Spring 2007 Issue 28 the magazine of the British Insurance Brokers' Association

the broker

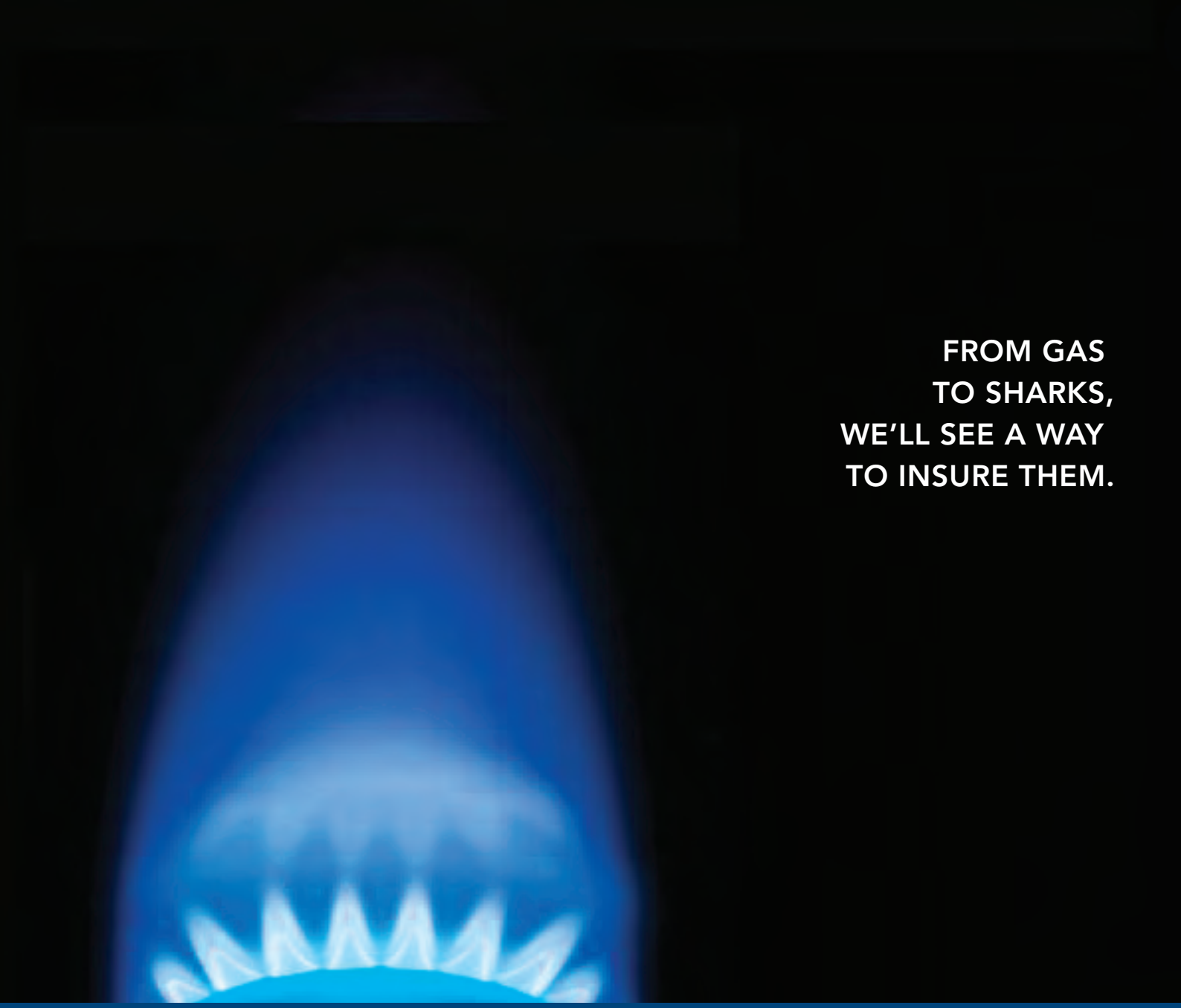
The ratings game: how insurers' solvency is assessed

We've figured it out: BIBA conducts the ultimate intermediary headcount

Home or away? The pros and cons of offshoring

Achieving Excellence

London hosts our 2007 conference



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BIBA contacts

Eric Galbraith
Chief Executive
020 7397 0201
galbraithe@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

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WELCOME

It's that time of the year again. We're gearing up for another BIBA conference and bookings are flooding in.

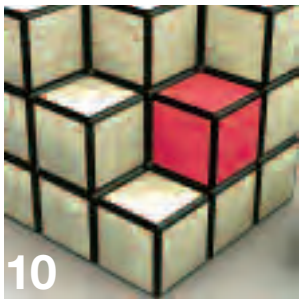
Each conference has its own distinct theme, and Achieving Excellence, which takes place on 23-25 May at ExCeL in London, will focus on the strength of our industry and the consistently high standards being attained. The very best of general insurance will be on show at this year's event and we want as many members as possible to share the experience of the BIBA conference. So check out our preview which starts on page 23 – a few sponsored places are still available, do contact us for availability.

We continue to promote high standards within the industry on all fronts. You may have seen BBC's *Watchdog* recently. This is a tough campaigning programme, on which even seasoned media types fear appearing – and they give short shrift to those seeking self-promotion. But BIBA's Graeme Trudgill put in a sterling performance when he argued that travel insurance must become subject to regulation. We provide more details in Media Watch (page 8).

I look forward to catching up with as many as possible of you at London's vibrant Docklands for Achieving Excellence.

Leighann Burtrand
Editor of *the broker*

INSIDE SPRING 2007



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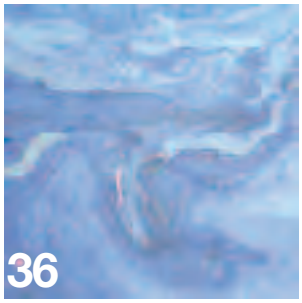

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Eric Galbraith, BIBA's chief executive, speaks out on the topics affecting UK brokers

Time for FSA to heed its words on a risk-based approach

I had to agree with a comment I heard recently – the current level of regulation facing the general insurance industry is like sending in MI5 to tackle a minor burglary. We now have two years' worth of FSA regulatory experience. We can see those aspects of the regime that are working, such as improved systems and controls within firms and more formalised external trading arrangements. Equally, it is obvious where regulation is not producing the desired outcomes.

