people, cognisant of the competition, but seeking to beat them at their own game."

What this new breed recognises is that the larger brokers do not always provide the dedication and level of service that their clients require. The trick is making customers realise it.

Peter Warburton, director at Manchester-based Bridge Insurance, states: "Team restructuring, outsourcing of claims services, closure of offices – these are all obvious areas where the nationals can create service difficulties for their clients that strong regional brokers can exploit."

The following brokers are success stories who continue to punch above their weight in the battle for those lucrative contracts.

FM Green Insurance Brokers

Established: 1882

Staff: 42

Offices: Witney, Oxfordshire

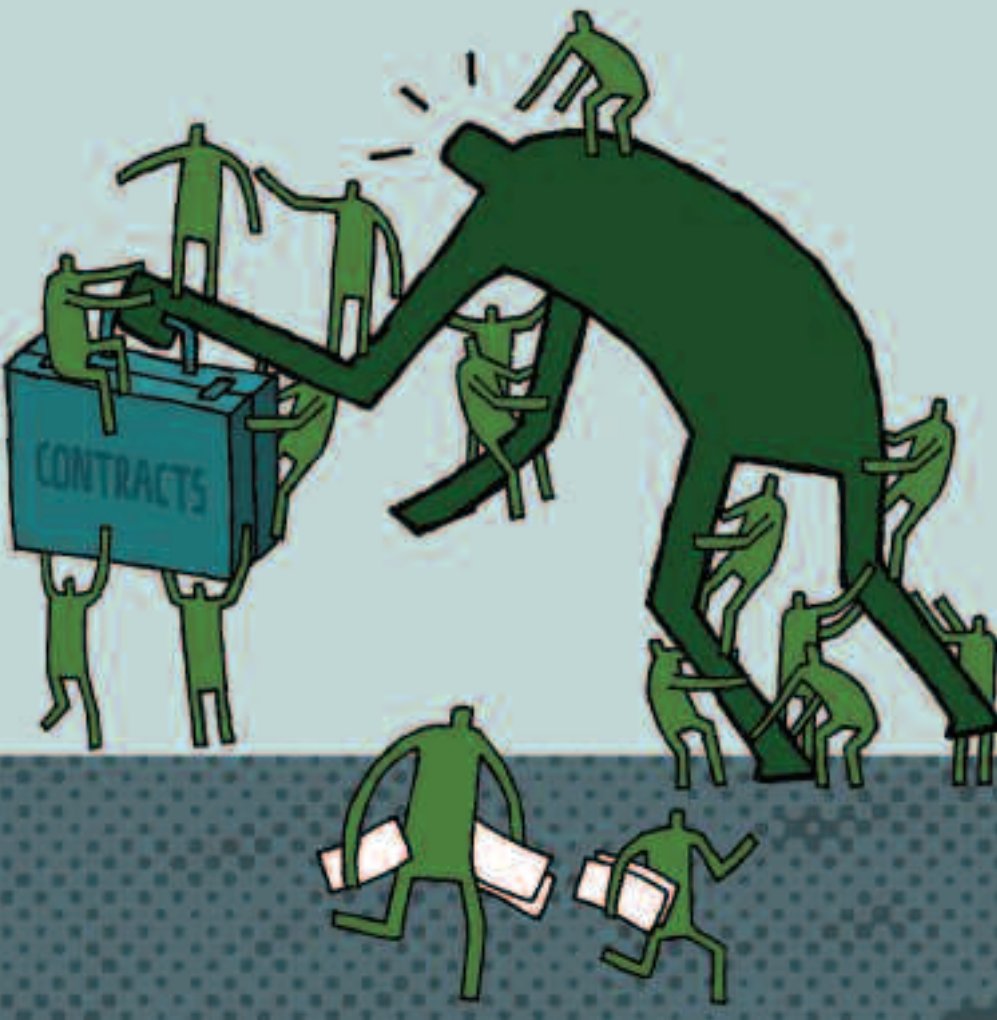
GWP transacted 2004: £16-17 million

Chief executive Ian Ritchens:

"FM Green's success in taking on some of the larger players can be put down to three things. First, we have a dedicated focus on, and understanding of, our key market – affinity groups. Second, we have built up the relationships and expertise to get insurers to tweak their policy wordings for us. And third, we always impose a strong risk management strategy to enable a company's poor claims experience to improve.

A good example is the Association of Vehicle Recovery Operators (AVRO), a scheme we poached from Marsh in 2000. With the help of the underwriters,

Why size need



St Paul Travelers, we have managed to build up a sizeable book of business having negotiated an exclusive policy wording for AVRO members. The contract can only be issued via FM Green, and I would expect the account to see strong growth in 2006.

The key skills required of a broker are the same – exclusive wordings for the affinity group involved, the ability to impose a working risk management programme alongside retro



A provincial broker can add value and not cost to the equation.

rebates to encourage fewer claims to be made. All of this makes for a unique, tailored offering for the client.

Our courier facility, underwritten by AXA, is another example of how a provincial broker can add value and not cost to the equation. Again, this is a policy with unique wordings to FM Green, which enables the complete package of motor, liability, and transit risks to be written under one premium. The product is marketed via courier associations, other brokers and the internet, thus capturing as many distribution channels as possible.

FM Green has 11 sales staff on the road covering the UK from Glasgow in the north down to Ross-on-Wye in the west and across to Thurrock in the east. This flexible and unusual model enables us to be able to offer a fast, efficient service and means that a sales executive is never too far away to see that new client who needs urgent help."

Dickson Insurance

Established: 1986

Staff: 17

Offices: Watford, Hertfordshire

GWP transacted 2004: £9 million

Chief executive, Paul Dickson:

"In the second quarter of 2005, we successfully tendered for a large privately-owned group of companies that owns and manages hotels, ski slopes and motor dealerships, among other businesses. The company had a turnover of around £85 million and employs close to 600 people. We acquired the account from a super-provincial broker.

We had tendered before, but unsuccessfully, and we won the account in part by learning from our past mistakes. We worked to position ourselves so that if we did win, we'd be more competitive or in the same price range as the holding brokers. The key lesson we learned from our earlier failed efforts and from our experience generally was to give ourselves, and the client, sufficient time to carry out a proper review.

Paradoxically, though price is always the overwhelming deciding factor, you rule yourself out of contention immediately if you fail to deliver a professional report to companies in this important and lucrative sector. Conversely, delivering a first class analysis of a company's requirements with a 'way out' premium, makes you look good on theory but poor on commercial nous. Clients look for both, with about-right pricing signalling good commercial skills.

The importance of planning and allowing adequate time for the job cannot be overstated. In this case, we set out an internal agenda and another which we agreed with the client. The internal one included client relationship objectives. We persuaded the client to allow us to carry out risk management visits which, while sometimes difficult to do, were helped by us pointing out to the client that these reports would be owned by them. We asked how many insurance survey reports they had in



A higher fee can signal a better service.