We want the FSA to be mindful of regulatory standards imposed across Europe and how its rules are affecting the domestic market. In Germany, for example, an insurance intermediary has to do little more than register with their local equivalent to a chamber of commerce to trade, which is a considerably less costly approach.

BIBA is working with the City of London to research the style in which the Insurance Mediation Directive has been implemented across Europe. The findings of this research, once made public, cannot fail to support our arguments that general insurance intermediaries in the UK are overburdened with regulation. We are not suggesting embracing the lowest common denominator here, but rather that the UK's general insurance intermediaries are subject to truly risk-based and proportionate regulation.

The FSA's review of the effectiveness of the ICOB rules for retail customers and the transition towards more principles-based regulation are well underway. The FSA is mooting terms like 'deregulation' for low-risk general insurance products, but of course the regulator cannot remove rules where a directive requirement exists. BIBA will support such changes if they mean proportionate regulation based on a level playing field for its members. What it should not mean is the removal of further rules for the benefit of insurers, but not necessarily for the benefit of their customers.

We also want to see a sensible decision made on commission disclosure. The industry proved it could achieve a market-led solution on contract certainty – and I would not want to see further regulatory intervention on commission disclosure. There is no need for further regulation. I am confident that transparent terms of engagement and proper conflict management are the way forward.

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Understanding the market

The FSA has often been accused of not understanding the insurance industry, particularly the general insurance intermediaries. BIBA has been working with the assistance of the FSA to develop a more accurate picture of the primary broking sector and some of the results of this exercise are on page 10 of this issue.

Exceeding expectations at ExCel

We are racing towards the 2007 BIBA conference – Achieving Excellence – and a full preview is included on page 23. The programme is first class and befits what is undoubtedly the general insurance event of the year. I would like to sign off by thanking Max Taylor for his superb contribution during the last three years as BIBA's chairman. Max will be handing over to a worthy successor – Derek Thornton, director at Heath Lambert Limited – who we are delighted to welcome on board. An interview with Derek appears on page 13.

Email Eric Galbraith at galbraithe@biba.org.uk

RIGHT TO REPLY

Play to win

We have seen some changes in distribution over the past few years. The market seems pacier than Ronaldo, with more change than in the Premiership's management line-up.

But brace yourselves – these have only been the positioning years – with the next three likely to be as unpredictable.

Consolidation, growth aspirations, benign UK weather, healthy insurer returns, maturing regulation and capital availability are all familiar themes.

It is their combination, however, that creates the heady brew that will result in a revolution in distribution. The more difficult issue is to predict the consequences beyond the inevitable reduction in broker and insurer numbers.

David Smith

It can be a waste of time trying to predict exact outcomes. Therefore, it follows that it is better to focus on what you can control in a market that will become increasingly polarised.

Brokers have the options to be specialists or generalists, to charge fees or be remunerated by commission, they can choose solus or panel arrangements and deal with wholesalers if they wish. They can remain independent, join networks or, at the end of the day, can sell up if they prefer. There will certainly be plenty of interested parties, whether broker, insurer, VC, bank, maybe even Roman Abramovich.

But, in my opinion, there has never been more opportunity for a broker than there will be over the coming years.

Brokers who are anxious about the future should stop worrying about predictions and turn their minds to the possibilities.

The essential platform for a good business remains the same whether you are a broker or insurer – a selective portfolio, operational excellence and talent – but if you have built these attributes then now is the time to go for it.

Whether you are in the Premiership or Conference, have big aspirations. Make the most of the talent in your squad. Be bold and confident in your expertise, skills and endeavour and make the right choices – success will beckon.

David Smith is broker managing director at Zurich

Broker ASSESS links with AXA Campus

The award-winning broker ASSESS system now incorporates AXA Campus which evolves broker ASSESS into a learning and assessment package.

The news was announced at a recent reception held to launch the CII's Broker Academy.

AXA Campus – an online coaching system – has some 8,000 users and these will now be transferred to broker ASSESS which already has 13,000 users.

BIBA's membership co-ordinator Kirsty Gordon comments: "We'll all benefit from vastly improved economies of scale and broker ASSESS will be firmly established as the online learning and assessment solution of choice for our industry."

Broker ASSESS will remain an independent system with development decided by the broker ASSESS user group.

The system will also include a number of enhancements:

- over 200 new modules of interactive e-learning content
- a new 'My Planner' facility enabling the creation of personalised learning plans
- direct links to the 'CII's online CPD' system.

BIBA membership manager Paul Garland (right) greets Mel Lyell, chair of the broker ASSESS user group at the launch

New compliance recruit

BIBA has boosted its in-house regulatory expertise with the appointment of Vannessa Young, who joins as compliance co-ordinator.

Vannessa will be working with Steve White, head of compliance and training, in this new role at BIBA House. The appointment will allow BIBA to enhance its compliance and regulatory facility to ensure strong support for members as the Financial Services Authority undergoes its transition towards more principles-based regulation.

Vannessa was previously insurance editor for *Complinet*, a leading provider of compliance news and information for the financial services industry.

Vannessa brings to BIBA considerable knowledge of the FSA and the wider general insurance market having spent the past 18 years commentating on the industry.

Her strong analytical and writing skills will be particularly useful making often complicated compliance matters more accessible to members as well as researching regulatory developments.

Members have a lot to contend with on the regulatory front in the coming months, according to Vannessa. "The ICOB effectiveness review, treating customers fairly and a more principles based approach to regulation will have an impact on all our members," she says.