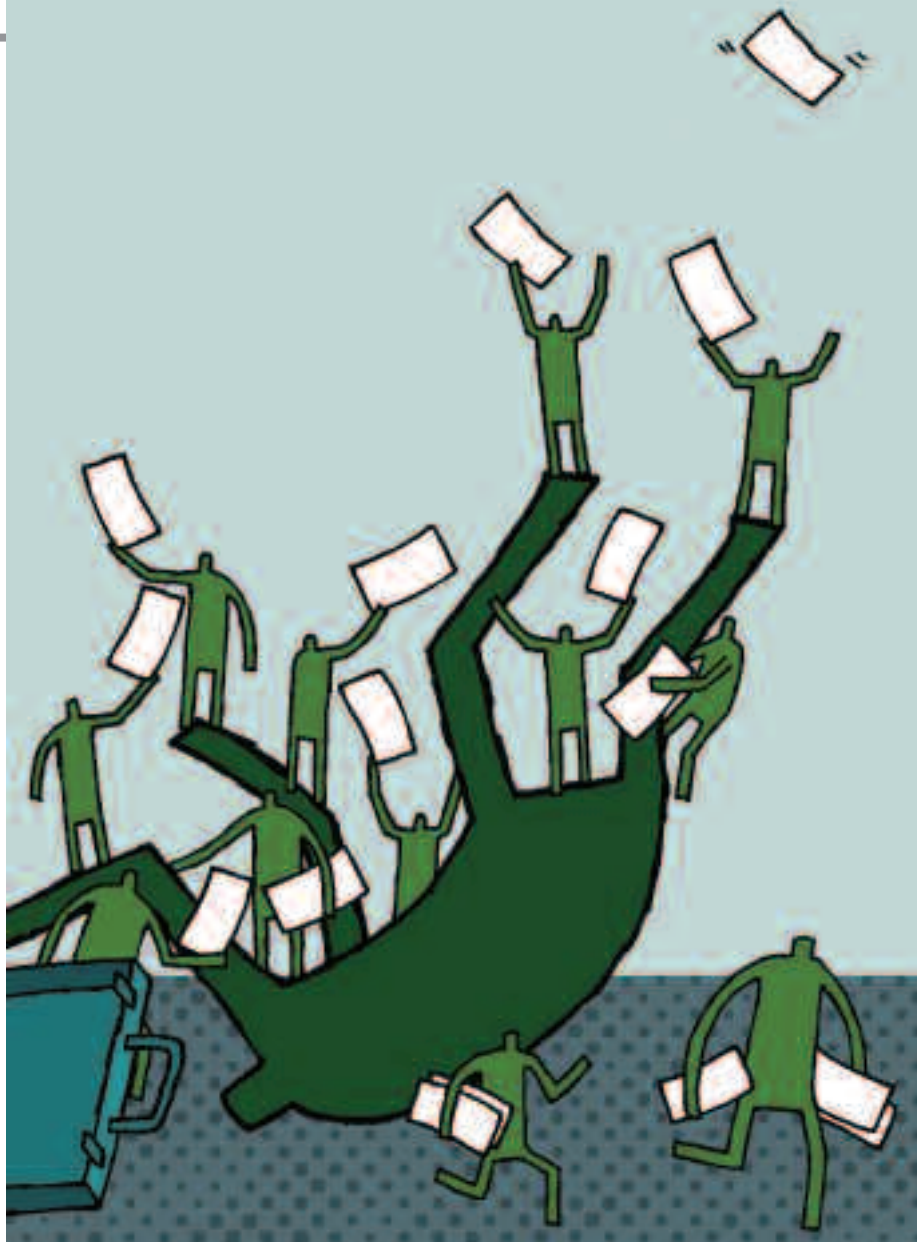
not matter



their possession, knowing the answer would be none. We commissioned third-party experts to carry out the surveys at a cost borne by us, a fact we relayed to the client – never underestimate the value of such a gift! And, we used the lead-in time to get to know the client better, and introduced other staff from our business to reinforce this.

Our final presentation comprised three reports: quotes, survey documents with helpful plans and risk control proposals, and a draft register. We did not and do not criticise the competition and we don't believe either that being big or small is relevant – there are well played arguments for both. Two components though, must be present, whether you're a national or smaller independent broker. The first is competence – technical skills, enterprise resources and most importantly, an active business network. The second is relevant visibility with this market's leading insurers. If you don't have a reputation for working in the commercial sector, you won't be taken seriously.

Cases of this size are nearly all fee-based. If you're confident you can get the premium right, we pitch a higher fee than our competitors. If the client likes you, they're much more likely to negotiate on the fee and in this case you may end up with a higher fee than the old broker because they see added-value in some part of the way you've dealt with them. A higher fee can actually signal a better service, and frankly, in my view, that's not too difficult to demonstrate in our world."



IMAGES: TIM ELLIS

Hart Owens Group

Established: 1990

Staff: 27

Offices: Sheffield

GWP transacted 2004: £10 million

Managing director, Tina Hart:

"We work hard to really get under the skin of our clients. If a broker does not know his clients' business, he cannot begin to consider how best to protect it. It has been known for us to be on supermarket delivery lorries at 4.30 am to see at first hand the reason behind a spate of 'goods in transit' claims.

Our relationships with our clients, insurers and others, such as loss adjusters and solicitors, are all built on the same open, honest – sometimes brutally honest – basis. We are not afraid of our clients and will always tell it like it

is. Putting spin on something, whether a presentation to insurers or the possible outcome of a claim to a client, will serve no-one in the end. If a case has a bad claims experience because no one has explained to the client how not to have a bad claims experience, we present the risk to insurers, warts and all.

Even though we work very hard with our clients to try to prevent things going wrong, there will inevitably be claims. This is our business – it is not an

add-on service, or an inconvenience. It is where we demonstrate to our clients what they have been paying for.

I guess the difference is in the delivery. And as a smaller, independent broker, we can deliver. We do not have to put in requisitions for services from another part of the business. We do not have to worry about internal invoicing. We are flexible, knowledgeable and quick to act. We can do what others only talk about.

One notable example was where we took the account of the UK subsidiary of a US-based heavy engineering firm from a major international broker. The key element of that appointment was our promise to provide a level of service that had been lacking for some time, and to work as if they were part of our own management team with responsibility for all our insurance issues."



We can do what others only talk about.



expect the unexpected



Regional brokers develop and understand their client's business through relationships, knowledge and service. Towergate Professional Indemnity employs the same principles as a regional professional indemnity specialist.

As part of the Towergate Partnership we benefit from the leverage and underwriting services of the UK's largest independent broker.

BIBA have rightly identified PI as an area where particular diligence is currently required by our profession. Our objective is to establish close working relationships with regional brokers - to work with you in addressing these issues and ensuring that your "safety net" remains intact at all times.



Call 0161 831 3222

and speak to Alan Eyre, Richard Gledhill or Jonathan Sharrock for further details.

 **towergate professional indemnity**

Towergate Professional Indemnity, The Tower, Deva Centre
Trinity Way, Salford, Manchester, M3 7FT

www.towergateprofessionalindemnity.co.uk

STAND OUT FROM THE CROWD

Insurance for **Private/Public Hire MPVs** has many faces, but our MPV insurance cover stands out from the crowd. We know exactly what Private/Public Hire operators and drivers need and have a tailor made solution for them, including:

- Bespoke cover for 6-8 seat Private/Public Hire MPVs
- Consistent, competitive pricing for all postcodes
- UK based Claims Management and Helpline
- Fast documentation turnaround

Optional extras:

- Accident and Breakdown Recovery provided by the AA
- ULR provided by DAS

Immediate quotations given over the phone. Plus, our customers get direct access to UK based decision makers who return calls.

Call now with enquiries **08706 01 01 27** or to find out more about our Next Generation of motor products check out the MBP web site www.mbp.uk.com



mbp



Tel: 08706 01 01 27 **Fax:** 08706 01 01 28 **E-mail:** info@mbp.uk.com **Web:** www.mbp.uk.com

MBP is part of QBE European Operations, a division of QBE Insurance Group. Authorised and regulated by the Financial Services Authority.

REF: TB-MPV1



successful

{THE **PC** EFFECT}

We process nearly £3 Billion of premium for over 3,000 brokers and insurers, including the Lloyd's market. But it's more than this that makes Premium Credit the leading premium finance provider in the UK and Europe.

It's the **PC Effect** - pure and simple. Focussed, committed and successful.


These values help us deliver competitive, flexible and market-leading solutions, supported by award-winning service and cutting-edge technology and distribution.

*Find out how you can benefit from the **PC Effect**.*



| Tel: 01372 746670
| Email: marketing@pcl.co.uk
| Web: www.premiumcredit.co.uk





Calmer waters for marine?

Competition has taken the wind out of the London market's sails. But, **Marcus Alcock** finds there are signs of recovery ahead

Marine insurance has always been at the heart of the London market, and in terms of concentration of talent, the Square Mile continues to offer an impressive package. Yet despite this, there can be no shying away from the fact that London's share of the global marine insurance market has declined in recent years.

Whereas once it would have been inconceivable to think of the London market as anything other than the natural home for all class of marine risks, nowadays it is competing in one of the most competitive insurance arenas of all. This is so much so that London now only has a 21 per cent share of global premium, with Scandinavian and Asian markets continuing aggressively to grab what they can.

Soft market

Yet despite the fact that London's share of the overall marine pie has dwindled, there are a number of reasons for underwriters and brokers to be cheerful in 2006. One is the continued efforts of Maritime London, which continues to promote the capital's excellence in this arena. Recent work includes presentations to the Shanghai Shipping Exchange; international conferences on the issues facing shipping in the Baltic region and the role of London as a maritime centre; and putting together a business team to support the Lord Mayor's trip to Norshipping in Oslo. Another reason, however, may seem quite perverse: the likelihood that rates this year across all classes are not going to improve significantly.

Why be so jubilant with such a soft market? Precisely because London underwriters, with years of experience behind them, do not want to write at levels that some overseas competitors seem content to do and face the prospect of a combined ratio that would send shivers down the spine.

As one London market broker

The importance of London's renowned marine expertise has been underlined by the recent sinking of chemical tanker ECE



IMAGES: REX FEATURES



comments: "Yes, London doesn't have the share of business it once did, but you have to ask yourself the question, with hull rates being what they are, does it really want to? Syndicates just aren't prepared to play that game any more, and who can blame them – they've been around the block."

While the old established marine insurers in London may well not want to write at suicidal rates, it seems that there are still, despite a decade of losses for the beleaguered class that is hull, people out there who are prepared to enter the market. Such attitudes, keeping capacity levels high, are not helping rating levels. And prices are hardly likely to improve dramatically in 2006, according to broker Aon.

Rates

In its latest report into the sector, Marine Insurance Market Review 2005, Aon presents a realistic assessment of where rates are likely to head next year – and the news is mixed. According to the report, cargo rates might improve, depending on what happens with regard to cargo treaty reinsurance.

One area that could finally bring some cheer, it suggests, is hull, which could see capital – discontented with poor returns in recent years – shift to other more profitable areas. Combined with the effect of reinsurance prices in the wake of Hurricane Katrina, this could lead to a much better year – and one where London could really benefit.

Indeed, underwriters will be seeking to cement long term relationships with ship owners that show commitment to risk.

As the report states: "Ship owners now have the choice between lower security ratings from some global markets with competitive premiums or the strong security ratings of the London market giving the confidence of valid claims being paid. Hopefully, clients will steer towards quality security, recognising London's renowned marine expertise. Indeed, underwriters will be seeking to cement long term relationships with ship owners that show commitment to risk management programmes."

Of course, one of the worries connected with any upturn in rates is that, as with similar stages in the cycle of yesteryear, any recovery might be short-lived as a result of new entrants.

Such a concern is voiced by David Taylor, special adviser to the International Underwriting Association: "This is what happens when the market looks like strengthening – new people come in and you suffer rate reductions." Or, as one observer puts it: "It's just avarice. People think the market is strengthening and say to themselves 'we'll get in on it'. Whether they understand it or not is another issue."

According to Mr Taylor, Aon's optimistic assessment of the hull sector is justified. "Marine hull is expecting more

stability and perhaps some strengthening of rates this year," he comments. "The shipping industry itself has had a wonderful run and rates didn't rise during that period."

Discipline

Rates aside, he says that the London marine market can look forward to a fairly progressive year, especially with regard to claims: "The marine market in particular is paying attention to claims processes and procedures, trying to evolve the claims process. So we now have the Dublin Marine Claims conferences which have run successfully for the past two years – which is an example of how claims is a real issue."

The London market can also be thankful for the achievements of the Lloyd's Franchise Board, which has helped to achieve underwriting discipline in the market, according to Nigel Roberts, chairman of Specialty at Aon. Combined with the greater transparency that is being introduced into the business in the wake of Spitzer, he suggests that this all bodes well for the future good health of the sector. Whether this will aid the determination of many in the London market to finally effect a decent turnaround in rating fortunes remains to be seen, however.



Visit FirstCity at BIBA 2006
Stand A11

Accredited Professional Indemnity Insurance Broker to BIBA



FirstCity is pleased to offer BIBA members an exclusive Professional Indemnity scheme which offers highly competitive policy cover and benefits.

Policy cover

- FSA approved wording
- Damages awarded by Ombudsman
- Excess not applicable to defence cost
- Fidelity cover

Service

- Independent risk management
- Free claims helpline
- Free compliance helpline
- Competitive premium finance rates

For more information please contact:
Richard Bowdidge on +44 (0)20 7410 4894
richard.bowdidge@firstcity.com
or visit our website at www.firstcity.com

FirstCity



PROFESSIONAL INDEMNITY INSURANCE



Alexander Forbes
PROFESSIONS

THE BIBA PI SCHEME DESIGNED EXCLUSIVELY FOR MEMBERS

As one of the independent leaders in the Professional Indemnity market we have the relationships, determination and innovation to aim to provide the best possible deal for our clients. We see it as part of our job to anticipate future changes and develop new solutions that offer our clients real competitive advantage.

An appointed and accredited broker to BIBA Members for over 20 years, this is reflected in our dedicated Professional Indemnity team, who have a wealth of talent and experience in their corner.

The Alexander Forbes Professions team would be delighted to answer any questions you may have relating to your professional indemnity insurance, or the placement for your clients, at our stand (D31/D36), at the 2006 BIBA Conference in Brighton.

Alternatively please contact:
Brian Boehmer 020 7933 2083
Neelay Patel 020 7933 2558



Or visit our website: www.afprofessions.com/BIBA

B I B A

Alexander Forbes Professions is a Division of Alexander Forbes Risk Services Limited. Authorised and Regulated by the Financial Services Authority. A Lloyd's Broker.



Keeping

London

Alderman David Brewer took office last November and for a year will live in splendour with his family in the Mansion House, a landmark building built in 1753.

He has staff, servants and a hectic schedule. But, he gives the impression of being relaxed in his sumptuous office, an oasis in the heart of the City.

Alderman Brewer is approachable and hugely enthusiastic about his role, saying he has an enduring passion for the history of the City and never forgets the sense of continuity in being mayor. The first was Henry Fitz-Ailwyn in 1189 and the most famous, Dick Whittington, held office three times.

He says he never tires of attending functions and meetings which begin early in the morning until late at night. He is someone who has the ability to mix with people at all levels and from all nationalities, and over the years he has clearly developed a sharp business sense. He travels with delegates of leading business people and as he says, "a key part of my role is to open doors for those who need to make the right contacts".

Ambassador

The Lord Mayor's main role is an ambassador, promoting the Square Mile as the world's leading financial and business centre. Although there is "plenty of dressing up", as he puts it, the role is far from being purely ceremonial.

He is also only too happy to talk about insurance, and knows more than most about the subject, since he is an FCII. He says the people skills he has developed were largely developed through the experience he gained as a broker.

David Brewer began his career in 1959, when he joined Sedgwick Collins. "It wasn't planned. I had been thinking of studying medicine, but had a gap year. I knew the company had a good name, but had not planned to work there long term."

He was thrown into the world of marine claims, where he gained a technical grounding and understanding of the Lloyd's market, specialising in the Far East. Soon he was travelling regularly to China, Japan and India and had switched to broking. "It was good training. You learn

Alderman **David Brewer** is the 678th Lord Mayor of the City of London – and a former broker. He tells **Rachel Gordon** why his background stands him in good stead



on in front

to cope with travelling extensively and to meet people from all over the world. I really enjoyed working with clients.” Sedgwick later became Marsh, a move which he says was essential to ensure the business became truly global.

Technology

It is clear he continues to carry a torch for insurance. “Banking and investment grab more of the headlines and are seen as more interesting – and the impression is it’s all about big bonuses. Yet, insurance is a bigger earner for the UK.”

But he is critical of parts of the industry, notably that insurance lags behind banking in technology. “There is still too much paper and at Lloyd’s the whole issue with Kinnect and how efficiency is going to be improved needs to be sorted out.”

He is in favour of talented individuals



I manage to keep several things on the go at once, but it’s the way I’ve always worked and of course I enjoy it.

moving around the financial services industry and is a big admirer of Marsh chief executive Bruce Carnegie-Brown who came from a banking background, and of Lloyd’s chairman Lord Levene, a former Lord Mayor himself. “It used to be that people joined Lloyd’s and stayed there, but it’s healthy that someone like Peter Levene, who enjoyed a long and varied career in business, government and banking, should be working here.”

Alderman Brewer regards regulation as a double-edged sword. “On the one hand, I know many from abroad respect the Financial Services Authority. In fact, they often want to arrange meetings at Canary

Wharf to find out more. But we don’t want too much pressure from Brussels. This could prompt more companies to look offshore. Excessive regulation is of concern and you only need to look at the impact of Sarbanes Oxley for example on banking – the costs have been onerous.”

His interest in the City was sparked by a friend who was a liveryman of the Worshipful Company of Merchant Taylors. He later stood for the Court of the Common Council, the City of London’s main decision-making body.

His roles have included being a magistrate, chairman of the City branch of the Institute of Directors and chairman of the Great Britain-China Centre. He has longstanding links with livery companies, including the Worshipful Company of Merchant Taylors, and is a court member of the Worshipful Company of Insurers. Beyond this, he has extensive voluntary and charitable involvement including being chairman of the City branch of the Royal National Lifeboat Institution and vice president of the British Red Cross Society (City Sector).

Appointments

All these roles have been conducted around his highly-pressurised full-time job. “Marsh has always been excellent at allowing me to do other things. In some ways, holding appointments outside can often be complementary to work. I’ve been known as ‘Two-Brains Brewer’ as I manage to keep several things on the go at once, but it’s the way I’ve always worked and of course, I enjoy it.”