Self-service portal is one route to valuable new business leads

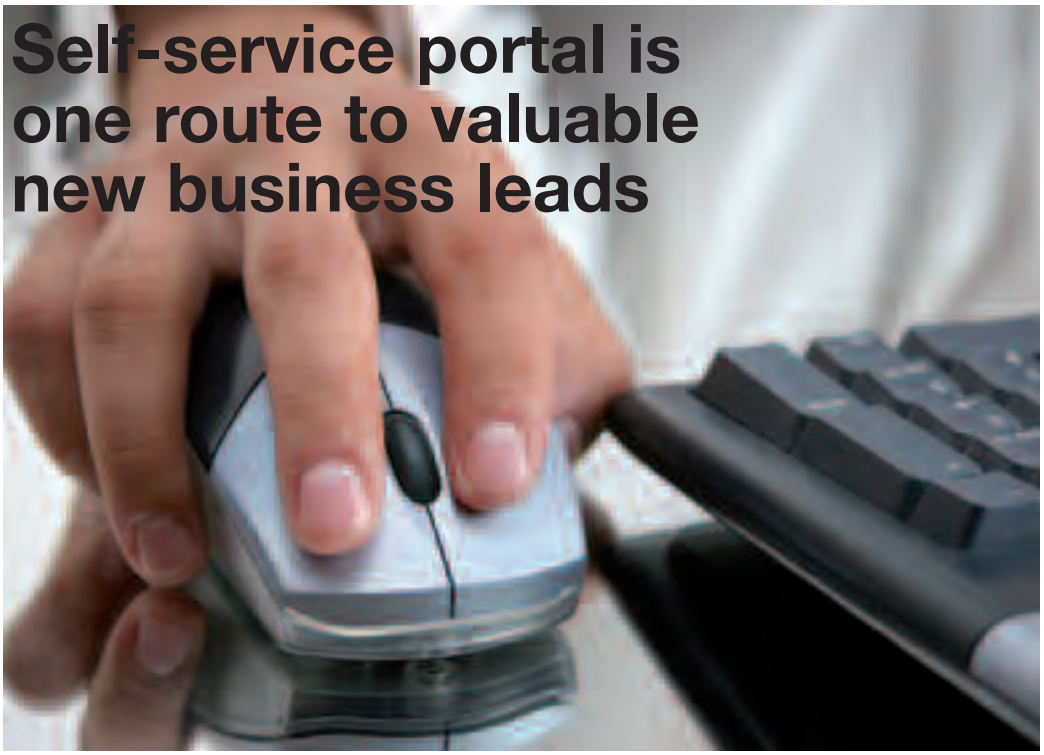

IMAGE: ISTOCKPHOTO

BIBA is urging members to update their details on its new self service portal which will create potentially valuable leads through the consumer helpline and Find a Broker website.

The portal is straightforward to use and allows members to control their membership details online. It is part of an ongoing plan to develop and improve BIBA's consumer referral system. The aim is to make this the leading website search facility for consumers – both personal and commercial lines – seeking an insurance broker.

Benefits of the system include:

- members can automatically control the referrals that they receive from BIBA's consumer helpline and website
- BIBA's consumer helpline received nearly 65,000 calls during 2006 with the Find a Broker website receiving more than 7,000 unique visitors a month
- members can also ensure their contact details are up-to-date so that they can take full advantage of other benefits, such as the monthly news bulletin, directory of members and their listing on the website.

A working group has been formed to oversee the development of this facility and to improve search engine optimisation.

BIBA will be using the portal to increase the amount of data held on members and in the coming year will redesign the Find a Broker service so that referrals are further increased.

Chief executive Eric Galbraith comments: "The Find a Broker facility provides a valuable service to many members and the portal will allow more to tap into this resource. There is no obligation to participate but given the cost to advertise in areas such as *Yellow Pages* and other media, this is an easy alterative which will help promote your firm and its services in your area and nationally – and it's free to members."

More than 900 members have already used the portal.

Those with queries should contact Kirsty Gordon on 020 7397 0224 or email her at gordonk@biba.org.uk

Obituary – Laurie Harding

BIBA has been informed by Birmingham Insurance Institute of the sad news that Laurie Harding has died aged 65.

Laurie was a much-respected BIBA member and served on the West Midlands committee in the 1990s.

He began his career with Prudential in the North West, working in Liverpool and North Wales.

He was a strong CII supporter and was elected a fellow and held a number of positions with the Birmingham Institute, including president.

Following his retirement from Prudential after 30 years, he joined Sedgwick for a further 10 years, after which he ran his own consultancy business.

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MEMBERSHIP MATTERS

On a mission for BIBA

When I became regional chairman, one word came to mind when I felt about what I would like to achieve – outreach.

I know that sounds somewhat evangelical, and even more so when I say this is my mission! But I have gained so much from being a BIBA supporter over the years that I would like many more to do the same.

Throughout the year, I will attend, wherever possible, our numerous local events and activities, as will members of the committee. I want to meet as many possible members and to find out what they want from belonging and what they feel are the main issues affecting their businesses.

David Perry
Regional chairman
BIBA South East

Many will realise that my former brokerage, Warren Hill, is now part of Towergate. We now have a team of around 120, but I do know what it is like to work for a very small business – we started with 10 staff.

I also understand how incredibly busy many members are. From my perspective, I have a relatively new role as head of sales and am heavily involved in an affinity business as well as working on one of our main accounts, the Federation of Small Businesses.

It is sometimes hard to fit time in for regional events, but the payoff is worth it. For anyone who has not attended for a while, I think you may also note that the organisation has improved.

One of the best initiatives of recent time has been to appoint regional executives. In the South East, Diane Smylie does a fantastic job and I can also put in more effort as I'm relieved of the administration.

So, I look forward to catching up with many of you soon – and of course at this year's conference, which looks amazing and for many from my region is also in a pretty handy location too.

For details of BIBA's **regional executive contacts**, please see the BIBA website, www.biba.org.uk/broker/committeesfinal.html

In a good cause: (from left to right) committee member John Wood, Dr Michael Hawkins, director of Cancer Research, regional chairman Richard Wynne-Jones and Bob Darwin

West Midlands does the business for charity

There has been little time to take it easy for members of BIBA's West Midlands region, reports regional executive Bob Darwin.

A cheque for £2,500 has just been handed over to charity Cancer Research UK which was raised at the annual dinner. This was a superb fundraising effort, he says, with thanks going to all who contributed.

The region has also held its second Compliance Forum, with minutes containing useful business information forwarded to all local members.

Bob adds that there was particular regional satisfaction when a BIBA team took part in the local Birmingham Institute quiz night and won, proving they are more than pretty faces. They beat some 15 local insurer teams.

If this was not enough, a karaoke evening has also taken place, with broker and insurer guests showing off their vocal talents.

Bob also recently arranged a meeting – for the fourth time – of retired brokers and former BIBA chairmen to renew old friendships.

There is plenty more for those in the area to participate in, so check out the website for West Midlands – or indeed any local region – to see what's happening.

Children's hospice receives a helping hand

IMAGE: ISTOCKPHOTO

Merseyside, West Cheshire, North Wales and Isle of Man Region has raised much-needed funds for the Claire House Children's Hospice in the Wirral, says regional executive Bob Nicholls.

This cares for children from 0 to 18 years who have life-threatening or life-limiting conditions – and their families. The aim is to enhance their quality of life, provide specialist respite, palliative, terminal and bereavement care.

The cheque for £715 was presented by chairman Suzi Kilpatrick and she was accompanied by regional treasurer, Trish Sharrock.

PRESS BRIEFING

Making insurance interesting for Joe Bloggs. That's been my Herculean challenge over the past two months.

Since joining the *Financial Mail on Sunday* last November, the hardest task has been finding populist stories which would have previously, in my guise as reporter on *Post Magazine* and *Insurance Age*, sailed into print.

Andrew Foxwell

For example, in December I secured the front page detailing how car insurance rates were set to rocket in 2007 because of Royal Bank of Scotland Insurance's decision to ramp them up.

If this story was about a sharp increase in fleet rates, then it wouldn't have been as highly placed, if it went in at all.

Insurance stories need appeal at a high level – like one on the possibility of the FSA having to be split in two to cope with its workload – or which affect the public's finances.

By and large, brokers tend to be excluded from the business pages of national newspapers, predominantly because the shift in personal lines from intermediary to direct.

When most people think about insurance, direct channels spring to mind, and journalists tend not to consider brokers as part of the story equation; insurance is just perceived as being bought from 'somewhere'.

Indeed, I have found it difficult to even get Towergate mentioned, even though everyone in the broker world appreciates how powerful and important this company is.

Broker stories do get in however, for example, the sale of Carole Nash and Footman James both featured on our front cover. Perhaps that is the way forward – find more examples of interesting brokers doing spectacular things.

Andrew Foxwell is a reporter on the *Financial Mail on Sunday*

Breakthrough in travel war

BIBA's long battle to make travel insurance subject to regulation is gaining momentum

BBC's hard-hitting consumer rights show, *Watchdog*, recently featured an interview with technical services manager Graeme Trudgill. It raised concerns over poor sales practices used by travel agents selling travel insurance who were not even asking about pre-existing medical conditions.

Graeme was interviewed by presenter Paul Heiney and argued this was a serious problem and that action had to be taken.

But travel trade body ABTA tried to convince *Watchdog* that it was regulating travel agents. "ABTA is not a Government regulator and we put the BBC straight on this," stresses Graeme.

Economic secretary Ed Balls was also interviewed and supplied with the irrefutable evidence. Graeme comments: "We've been fighting for a long time to remedy this unfair situation. We were delighted when Thomas Cook called the programme to say it would now be regulated. We now want to see regulation imposed across the board and a fair and level playing field for brokers."

IMAGES: ISTOCKPHOTO

Business resilience worries

Achieving coverage in the mainstream press on commercial insurance tends to be harder than with personal lines issues. But our campaign on business resilience has hit the right notes.

BIBA commissioned research from pollster Populus which found millions of SMEs were not protected against emergencies. It showed:

- nearly three-quarters of businesses had no plans for dealing with the resulting impact of terrorism
- nearly half had no plans to deal with the impact of flooding
- a third had no plans to deal with the impact of a storm
- only just over a half had plans to deal with the effects of a fire
- beyond gaining press coverage, the campaign has also secured cross-party political support.

Chief executive Eric Galbraith says: "SMEs are vital to the UK economy, but it is worrying so many have no disaster recovery plans. We want to get the message across that brokers are ideally placed to provide practical advice."

Some needs may appear harder to fill than others.

When one of our supporting brokers was asked by a manufacturer of animal feeds to obtain a quotation for buildings insurance, they were frustrated to discover little interest from the rest of the market. We however rose to the occasion and visited the client to assess the risks first hand before offering terms that helped the broker save the day.

We enjoy a healthy appetite for business as well.

www.stpaultravelers.co.uk

ST PAUL TRAVELERS

A major BIBA research project has uncovered the true nature of the general insurance intermediary market, **Rachel Gordon** reports

Figuring out the broker marketplace

Conventional wisdom would have it that if the FSA is to regulate the insurance industry effectively, a clear understanding of the market is essential.

Unfortunately, uncertainty surrounding the size and scope of the primary and secondary general insurance intermediary markets has blurred that comprehension. BIBA has conducted unprecedented research to determine the composition of the general insurance sector in order to put an end to doubt.

It was felt to be vital to achieve definitive figures about the broker marketplace for a range of reasons which would support BIBA's work as a trade body. Eric Galbraith, BIBA's chief executive, says: "We have worked with figures from the FSA and indeed our own membership numbers. We need to know exactly how many out there fitted our definition of a general insurance broker – which of course are our core membership."

The figures will also prove invaluable in areas such as discussions with the Government or the EU. "We need to be able to talk specifically about the number of firms to show without any doubt the value our sector creates for the economy," Mr Galbraith adds.

BIBA's headline figures

- Of the 8,515 firms that the FSA defines as "general insurance intermediaries" ie, a firm which only has a general insurance permission from FSA:
  - there are 3,857 insurance brokers whose core activity is general insurance broking in the UK in 2007
  - there are also 4,658 organisations for which broking is **not** their primary business activity, but they **are** registered with the FSA as primary market.
- In addition to this, there are 7,900 firms regulated as the secondary market.
- Total general insurance income from the primary market is approximately £8.2 billion, of which £7.8 billion is generated by insurance brokers.
- UK primary brokers and intermediaries employ approximately 128,000 people.

How BIBA arrived at these figures

The analysis was based on data provided by the FSA from July 2006. The FSA states that primary category general insurance intermediaries are firms that conduct general insurance as their main regulated activity. But it also makes it clear that these figures include firms whose primary activity is not insurance, such as car dealerships and veterinary practices.