This year will also see him working hard to raise funds for the Lord Mayor’s Appeal 2006, the Treloar Trust, a charity that helps physically disabled young people. The charity was founded by another Lord Mayor of the City of London, Sir William Treloar who held the role in 1906.

Alderman Brewer concludes he won’t be bored once his tenure as Lord Mayor ends and explains there is another role he is anticipating with relish.

In September, he will become president of the Insurance Institute of London. “Next year will be the centenary year and I’m really looking forward to taking over.”

From Lloyd’s to the Mansion House

David Brewer CMG

Born: 1940

Family: Wife Tessa, two daughters

Education: St Paul’s School, University of Grenoble

Interests: Music, gold, paronomasia (the study of word play or puns)

Career:

1959: Sedgwick Collins

1985: Director, Sumitomo Marine & Fire Insurance Co

1993: Chairman of Sedgwick Insurance and Risk Management Consultants (China)

1994: Chairman, Sedgwick Japan

1998: Senior Consultant, Asia,

2000: Consultant, Marsh, Asia-Pacific Region

2005: Non-executive director, London Asia Capital

Appointments:

1979: Justice of the Peace

1991: Honorary treasurer and board member, China-Britain Business Council

1992: Member of the Court of Common Council

1996: Alderman of the City of London

1999: Chairman (City branch) Institute of Directors

2002: Sheriff of the City of London

2004: Honorary Master of the Bench, Gray’s Inn

2004: Vice president, The Great Britain – China Centre

2005: Deputy president, Insurance Institute of London



IMAGES: CORPORATION OF LONDON

Founded in 1912, the Insurance Institute of London was established to ensure “the cultivation of knowledge and information in all matters relating to the various branches of insurance”. Its new president will certainly bring with him valuable experience to ensure it continues to flourish.

...making the difference will be held at the Hilton Brighton Metropole from 26-28 April 2006. **Leighann Burtrand** explains why it takes a large team over nine months to plan the industry's biggest annual event



BIBA rocks Brighton

The BIBA Conference and Exhibition has grown substantially over the past five years, with more delegates and more exhibitors in each successive year. But, with growth in size comes the responsibility to create a truly memorable event continually evolving to exceed brokers' expectations.

Issues

Managing this responsibility for BIBA is Lindsay Campbell, who has been leading the organising team since Edinburgh in 2000.

She explains some of the issues facing the team following each year's event: "One of the key decisions we have to make well in advance of the conference will be where to hold future events. Unfortunately there are very few conference venues which can take an exhibition the size of ours as well as offer a 1,000 seat auditorium and two further break-out spaces. We also need plenty of good quality local hotel accommodation and a variety of social venues."

Planning is everything and with a very

strong conference market in the UK, she says BIBA has to make decisions quite a few years in advance. "We are actually working on possible venues as far ahead as 2012 and taking out options on those centres which can offer us some flexibility for future growth."

Theme

Once the city has been decided, work can start on the theme. "Developing the theme and logo for the next event is the first stage in the conference planning process. I'd love to be able to say that the theme comes to me in a flash of inspiration, but the reality is much more boring!"

She comments that most of the staff at BIBA House are involved and the team tries to forecast the issues which may be topical or relevant in nine months time. "Out of these meetings a few ideas are followed up and turned into graphic concepts. Then we'll take a decision and once we're happy with the 'look' this will be followed through on everything to do with that year's event."

... making the difference was chosen as



the theme for the 2006 conference, to reflect the challenges the intermediary channel faces and as an expression of the determination felt by brokers to demonstrate the real benefits of using an independent expert.

The theme then helps determine the make-up of the speaker programme, the next stage in the planning process. "With the conference programme, we try hard to meet the requirements of our delegates, who tell us that we must have a number of informative and directly relevant seminars as well as a number of more general interest subjects. We try to provide speakers who are not only experts in their field but also a few who can bring in their experiences from other industries and other cultures."

This year these will include Allan Pease, Ken Hames and Dan Germain (see the seminar programme for details). "And we try to get some of the best plenary speakers around to address the conference. We're delighted to be welcoming Lord Coe, Alastair Campbell and Joe Simpson to Brighton."

Social events

At the same time as the conference programme is being finalised, the social events are



There are very few conference venues which can take an exhibition the size of ours.

being planned. "We have to book the venues for the Chairman's dinner and the two conference evenings at the same time as the conference centre. Recently, we have developed the Thursday evening function into an informal night for brokers and exhibitors. It's proved very popular in the last few years. Then, of course, we have the Gala Banquet to organise – in 2006, as in previous years, sponsored by AXA."

In Brighton, the Thursday evening sees acclaimed ABBA tribute band Björn Again



The seminar programme – be informed

The seminar programme covers a huge range of topics and last year we strengthened it by introducing a further three sessions on the first conference day. We know from delegate feedback that this proved extremely popular, which is why we are continuing this for 2006. Take time to study the programme and you'll find topics both of a specific and more general nature. Some of the highlights include:

Industry topics

- **business interruption – dealing with the threat posed by a CBRN attack**
- **HNW and corporate expatriates – their changing requirements**
- **contract certainty and binding authority – a panel discussion**
- **China and India – threats or opportunities?**
- **fraud – reasons why it's also a broker problem**
- **growing your brokerage organically.**

General topics

- **session from Australian author Allan Pease on body language and communication skills**
- **improving the performance of broker teams through health management**
- **leadership masterclass from expedition leader Ken Hames**
- **building a brand on a tiny budget – case study from Innocent Drinks.**



For full details of the conference programme, the complete list of exhibitors and all the social options, simply log onto the conference website at www.biba.org.uk Delegates can also book conference places online.

booked to entertain at the Corn Exchange and the cast of the West End musical *The Rat Pack – Live from Las Vegas* booked for the Gala Banquet at the Grand Hotel. "These really are great opportunities to network, entertain or simply to let your hair down, so if you haven't been along before, I'd really recommend you give them a try!"

Marketing

One of the most time consuming parts of the organisation is the management of the exhibition and meeting the needs of the conference sponsors. The exhibition has shown the biggest growth of any part of the event. Some years ago most of the exhibition space was taken up by underwriters, while now it's a market for anyone whose business is involved in supplying the broking world. "I can remember at my first conference in Edinburgh we probably had 40 stands. This year we're looking at 120 plus.

Most encouragingly, those exhibitors who come every year are taking bigger spaces, so making the show even stronger. Brokers tell us that one of the main reasons for coming to the BIBA event is to network and the exhibition is just the place to do that."

So, what plans does Lindsay have for further conference development?

"We really want to ensure that the event progresses, especially in delegate numbers. To do that, we have to we build the best conference programme possible. And with the support of our conference sponsors and exhibitors we can retain the excellent value for money attendance cost and even look to expand the numbers who qualify for complimentary entrance. We want every broker and intermediary in the UK to have the chance to come along and see how valuable the BIBA Conference can be to their businesses."

Leighann Burtrand is editor of the broker and BIBA's communications co-ordinator



The conference programme

Wednesday 26 April

18:00 – 20:30 Opening Reception for all delegates and partners at Hilton Brighton Metropole

Registration and exhibition opens

Thursday 27 April

08:30 Registration and exhibition opens

09:30 Welcome
Max Taylor, Chairman, BIBA

09:45 Opening Address
Eric Galbraith, Chief Executive, BIBA

10:00 – 10:55 *London 2012. How we won and where do we go from here?*
Lord Sebastian Coe KBE

11:00 – 11:45 Refreshment break

11:50 – 12:40 Seminar Session 1

Stream 1

An explosion of claims
Harry Roberts, Director, Technical & Product Assurance, Cunningham Lindsey

Stream 2

Organic growth. How to spend £100k and generate £100k
Andy Heap, Managing Director, Ignition NBS

12:45 – 14:00 Lunch

Stream 3

The changing face of expatriate assignments

Keith Biddlestone, Managing Director, BUPA International

Future Broker Session

Making marketing work for your brokerage

Oscar Holmes, Learning & Development Consultant, Royal & SunAlliance

14:10 – 15:00 Seminar Session 2

Stream 1

Insurance brokers – binding authority and contract certainty

A panel discussion to explore the legal position affecting brokers

Chairman: Hugh Price, Partner and Director of Insurance, Hugh James Solicitors.

Stream 2

Communicating for results

Allan Pease

Stream 3

Energy & Vitality – the link between 'Health' & 'Performance'

Clive Pinder, Managing Director, vielife

15:15 – 16:00 Refreshment break

16:10 – 17:00 Seminar Session 3

Stream 1

China and India – threat or opportunity?