The crucial fact here is that the FSA includes firms within its overall figure that BIBA would say were businesses whose core activity is not insurance. Mr Galbraith explains: "In terms of its figures, the FSA includes intermediaries that specialise in a particular class of business and although they are directly authorised, they do not fit BIBA's definition."

Secondary intermediaries

BIBA decided to separate out what it considered to be those "intermediaries" whose core activity is not insurance to gain a more accurate picture of the market. This is what we found:

> We need to be able to talk specifically about the number of firms to show without any doubt the value our own sector creates for the economy

BIBA's figures – Primary sector 2007	
Intermediaries	3,857
Motor trade	2,216
Other	787
Property	555
Finance	551
Claims management	150
Removals	97
Professional	93
Freight	86
Caravan dealers	66
Shipping	57
TOTAL	**8,515**

Falling numbers?

BIBA found that there had been a decline of 53 in the intermediary category from earlier information provided, which was evidence of the continued pattern of consolidation.

Mr Galbraith says: "Brokers are continuing to acquire, merge or sell up. This will level out, but it is a concern that there are not enough new entrants coming into the market."

Meanwhile, there was a reduction of 298 in the motor trade sector and BIBA believes this is because many motor trade intermediaries have decided to become appointed representatives – often a decision based on cost benefits, as this will involve regulatory support from their principal.

Fifty intermediaries in the property category had also disappeared – this decline is largely due to managing agents involved with insuring blocks of flats for which the appointed representative route may have also had greater appeal.

The need for regulation

Being clear on exactly how many insurance brokers there are will make it easier to see how well they are meeting regulatory challenges, according to Mr Galbraith. It is important to be clear on which type of intermediaries are receiving complaints and indeed what is prompting these.

"The FSA is regulating a primary market in which more than half of the firms do not transact insurance as their main business activity," he adds. This inexperience can bring its own problems, particularly if the compliance function is under-resourced. We feel there are similarities between this segment and the secondary market.

Steve White, BIBA's head of compliance and training, says: "We are aware that some secondary intermediaries are not necessarily entirely focused on their FSA requirements, although there are equally some which do take regulation seriously. The problem is that if general insurance is not your primary business, then you need to bring in some expertise to make sure you get the right systems in place."

Working with secondary intermediaries

BIBA is giving strong consideration to allowing a separate classification of secondary intermediary membership. In the summer, BIBA will ask the membership to consider amending the articles of association to allow for this. BIBA is confident that allowing secondary intermediaries to join the association as associate members would be one of the most effective ways of raising standards in this sector.

The value of BIBA's research

BIBA has provided the FSA with its research and talks are ongoing to see how the regulator can make best use of this data. Mr Galbraith concludes: "We believe that a better understanding of the market will provide greater impetus to a risk-based regulatory approach and market-led solutions which we feel are missing from the FSA's approach to regulation of the general intermediary sector."

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Taking up the reins

Derek Thornton takes over as chairman from Max Taylor this summer and brings a wealth of experience, as Rachel Gordon discovers

Immediately after BIBA's annual general meeting in July, a new chairman will take over. Derek Thornton will replace Max Taylor and will hold the position for the next two years.

"It's a privilege and an honour," he comments, "and an opportunity to give something back to broking and BIBA."

Derek, a director of Heath Lambert Limited and Chairman of FSJ, its London Market UK Wholesale Division, has previously worked for Sedgwick Forbes, Jardine and Fenchurch.

He also has a close affinity with the regional marketplace and says: "In the past it was sometimes said that BIBA was too London-centric. But, I don't think anyone can say this now. We're much more integrated and I'm hoping to get round the country and participate where possible."

In an earlier role, Derek headed Fenchurch UK and had responsibility for acquiring broking businesses throughout the country. "It may have been more than 10 years ago, but consolidation was alive and well then," he says.

He targeted businesses in strong secondary locations. "We kept the people in place and emphasised the local knowledge on offer. But as part of a larger group, we could provide better products and more competitive prices. This proved a winning formula."

He adds: "I'm a passionate believer in the value of independent advice and think it should be available for everyone. We need balance in regulation because in the IFA sector we now see the provision of advice as primarily a service for high net worth individuals, which is a shame."

Derek is not concerned about managing the chairman's role alongside his existing demanding job. Throughout his career he has taken on additional responsibility and comments: "If you want to be a serious market practitioner, it makes sense to be involved with professional associations. I see it as an opportunity to contribute, it's just a case of being organised."

He adds putting in the extra hours is often made possible because of the efficiency of his PA, Elaine.

His involvement with BIBA has been longstanding. He was on the property committee for over 10 years and is also a member of the London Market Brokers' Committee.

He has also provided many years service to the Chartered Insurance Institute, being a past president of the Insurance Institute of London and founding chairman of the CII's London Market Faculty.

The role of BIBA chairman is a high-profile one, but Derek is not looking to grab headlines. "I will be there to support the work of chief executive Eric Galbraith, not to start imposing views. It's about the BIBA board working together, finding agreement and then getting the message out to the membership, their clients, the Government and regulators."

In recent years, he has been impressed by BIBA's campaigning stance. "I think this has been increasing and we've a lot to thank Eric and Max for here. There are some tough issues to deal with. Whether it is Brussels, the FSA or the Treasury, BIBA has shown it will make those involved sit up and listen and I'm determined this will continue."

Meet Derek Thornton

Derek was born in 1949 in Yorkshire. He has an honours degree in physics and maths from Leicester University. He started work in London in 1972 for a small Lloyd's broker, and then worked for a number of major firms. He has travelled extensively on business around the UK, North America and Europe. Derek's other activities include being a non-underwriting working member of Lloyd's, a Freeman of the City of London, a Court Assistant of the Worshipful Company of Upholders and a Liveryman of the Worshipful Company of Insurers.