James Sutherland, Head,

Development and Operations, Lloyd's

Stream 2

A leadership masterclass

Ken Hames

Stream 3

Revolutionise your customer experience

Colin Shaw, Founding Partner, Beyond Philosophy

Friday 28 April

08:45 Exhibition opens

09:30 Welcome back
Eric Galbraith

09:35 – 10:20 *Crisis. What crisis?*
Alastair Campbell

10:25 – 11:15 Seminar Session 4

Stream 1

Fraud. Not simply an insurers' problem

Mihir Pandya, Claims Fraud Manager, Allianz Cornhill and

John Beadle, Counter Fraud Manager, Royal & SunAlliance

Stream 2

Building a brand on a tiny budget

Dan Germain, innocent drinks

11:20 – 11:50 Refreshment break

11:55 – 12:45 *Touching the Void*
Joe Simpson

12:45 Conference close
Max Taylor

13:00 – 14:30 Lunch in exhibition halls
14:30 Exhibition closes

FREIGHT & TRANSPORT SPECIALIST

Come and see us at the BIBA Conference 2006

Launching
MOTORRISK - BIBA
our new BIBA Scheme

01638 608065 du@thedavisgroup.co.uk www.thedavisgroup.co.uk

Davis Underwriting Ltd is a Limited and regulated by the Financial Services Authority and a subsidiary of The Davis Group plc.

DAVIS UNDERWRITING



2006

2006

Insurecom

ROADSHOW

2006

THE FUTURE OF BROKING

NOW SHOWING AT

MANCHESTER
CHESTER
BIRMINGHAM
SHEFFIELD
NOTTINGHAM
BRIGHTON
PETERBOROUGH
IPSWICH

NORWICH
LONDON
HARLOW
YORK
BRADFORD
SOUTHAMPTON
PLYMOUTH
GUILDFORD
BRIDGWATER

BRIDGEND
CHELTENHAM
ASHFORD
OXFORD
DARTFORD
GLASGOW
EDINBURGH
NEWCASTLE

BOOK NOW: INSURECOM.CO.UK





Step up to the high life...

We'll help you take high net worth insurance in your stride with our Executive Home insurance policy.

With Executive Home, the sky's the limit. And you'll find no better guide to the high life than Sterling, the leading HNW household provider for professional brokers and intermediaries in the UK.



Go places with Sterling...

Executive Home High Net Worth Team T: 01303 856300 F: 01303 259464
Agency Team T: 01708 777900 F: 01708 777948
Sterling Westbourne House Cooling Lane Folkestone Kent CT20 3RZ
E: info@sterlinginsurancegroup.com
www.sterlinginsurancegroup.com



STERLING
looking after tomorrow



Brokers will find the launch of four schemes, including an enhanced holiday travel scheme, a welcome addition to their portfolios, reports **Graeme Trudgill**

Now arriving at BIBA

There are four new additions to the BIBA stable.

Let's look first at the Non-Standard Property Household Insurance scheme. It may surprise some that 800,000 people were convicted of crimes in 2004. Additionally, flood-damaged and susceptible properties are often declined cover by insurers. It is important that the broker community can provide a solution for these risks and we believe this will become an invaluable tool for them.

Household cover outside of the norm

Following feedback from members, we found an increasing need to place risks that do not fit the standard requirements for household insurance. The Non-Standard Property Household Insurance scheme offers cover for properties that have suffered flood, subsidence or have occupants with criminal convictions.

The scheme provides members with the ability to source cover for three of the hardest to place non-standard property insurances and is provided by Bureau Insurance Services. It includes the following key benefits:

- availability in Northern Ireland, Scotland, Wales, Channel Isles and Isle of Wight
- no minimum levels of support

- majority of flood zone properties accepted
- competitive commissions.

Chris Jordan, managing director of Bureau Insurance Services, says: "We're delighted to be able to offer these important products to BIBA members. This is a £1 billion market in total. Some 400,000 houses have been underpinned in the UK, and at an average of £800 per risk that amounts to over £300 million."

► **Contact Chris Jordan on 01424 220 110 or chris@bureauinsure.co.uk**

On the road with MotorRisk – BIBA

We are also launching a new commercial motor haulage and light goods vehicle scheme that promises to be a winner.

MotorRisk – BIBA has been developed by Davis Underwriting and gives brokers a quick and competitive solution to



Some 400,000 houses have been underpinned in the UK, and at an average of £800 per risk that amounts to over £300 million.

BIBA's schemes: the full range

- 1 Accident, Sickness and Unemployment
- 2 BIBAlet
- 3 Business Travel
- 4 Commercial Combined
- 5 Credit Insurance and Bonds
- 6 Cyber-Liability
- 7 Electronic Marine Cargo
- 8 Excess Liability
- 9 Haulage and LGV Insurance
- 10 High Net Worth
- 11 Home
- 12 Loss Recovery Insurance
- 13 Marine Cargo
- 14 Motor
- 15 Non Standard Property
- 16 Personal Accident
- 17 Travel
- 18 Unoccupied Properties
- 19 Vehicle Data Check
- 20 Web Based Directors and Officers

BIBA facilities

- 21 Broker Continuity Planning
- 22 Contract Law Services
- 23 Data Protection
- 24 Financial Compliance Support
- 25 Healthcheck
- 26 Insurer Security Services
- 27 Members' Own PI Insurance
- 28 Personal Lines Administration
- 29 Premium Finance
- 30 Risk Management
- 31 Telecoms
- 32 Conflict Investigation Service



providing cover for one to six large commercial vehicles, including haulage vehicles or any number of skip-carrying or light goods vehicles.

BIBA selected Davis Underwriting, part of The Davis Group, because of its expertise across the transport industries. It is a long-established member of BIBA offering a quality underwriting service, as well as providing brokers with the ideal way to compete for haulage and transportation business.

MotorRisk – BIBA enables brokers to place risks easily, with direct access to knowledgeable underwriters, familiar with the demands and needs of your haulage and transport clients. Staff appreciate the variations that can arise whether insuring tippers, transporters or a client with multi-trailers. In the real world, many people who leave a haulage firm to set up on their own may not have any bonus in their own right.

The MotorRisk – BIBA scheme can offer up to 40 per cent introductory bonus to new ventures and will take an excellent driving experience into account, rather than penalising a client for being a new venture.

Kevin Hancock, group managing director and chairman of BIBA for the Anglian Region, comments: "We offer brokers extensive cover, competitive premiums and a genuine desire to trade. Our goal is to work with brokers to help us both win business."

Contact Kevin Hancock on
01638 608 060 or
kevin.hancock@thedavisgroup.com

Travelling right

The successful BIBA Holiday Travel Insurance Scheme has now moved to Arch Insurance Company and offers



We offer brokers extensive cover, competitive premiums and a genuine desire to trade.

Advising the experts

It is a year since BIBA launched its professional indemnity scheme, which we provide with three expert brokers – Alexander Forbes, First City and Towergate. A key advantage is the advice on offer, but are all brokers ready to admit this is something that could benefit them?

Brokers pride themselves on their ability to advise their clients well. They assist them in preparing a claim, expertly deal with insurers' objections and encourage swift payment.

The relationship with underwriters allows brokers to achieve results that a client could not secure alone.

But why should brokers place their own professional indemnity insurance? Often someone from the outside can see things a lot more clearly.

Brokers know from experience how much their independent

key enhancements, including:

- a new medical screening company able to accept impaired medical conditions
- increased age limit for single trip to 80 years and annual multi-trip to 70 years
- terrorism cover provided under the medical expenses, personal accident and personal baggage sections.
- increased limit for personal baggage to £2,000, single article and valuables to £400 and cash to £500
- lower rates for hazardous sports and more included as standard
- improved internet quotation and web site that can be customised for the broker.

The scheme offers single trip and annual multi-trip policies, both with winter sports extensions. It is competitively priced and contains features not commonly available in one policy.

And finally...

We are also just putting the finishing touches to another new facility – Broker Continuity Planning. This will be supplied in conjunction with Business Continuity Planning who will provide hosting systems and office space for brokers hit by disaster. We'll provide full details in the next issue of *the broker*.

Graeme Trudgill is BIBA's technical services manager

expertise helps clients. The "weight of the account", the "seen it before" and "you did this last time" repertoire of tactics that form the backbone of the experienced broker are the very essence of the value of their role and value.

If the chips are down for you as a broker and you want the best deal from a professional indemnity insurer that barely knows you, do you really believe you are your own best advocate?

So if you are a broker who is tottering on the brink of being convinced, speak to one of our specialist accredited professional indemnity brokers and let them convince you of their value.

Further details available in BIBA's PI Initiative document



You look after your clients, and we will look after you

At Towergate Partnership, it's quality of service blended with unrivalled underwriting expertise that gives our intermediary partners real differentiation.

At the forthcoming BIBA conference Towergate Partnership representatives will be on hand to demonstrate our featured range of comprehensive and user friendly BIBA schemes -

- *Credit Risk Solutions*
- *Professional Indemnity*
- *Individual PA - specifically designed for regional brokers*
- *and, by popular demand, our BIBA Commercial Combined product.*

Newly showcased this year to members at BIBA 2006 is our bespoke business continuity and recovery service specifically for brokers. Launched in recognition of the fact that 80% of SMEs never recover from a physical disaster, the BCP Seamless service is a real way to assist your FSA compliance and therefore your business assets by providing fully cabled and equipped office space immediately, costed on a per seat basis.



 **towergate**
partnership

Join us for refreshments on stand no. A14 to discover how we can help you retain clients and win new business.

Towergate Partnership, Registered in England No. 4043759
Registered Address: Towergate House, 2 County Gate,
Staceys Street, Maidstone, Kent ME14 1ST



R.L. DAVISON

The independent Wholesale Lloyd's Broker

Specialists in placing –

**Motor Fleet ♦ Contractors Liability ♦ Commercial Property
Combined Liability ♦ Goods in Transit**

Generous Commission Levels

*We are an independent wholesale broker with facilities with all Lloyd's and London Market Insurers.
We have been dealing successfully with many commercial brokers around the UK for over 30 years, and are renowned for our service and professionalism.*

Contact –

Motor New Business

Kate Burnett

020 7816 1229

Email

kate@rldavison.co.uk

Non-Motor New Business

Ryan Saveall

020 7816 1217

Email

ryan@rldavison.co.uk

For more information call us or visit our website at www.rldavison.co.uk

R.L.Davison & Co Ltd, Bury House, 31 Bury Street, London, EC3A 5AH

Tel: 0207 816 9876 Fax: 0207 816 9880 email enquiries@rldavison.co.uk

Authorised and regulated by the Financial Services Authority



In each issue of *the broker*, we provide a round up of the latest information to help brokers run their firms more effectively

Stand by for new fire regulations

The Regulatory Reform (Fire Safety) Order (RRFSO) becomes law later this year, affecting all UK businesses and organisations.

"This is the largest single reform of fire safety legislation in over 30 years. Failure to comply could lead to prosecution with penalties including fines and/or imprisonment," warns Chris Pearce, marketing director of fire safety consultants, Fireco.

In some cases fire insurance could be invalidated or premiums increased if a history of faulty maintenance or of negligent fire risk assessment procedures are disclosed.

The main emphasis of the changes is a move towards fire prevention, with building fire safety being solely risk assessment led. Fire certificates will no longer be valid.

Where there is more than one person in a business or activity, a 'responsible person'

for each place of business will be required to carry out a fire risk assessment and take steps to reduce or remove the risk.

If five or more persons are employed, the fire risk assessment must be documented.

A fire risk assessment will have to take into consideration the effect a fire may have on anyone in or around the premises. There will be a requirement for employers to implement measures to remove or reduce risks on an ongoing basis, and to keep a copy of the fire risk assessment and regularly review it.

Fireco offer a range of options including on-site training and a fire risk assessment service, including off-site database recording and maintenance of all findings using the National Risk Assessment Register. Fireco are fire safety consultants to major national institutions, such as the National Care Association (NCA).



Stamp out phone pests at work

Brokers who are fed up with unsolicited marketing calls should register with the Corporate Telephone Preference Service (CTPS).

According to Scott Flower, manager for Preference Services Direct Marketing: "Poorly targeted telemarketing is just as annoying in the office as it is in the home, but telemarketers contacting companies must now be careful they do not contact those registered on the CTPS. The telephone is a powerful

marketing tool, but it has to be used responsibly."

Companies contacting all types of businesses need to screen against both the consumer Telephone Preference Service (TPS) and CTPS.

The TPS and the CTPS are managed by the Telephone Preference Service Limited (TPSL), a subsidiary company of the Direct Marketing Association, under a contract with regulator Ofcom.

It is free to register and takes 28 days for the registration to

become fully effective.

Beyond this, Mr Flower says further services can be purchased from Preference Services, including internet interrogation, call barring and premium rate checking services. Details of these are available at the website: www.tpsonline.org.uk

He adds that larger companies who need continually updated data, there is the option of taking an annual contract which gives access to the TPS/CTPS web-based download services.



Solutions to stress

Many brokers would argue that running their businesses can be highly pressurised, but according to AXA PPP healthcare, a little stress does you good.

"It's been shown that some stressful events, such as public speaking or coping with a crisis, actually strengthen the immune system. But, persistent pressure can cause widescale damage to psychological and physical health," says Paul Moulton,

director of corporate sales.

For those who are finding stress is affecting their work and health, Mr Moulton says a range of stress busting strategies may be required. "Taking time out isn't self-indulgent, it's self-preserving."

His tips include "getting off the communications rollercoaster" which means turning off a mobile and leaving the laptop at work, at least a couple of evenings a week. "Saying you are not contactable on holiday is also important and just going away once a year is not enough. Allocate time, at least once a week, to do something you enjoy."

He also recommends doing at least 20 minutes of aerobic exercise three times a week. A good diet, particularly one that is rich in B vitamins, meditation and massage are other ways of keeping a lid on pressure.

What is stress?

Marsh Risk Consulting's definition of stress is: "The negative and unpleasant condition that occurs when a person perceives that they are unable to meet the demands and pressures placed upon them, and which may be associated with a range of ill health effects, both psychological and physiological." The company recommends that managers should be educated to identify the root causes of stress as well as the symptoms.

Are you stressed?

Stress symptoms include:

- pounding heart
- headaches
- sweaty palms/cold hands
- stomach upsets
- shortness of breath/holding breath
- insomnia
- fatigue
- tight stomach
- mood swings
- irritability
- loss of sense of humour
- hostile/abrasive attitude
- easily tearful or emotional
- forgetfulness
- disorganisation
- inability to think straight
- negative self perception.

LEGALLATEST

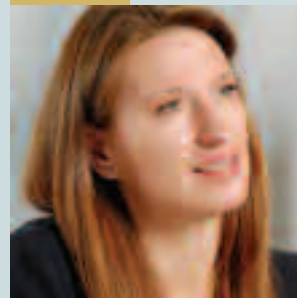
'Family friendly' proposals in the Work and Families Bill, currently before Parliament and expected to come into force in April 2007, will introduce a number of employment law changes which broking firms will need to grapple with.

Maternity leave is to be extended to 12 months for all female employees and the period of statutory maternity pay is also to be extended to nine months – and to 12 months by 2010.

More 'employer friendly' reforms include "keeping in touch" days whereby women can work for a limited number of days during their pay period, and clarification that reasonable contact is permitted with employees during maternity leave.

The most controversial proposal will

allow working mothers to transfer part of their rights to maternity leave and pay to fathers, after the first six months. If the mother returns to work, then the father will be entitled to a maximum of six months 'unused' leave, in the form of additional paternity leave. Any unused entitlement to statutory



Cath Thorpe

maternity pay will also transfer.

The law will also extend the right to request flexible working to carers of adults. Though, who is to qualify as a 'carer' for these purposes remains to be determined.

Employers are likely to be more concerned with the extent to which the rights are taken up than with the detail on the statute book. Fears about the ability of businesses to keep roles open and absorb the impact of leave are understandable. While take-up by fathers is likely to be lower than feared, especially as the current statutory pay is only £106 per week, it may be that employers will be put under pressure to offer fathers enhanced paternity pay benefits.

Many employers are already keen to recognise the pressures of modern life, but will want legislation to strike a balance between their rights and the needs of their employees. It is worth noting that the UK already has family-friendly policies, compared to some other European countries. For example, the length of maternity leave in the EU is 14 weeks, yet in the UK we offer more than 24. In both France and Germany it is limited to 16 weeks. If these proposed changes do come in, we will also have one of the longest periods of statutory paternity leave.

With further consultation planned, important detail to be set out in regulations and the government promising comprehensive guidance, the message must be to watch this space.

Cath Thorpe is a partner in the employment team at City law firm, Reynolds Porter Chamberlain



IMAGE: DIGITAL VISION

Take the challenge

Kirsty Gordon puts brokers through their paces with these sample questions from the broker ASSESS system

With the FSA turning its attention towards training and competence, firms need to ensure their programmes for staff are up to date and relevant.