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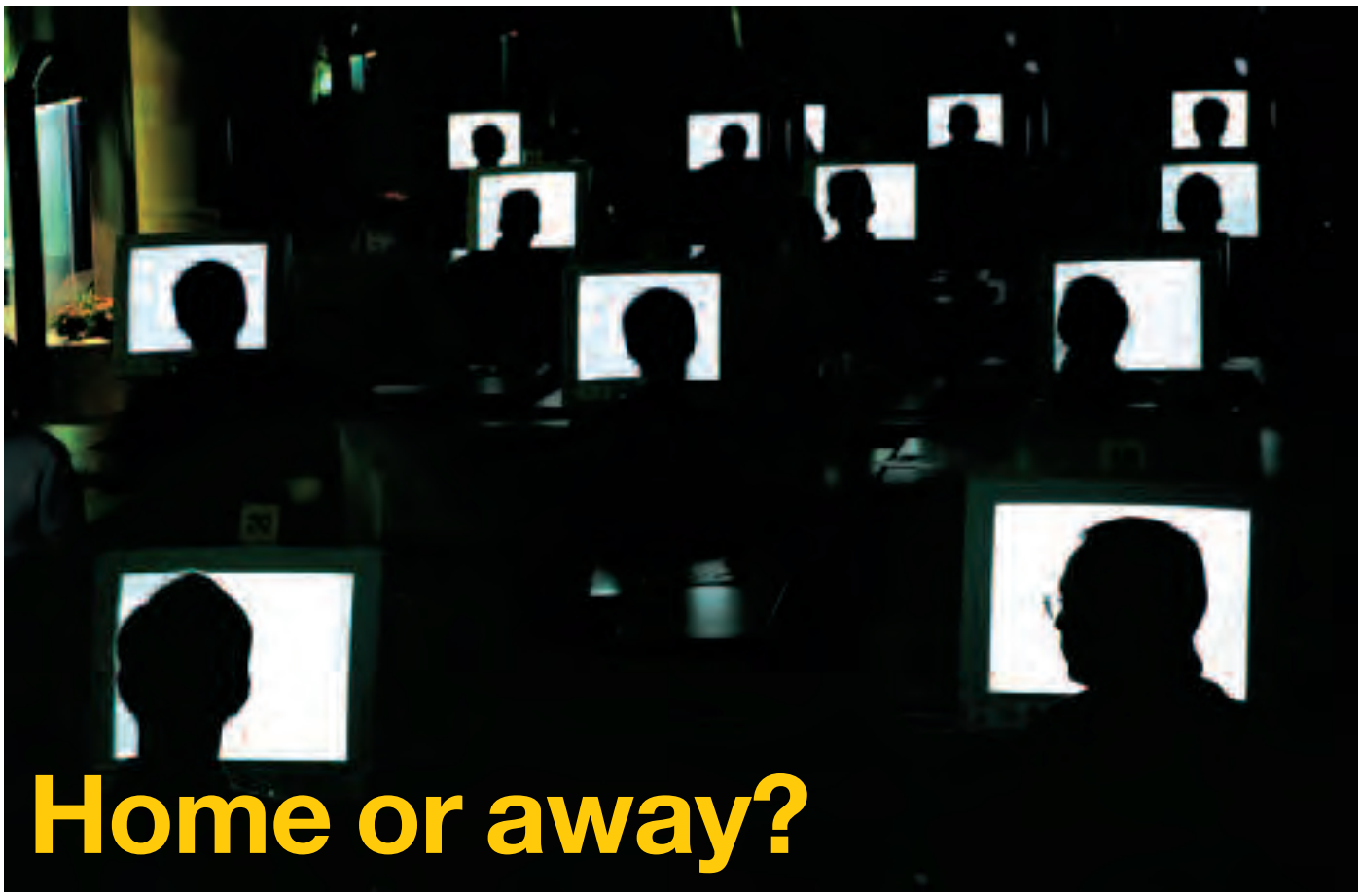

Home or away?

Sending UK jobs aboard, in particular to India, remains a hot – and controversial – topic. **Stephanie Denton** takes a cool look at the pros and cons of offshoring at a time of tough market conditions

Offshoring is an emotive term and is often mentioned in the press with negative implications, especially where UK redundancies are concerned. However, at a time when market conditions are tough and pressures on costs are high, should it be given serious consideration by brokers as well as insurers?

As far as insurers are concerned, Esure and Norwich Union (NU) recently hit the headlines with news they are both terminating a number of jobs in India. However, NU has confirmed its commitment to offshoring stating it aims to keep around 8,000 employees based there.

There are plenty of benefits from offering a service from overseas according to Darren Cornish, head of customer experience for Norwich Union general insurance: "The culture in India is polite and service-orientated, the values are very much what a customer would hope for. We have bright talented employees there."

Broker Marsh is also a big supporter – although it only offshores its business processes rather than those where there is direct contact with clients.

"The personnel are extremely motivated and very talented," agrees Patrick Mina, head of operations, Europe, the Middle East, Africa and Asia Pacific for Marsh, which has been offshoring some operations for two years. "Also we can get graduates whereas in the UK we would be getting school leavers. This has meant we can enable and free up staff in the UK as the administration has been taken away from them."

But for smaller brokers, offshoring may simply not be appropriate.

The culture in India is polite and service-orientated, the values are very much what a customer would hope for

OutRight is a Stoke-based call centre and works for a number of clients including national brokers, providing outsourced personal lines.

Chief executive Andy Lee says: "I can never say never, but we have no plans to offshore. You have far more control closer to home. I don't think many brokers are big enough in any case to generate the savings that this can bring; we certainly aren't."

He adds that as technology develops, this is also likely to bring savings for UK-based businesses. "We are piloting voice recognition software that will route our calls more efficiently and this will also cut costs."

Meanwhile, insurers insist that offshoring allows them to offer extended opening hours – and can allow a business to move quickly.

Adrian Webb, head of communications for Esure, comments: "One of the reasons to move business abroad would be the speed of getting a functional operation going. It is folly to let business escape and this is what would have happened if we had not used India."

Others in the market who do not use offshoring themselves can also see this makes sense. Rob Smale, claims director for Fortis, says: "If people don't have the staff they need or the ability then they may need to outsource. Merged companies in particular may find it difficult to deal with all the parts of the companies and it may be easier to send the process out of house."

One of the major benefits touted by companies that offshore business is the low costs of staff and offices in India, and that this cost saving can be passed on to the customer.

However, according to Emma Holyer, spokeswoman for Direct Line, this is not always true: "The reason why people claimed to be offshoring was cost but their premiums for customers haven't dropped compared to ours. We believe the best service is in the UK."