Brokers need to show that they can measure and review the competence of their staff and the ideal tool for this is broker ASSESS.

The broker ASSESS product is proving to be one of the most popular competence assessment tools in the intermediary sector, with over 13,000 licences having been sold. Through broker-specific case studies and assessments, broker ASSESS provides an objective measure of employees' knowledge and understanding.

It identifies gaps for learning purposes so that compliance with training and competence requirements can be continuously reviewed and maintained. The system also provides a robust management information system for record keeping purposes.

The following are a few examples – based on motor and property – of the competency assessment questions within broker ASSESS. Why not take a few moments now to test yourself?

Kirsty Gordon is BIBA's membership and broker ASSESS co-ordinator

Broker ASSESS – test yourself

Q1 What is the primary function of the Motor Insurers Bureau (MIB)?

- A** To operate a central fund from which it can compensate innocent victims of road accidents
- B** To ensure that UK motorists are properly insured when travelling abroad
- C** To ensure the interests of UK motor insurers are represented in their dealings with the government
- D** To operate a Green Card system

Q2 Which of the options below must be included as part of the minimum requirement of cover under a motor policy issue in the UK?

- A** Indemnity to a passenger in the insured car who causes an accident
- B** Payment of emergency treatment fees arising from an accident
- C** Unlimited cover for third-party property damage
- D** The cost of defending an action for careless or dangerous driving

Q3 Which of the statements below describes a feature of cover under the

ABI recommended Fire and Special Perils Policy?

- A** Subsidence damage is normally subject to a £200 policy excess
- B** Aircraft damage cover includes damage caused by sonic bangs
- C** Cover in respect of flood damage is granted only in conjunction with storm damage cover
- D** Damage caused by sprinkler leakage is included as part of the "escape of water from any tank, apparatus, or pipe" extension

Q4 What is the normal indemnity period for a business interruption policy?

- A** 6 months
- B** 12 months
- C** 18 months
- D** 24 months

Q5 Which of the options below is an example of cost that would NOT need to be insured under the business interruption policy for a manufacturing concern?

- A** Office staff salaries
- B** Accountant's fees
- C** Raw materials costs
- D** Additional operating costs

Q6 What is normally the main premium rating factor for a large fleet motor risk?

- A** Area of use
- B** Vehicle values
- C** Driver experience
- D** Past claims experience

Q7 Ignoring any new for old replacement for new vehicles, the basis of total loss settlement for a motor trader's own vehicles would be what?

- A** Based on what was paid for the vehicle
- B** Based on what was allowed as a part exchange
- C** Based on the Glass's trade price
- D** Based on the Glass's guide retail price

Broker ASSESS answers

Q1-A; Q2-B; Q3-C; Q4-B; Q5-C; Q6-D; Q7-D



HSB ENGINEERING INSURANCE LIMITED

HSB **Haughton**
ENGINEERING INSURANCE SERVICES LIMITED

HSB **IQ**

HSB **health&safety**

HSB *Access*

e. **xpress**



www.hsbeil.com

The complete engineering partnership

HSB Engineering Insurance Limited is authorised and regulated by the Financial Services Authority (No. 202738)
Inspection and Consultancy Services are provided by HSB Haughton Engineering Insurance Services Limited



On the right road?

Hugh Price steers a path through the Road Traffic Act, which can be problematic when it comes to definitions

Over the years, the consideration of the meaning of 'a road' has exercised the minds of many eminent lawyers and judges.

This is certainly something I have given a great deal of thought to. And, for this article, I am grateful for the expert advice of Jack Brownhill, who is director of World Motor Insurance Consultancy, and for the extensive input of the BIBA motor committee.

One of the earliest references to the problem dates back to a 1932 Scottish decision (*Harrison v Hill*) which prompted one of the Law Lords to comment: "Any road may be regarded as a road to which the public have access upon which members of the public are to be found who had not had obtained access by either overcoming a physical obstruction or in defence of prohibition, express or implied."

Subsequent leading cases have concluded that to define a road, consideration has to be given as to whether or not the public have access.

Examples of cases where the definition has been extended include:

- supermarket car park
- caravan park
- hotel forecourt
- airport departure lounge.

However, the issue was examined fairly recently in considerable detail by the House of Lords when dealing with two related appeals: *Clarke v General Accident* and *Cutter v Eagle Star* [1998].

It was asked to decide whether first, a car park at the rear of shops and second, a multi-storey car park amounted to a road.

One of the cases involved an uninsured driver and so questioned whether the MIB was liable to compensate (*Clarke*), while the other was a negligence claim against an absentee driver where the (claimant) passenger suffered injury when the vehicle in which she was sitting caught fire owing to leakage of lighter fuel (*Cutter*).

In both cases, it was crucial for the claimants to establish that the car park amounted to a road. Naturally, the Law Lords considered all relevant earlier authorities and concluded that in neither case could the car park be construed as a road.

Public places

Since these decisions were made, the statutory requirement for compulsory vehicle insurance has altered, so that now vehicles must be insured for use on a road or other public place (Section 143 Road Traffic Act 1988 as amended by the Motor Vehicles (Compulsory Insurance) Regulations 2000), no doubt prompted from pressure by the EU to regulate the law for all member states.

An unusual case (decided before *Clarke* and *Cutter*) involved the use of a baggage cart where a driver was convicted of a motoring offence while driving the cart in the departure lounge of a major UK airport.

The court decided that 'or other public

place' included the departure lounge. At the time of the House of Lords decision, the 1988 Act did not contain the wording 'or other public place', (hence the apparent anomaly).

I can understand how this decision – that an airport departure lounge is a public place – might raise a few eyebrows, but the fact is that provided a member of the public has an aircraft boarding card, then they are entitled to be in the departure lounge. It is therefore a public place to which members of the public have access.





IMAGE: NEIL WEBB

A better starting point is to define what does not amount to a road for the purposes of the need for compulsory insurance. The simple answer is private land to which the public does not ordinarily have access. Even this definition is open to argument and so I will take two examples to illustrate where some caution needs to be exercised.

Secure areas

The first is a secure holding area for vehicles awaiting repair and the second is a golf course.

Provided the secure holding area is properly fenced off – it should be for security purposes – and is not used as a car park to which the public, in this context including customers, has access, then in my opinion moving a vehicle within the secure area does not amount to using the vehicle on a road or other public place.

If there is any doubt as to the public access point, then the secure area should be separated from the public access area.

Additional caution needs to be exercised here because if the vehicle is

inadvertently taken out of that secure area – such as onto a forecourt – then the need for compulsory insurance remains. It is vitally important that any employee in these circumstances is fully aware of what is and what is not permissible within the law. Even vehicles being moved to an area immediately outside the secure area will need to be insured.

Golf buggies

Ordinarily a golf course would amount to private land, but there is a strong argument for saying that if members of the public are ‘invited’ onto the land then the land could amount to a ‘road or other public place’ for the purposes of the 1988 Act. Normally this should not present difficulties, as all cars will be insured for using the road to access the club driveway or car park.

However, what about golf buggies? I have seen reasonably young children driving buggies on my own golf course. I am unaware of any precedent on this point, but the baggage cart in the airport departure lounge is not a million miles away from this scenario. I suggest that a golf buggy is not ‘a



If there is any doubt as to the public access point, then the secure area should be separated from the public access area.

vehicle’ for the purposes of the Act as it is not adapted for use on public roads.

Using or permitting the use of a golf buggy – as a result of which injury is caused – should be covered by any public liability insurance for the driver and/or golf club. Perhaps in the not too distant future an insurer will argue the point.

Plainly it is of the utmost importance that full instructions are taken from the clients as to the nature of their business and the purpose to which vehicles are used. It is important that the maximum cover is in place.

Motor and motor trade road risk policies should cover all areas where a public liability policy might apply. Public liability and premises risk motor trade policies ordinarily exclude Road Traffic Act situations, save for some minor contingent circumstances. Public liability underwriters are rarely prepared to become involved in motor claim cases. If you are in any doubt, then legal advice should be obtained.

Hugh Price is director of insurance and a partner at Hugh James Solicitors



Do you have
a commercial
client who has
had liability for
their claim
denied?

Edwin Coe has been successfully
pursuing disputed insurance
claims for more than 25 years.

Contact us to arrange a **FREE**
review of your client's claim,
without obligation.