There is some consensus on this point and many also believe those firms that have outsourced would face higher costs in the UK if they ever decide to return. "Companies may reach a point where they have put so many resources into offshoring that they may find it difficult to bring back. They will then be facing a major dilemma," comments Mr Smale.

Another problem commonly raised by critics, is that of communication and unsatisfied customers. Mr Webb says: "One of the inherent factors in outsourcing is that no matter how skilled your workforce there is a growing concern in the UK about speaking to people overseas. Some calls have a genuine problem with communication but some are just due to people not being happy talking with someone abroad."

> The reason why people claimed to be offshoring was cost but their premiums for customers haven't dropped compared to ours. We believe the best service is in the UK

But this problem could be due to increased public concern about security. "A key thing is that people like to know that they can go to someone's door if something goes wrong and you can't do this with an office overseas. It is about security and the impression is that security is a bit flaky in India," Mr Webb explains.

So there are upsides and downsides to offshoring but are more companies still considering it and will other countries be used in the future? According to Mr Mina it is certainly an option for brokers' back office processes: "I think we will definitely see more brokers doing this sort of outsourcing in the future. This has been very positive for us in terms of cost savings and has exceeded our expectations in terms of service levels."

Moorhouse's offshore experience

Around two years ago, broker Moorhouse Group decided to use an offshore company in India for lead generation. The aim was to take these leads and pass them through to its UK business where quotes and sales would be processed.

Chairman Lyndon Wood explains: "We took the decision to do this to take advantage of the sheer volume of resources available which could be applied virtually from day one and start producing results immediately."

But was the experience all he hoped for? "Our experience was not the best due to a few factors. First, you need your own people in place to monitor and control performance. We provided training offshore only to find when we visited them two or three months later, they were demotivated."

And the technology sometimes proved problematic. He advises: "If you're expecting calls to be patched through to your office, be careful. As far as India is concerned, calls route through to the US to the UK. We experienced some failures and so this did not allow us to meet what we set as a referral target on our income."

He adds management information can be misleading as "the offshore centre will produce different numbers to what you are actually experiencing".

As far as saving costs, he comments: "The more you offshore the greater the immediate savings – although some are now having second thoughts and while insurers are always looking to cut costs this can sometimes be detrimental to the customer."

Mr Wood does not believe offshoring has reached its peak yet. "Maybe in India, but not China or South Africa. And in South Africa there is larger opportunity to offshore due to little or no language barrier and the high unemployment."

So, would he do it again? "We're glad for the experience. But, we're more than happy operating out of the UK. We would not offshore again."

IMAGE: ISTOCK

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Rate expectations

It is essential brokers get to grips with insurer ratings both to protect their clients and to cover themselves against negligence claims, reports **Jane Bernstein**

It is vital brokers understand the significance of insurer ratings, as they provide an important insight into the insurer's financial strength and security.

But in an era of information overload, how much data do brokers need to take on board and what should they pass onto clients?

Whatever the size of the broker, there is little doubt of the need to be aware of an insurer's security and their individual rating.

Peter Hughes, vice president, business development, Standard & Poor's, comments: "We would be keen for brokers to understand that financial strength is about degrees of probability rather than a black-and-white decision, but it is really up to the broker to decide the level of detail they want to apply to their knowledge of ratings."

Mr Hughes adds, for example, that brokers may feel comfortable to know simply what rating S&P applies to any particular insurance entity. However, he says: "Attached to each interactive rating is a summary of why the rating applies and an 'outlook' which indicates the way the rating may change within the next 18-24 months (positive, stable or negative)."

Criteria

Specific details on the ratings process itself are also available. S&P, for example, publishes all its criteria and rationales, as well as outlooks on the insurance and reinsurance sectors in domestic and international markets and specific niche markets such as P&I clubs and Lloyd's.

There is also a widely-held view that this information needs to be passed on to the policyholder too.

As far as commercial lines are concerned, Chris Waterman, managing director in Fitch's insurance group, points out: "One of the key concerns for a risk manager buying a product is that the claim is going to be paid on time."

Mr Waterman asserts most risk managers will be aware of what a rating is, adding: "In some cases, the client will just be happy to know that their entire programme is in the range of an A-rated security, whereas others would want to know why a rating has changed from A+ to A or why there have been any rating movements, and understand that in more detail."

> One of the key concerns for a risk manager buying a product is that the claim is going to be paid on time

The message is that the level of detail a broker supplies can vary according to the client, but there are some very good arguments for ensuring the client is provided with the appropriate information. There is a view that requirements for treating customers fairly and disclosing information mean a broker has a duty to pass on details such as insurer ratings.

IMAGE: HARRY MALT

Wider implications

Peter Staddon, BIBA's head of technical services, emphasises the importance of making time to provide the insured with this information.

Mr Staddon warns in particular that failure to explain a carrier's security and solvency situation could leave a broker open to negligence claims if an insurer they recommend fails to pay a claim or goes into liquidation.

It is also important to look at wider implications. Mr Staddon points out that a "yo-yo effect", where an insurer's rating is going up and down regularly, might raise some questions, whereas a steady movement upwards could be a good indication of an insurer's stability.

Mr Staddon also recommends analysing the ratings data in conjunction with a look at research from bodies such as Defaqto. "Don't just look at an insurer's rating in isolation – look at their past record, see what they are doing and also take into account wider analysis," he concludes.

Analytical reports

The ratings agencies themselves do provide much relevant information, in addition to the actual insurer rating. Rebecca Tween, manager, Western European Markets, AM Best Europe, explains: "To support the rating conclusions, AM Best analysts prepare detailed analytical reports for each rated organisation.

"These full reports cover a broad range of pertinent information, including commentary on each company's operations, strengths and challenges, as well as details on a company's formation and capital structure and an in-depth assessment of its current financial performance."

One of the key issues to bear in mind is that a rating is not a static entity and

Vulnerability to negligence claims

Brokers should be aware that they must make insurer security a priority. Ross Risby, partner with lawyers Davies Arnold Cooper, states: "A broker who places business with an insurer without checking the insurer's rating is vulnerable to a negligence claim if the insurer is subsequently unable to pay a claim due to insolvency. Whether such a claim would succeed will depend on the facts of the case."