Call us on:

020 7691 4000

(please dial 011 44 20 7691 4000)

or e-mail:

michael.whitton@edwincoe.com
christopher.berry@edwincoe.com

**Specialists in Claimant
Insurance Litigation**

Edwin Coe

2 Stone Buildings,
Lincoln's Inn,
London WC2A 3TH
www.edwincoe.com

LAW FIRM



**bonds - guarantees
commercial surety**

- Fast-track for bonds and guarantees
- Quick decisions
- Commercially realistic pricing
- Cash collateral not normally required
- Support from a professional team
- Helpful approach
- Assistance in problem solving
- Flexibility
- Difficult bond and guarantee conditions considered

A Life-line

in Modern Business ...



Head Office:
Suite 14A, 75 High Street,
Chislehurst, Kent.
BR7 5AG. UK.
Telephone: 020 8295 2666
Fax: 020 8295 2665

E-mail: mark@chj-suretybonds.com
www.chj-suretybonds.com

BIBA PARTNERS



Authorised and Regulated by the Financial Services Authority. Member of the International Guarantors Association. Designed and produced by IDMA wwp.com



The importance of fairness

Because TCF is not a written list of rules, brokers need to provide their own interpretations. **Steve White** provides guidance

Good regulation should be seen as a way of business life and go beyond just abiding by the rules. Nowhere is this more apparent than in the Financial Services Authority's Treating Customers Fairly (TCF) principles.

TCF is known as principles-based regulation. This means that brokers have a free rein in making it work for them – but they need to provide evidence, as necessary, to the regulator that their strategy works. And, because TCF is not formally prescribed, it does not mean they can simply ignore it and hope for the best.

When conducting arrow visits, FSA inspectors want to see that firms have a clear understanding of what TCF means and, specifically, how it has been embedded in their business. Indeed, in the words of the FSA, TCF should be “reflected in a

firm's strategy, operations and culture”.

If they have not formally done so, brokers should write their own TCF policy as it applies to their firm. It does not have to be excessively long or wordy. The FSA has stated that firms should determine for themselves if they are meeting their



Explaining what TCF means is the responsibility of senior managers.

obligations and are not expected to produce vast amounts of evidence to support this.

Gap analysis

It makes sense to carry out a gap analysis to find out what areas of the business could result in unfair treatment of customers – how clear is literature, for example? After the analysis has been completed, any shortcomings should then be addressed.

The policy should detail what systems and controls are in place and explain the complaints procedure. But, no one should be complacent if they receive few complaints. It is estimated that only one in 20 dissatisfied customers will bother to complain officially.

Assessment

Explaining what TCF means is the responsibility of senior managers within a firm, but all employees should understand what is expected.

Before formulating a TCF policy, I would also strongly recommend that brokers go to the BIBA website and read the document given on the link at the end of this article. This is an FSA training document that shows what types of TCF issues are likely to be investigated as part of an arrow assessment. It covers the main areas where TCF is applicable, giving key risks, potential indicators and supplies typical questions that the FSA would ask when visiting a firm. These areas are:

- the role of senior management
- product design and governance
- marketing and promotion
- sales and advice
- after sales service and claims
- complaints handling
- culture and reward
- strategic change
- relationships with product providers, intermediaries and third parties
- management information.

Steve White is BIBA's head of compliance and training

The FSA document can be found at: <http://www.fsa.gov.uk/pages/Doing/Regulated/tcf/pdf/examples.pdf>

AT A CROSSROADS WITH YOUR FLEET INSURANCE?

When it comes to **small fleet** enquiries MBP's experts know the way. Left for renewals and right for new business. There's no hanging about!

We offer a flexible product delivered at a consistent, competitive market price. Contact us direct for an immediate response.

www.mbp.uk.com
info@mbp.uk.com



Submit your presentations today by faxing 01785 785 375 or call 08706 01 01 27





IMAGE: DICK BOGIE

A considered response

Our technical team is on hand to answer your queries

The long and short of record keeping

Q: We are reviewing our record keeping. How long should we keep files, once archived?

As well as the Financial Services Authority (FSA) requirement of three years' retention, there is the question of Statute of Limitations of three, six and 12 years and also Lloyd's requirements, although we are not a Lloyd's broker. We have a lot of motor business – are there any additional Road Traffic Act implications?

A: The short answer is that the need to retain documents depends on the nature and type of the cover involved. In the case of *Grace v Leslie & Godwin Financial* (1995), brokers were unable to locate documents, in

particular placing slips, which identified the relevant insurers in respect of losses occurring under policies written on the 1950s – but claims manifested in the early 1980s. The judge concluded the broker was in breach of its contractual duty by failing to retain policy documents.

Lloyd's brokers have retention obligations under Byelaw 5 of 1988, which requires them to retain documents such as contracts, slips, policy wording and endorsements for 15 or 80 years, depending on the type of insurance and claims position. It would be prudent to visit the requirement for further details.

You will need to consider the type of cover. For motor purposes, a five-year period should suffice – there is a three-year limitation for injury claims.

But, even this does not cover every eventuality, as minors have until 21 years of age to bring a claim.

In the case of motor insurance, it would be sensible to retain a client portfolio, microfiched perhaps, giving details of the insurers and policy number. Insurers have duties to retain documents too.

As for other covers, the broker will have to consider the type of cover involved and the risk of subsequent 'late' claims. For example, an all-risk contractor policy should be retained for at least 25 years. Any potential 'long tail' claims, such as environmental or pollution exposure, should be kept for 80 years.

Scanning the documents and retaining them electronically is acceptable.

The clear need for transparency

Q: Has the FSA changed its position on the disclosure of commission to commercial customers?

A: The FSA has raised the issue of commission disclosure in relation to commercial customers in the 'Dear CEO' letter on Conflicts of Interest, issued in November 2005.

It is concerned that some firms do not adequately recognise the potential conflict that arises when an intermediary acts as the agent of its customer but is remunerated by the product provider.

Clearly, the furore surrounding the allegations made in the US in 2004 by Elliott Spitzer has forced both firms and regulatory authorities in the world's major financial markets to look again at practices and regulatory controls. Undoubtedly the FSA has come under pressure from market forces and HM Treasury to ensure that the UK market is doing all it can to prevent such conflicts from going unmanaged.

The 'Dear CEO' letter can be interpreted as a clear signal from the regulator that it wants to see a greater degree of transparency when dealing with commercial customers.

BIBA continues to discuss the issues around conflicts and remuneration with the FSA and reminds members that this is a matter that should be taken seriously.

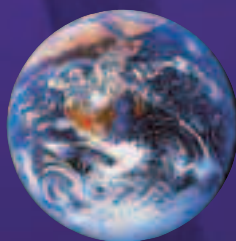
BIBA is considering an option to put before the FSA that where members deal with commercial customers, they insert a wording into their TOBAs, under the heading 'Remuneration', which reminds customers of their entitlement, at any time, to request information on the commission received. The exact wording of this is being considered.

Email questions to:
Regulation questions:
whites@biba.org.uk
Technical questions:
staddonp@biba.org.uk /
trudgillg@biba.org.uk
Visit the BIBA website for further guidance.



insurance solutions from London Market Insurance Brokers Limited

London Market Insurance Brokers Limited is committed to providing innovative, bespoke risk solutions to meet your needs with the highest levels of service. We offer the ability to place Marine Cargo and General Non Marine insurance of all types of risk in the Lloyds and Companies Market. Our efficient broking services give you the peace of mind that comes with dealing with a Lloyds Broker.



www.lmib.co.uk



THE AXA

"There's far
less to-ing
and fro-ing"

PLAN.

AXA Business Risk

Business insurance at the speed of a mouse

AXA Business Risk (ABR) is the quick and easy way to arrange your clients' business cover. In most cases you can finalise the cover right there and then when you are with your client. ABR also removes the headache

of having to wait for policy documentation; details are produced instantly at your desk. Happy client, quick meeting, everything sorted. To find out more, visit www.imarket.co.uk.



INSURANCE

INVESTMENTS

PENSIONS

HEALTHCARE

Be Life Confident

AXA ABR has a range of full cover products available. For details of the range of products available to you and your customers contact your usual AXA representative. AXA Insurance UK plc. Registered in England No 20758. Registered Office: 110 Cheapside, London EC2N 2DL. A member of the AXA Group of Companies. AXA Insurance UK plc is authorised and regulated by the Financial Services Authority in order to maintain a quality service. Insurance rates may be modified or rescinded. AXA Business Insurance is available through ABR. Work under ABR is only available to intermediaries performing mediation services in the United Kingdom in relation to insurance risks located in the United Kingdom. It is made by and sign ABR. Terms of Business Agreement and be authorised by the Financial Services Authority. Access to and use of the ABR website is subject to the ABR Terms and Conditions or ABR Binding Underwriting Authority Agreement and the ABR user guide.