Factors include:

- **the insurer's actual rating:** a claim against a broker for placing with a strongly rated insurer that unexpectedly collapses is unlikely to succeed even if the broker was unaware of the good rating
- **market knowledge at placing:** if it is public knowledge that an insurer is in financial difficulties a claim is more likely to succeed if the insurer subsequently enters insolvency
- **the sophistication of the broker's client:** if a corporate client has its own security committee and is known to study the insurance market a successful claim is less likely. This may also be evidence that the client did not rely on the broker's advice.

Brokers are not expected to be able to predict the future. Keeping good records of monthly security committee meetings or less formal reviews of a rating agency's report on a particular insurer is however crucial, since evidence of analysis of an insurer's financial standing is likely to be one of the first areas for investigation in a potential negligence action.

For a more detailed analysis of non standard security, see the BIBA website for sub-broking and offshoring – a risky business.

so brokers must remain up-to-date on movements.

Mr Waterman emphasises: "The ratings are always current, so if something takes place that has ratings implications then we will respond to it immediately. It is vital that we make the right ratings calls and make them in a timely fashion."

Mergers and acquisitions

So what type of event would cause a rating to change? Mr Hughes explains: "Although there are many reasons why a rating may be upgraded or downgraded, it is certainly true that a change in previously stated plans or a failure to meet objectives would be two reasons that the rating may alter."

Merger and acquisition activity could be another cause of a rating change. "Any M&A activity would have to be judged on a case by case basis and there are plenty of examples of where it hasn't had an impact on the rating. However, as a general point, S&P recognises that there is an inherent risk in the process of bringing two companies together," explains Mr Hughes, adding: "Therefore a CreditWatch negative outlook may well be the initial response to the announcement of a merger – which says that if the deal goes ahead, there will be a downgrade while the integration issues are resolved."

The CreditWatch is a term that brokers will need to be familiar with and will come across when assessing insurer ratings. Standard & Poor's explains: "A CreditWatch listing is based on events and short-term trends that have materialised and that may cause the rating to be put under special surveillance.

"Examples of events that have caused a CreditWatch announcement include shifts in reserving levels, mergers, and changes in capital. A CreditWatch listing will be 'positive', 'negative' or 'developing'. This designation indicates the possible impact on the rating."

There are some basic points that brokers may want to have at their disposal when understanding how a ratings agency arrives at certain conclusions. Ms Tween summarises some of the facts: "The assignment of an interactive rating is derived from an in-depth evaluation of a company's balance sheet strength, operation performance and business profile, as compared with AM Best's quantitative and qualitative standards. A financial strength rating is assigned only to operating insurance companies and uses a proprietary rating scale. This ranges from the highest "A++" (Superior), to the lowest "F" (In Liquidation), and is divided into two broad categories Secure and Vulnerable."

The insurer rating is an invaluable piece of information. Of course, it is just one of a growing number of factors that brokers and insureds will take into account from the product price, to the service levels provided. As Mr Hughes concludes: "S&P ratings are an opinion of an insurer's ability to pay its policyholders. Whether that is the most crucial factor is a matter for debate."

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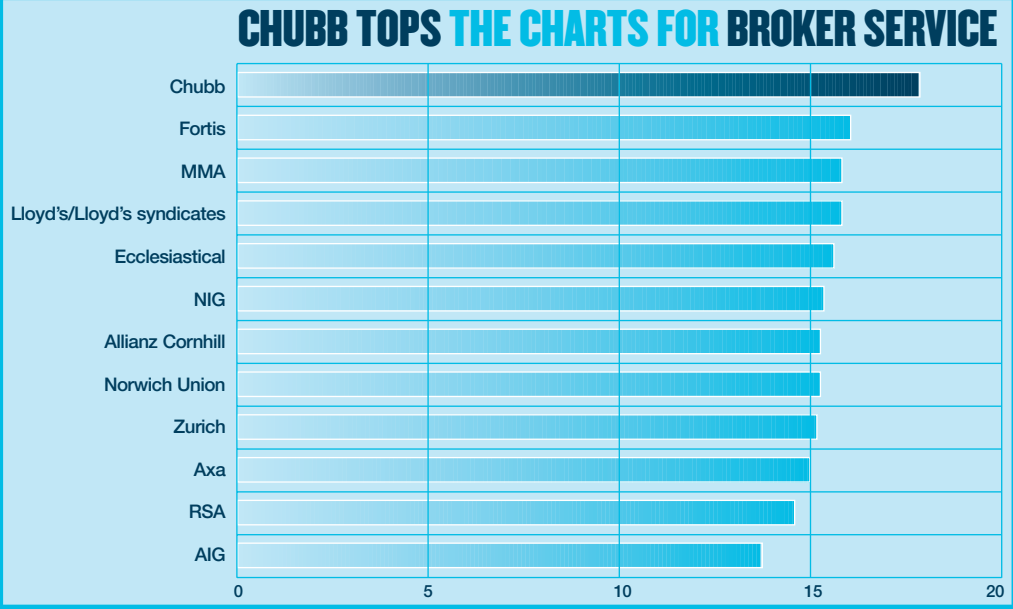

FIND OUT WHY WE FINISHED TOP AT BIBA STAND A7

The survey *Senior Broking Executives Speak Their Mind* was published in October 2006 by Insurance Times. The broker panel was made up of 91 individuals ranging from small local brokers to large super-regionals. The table gives panel members average service scores for the 12 insurers most mentioned by the broker respondents. Members were asked to award each of their insurers one to five points according to five different criteria: rating support; claims handling; IT connectivity; marketing support; and access to key decision-makers. Combining these five scores provided an overall score out of 25 for each insurer. Insurers with fewer than five full sets of broker ratings were discounted from this analysis. Full copies of the survey are available from Insurance Times.

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World class

This year's event – Achieving Excellence – takes place at ExCeL London on 23-25 May. **Nick Chapman** presents an in-depth preview

Welcome from chief executive, **Eric Galbraith**

By the time you read this edition of *the broker* I trust you will have already booked your place at next month's Achieving Excellence conference and exhibition.

I hope you are looking forward to it as much as I am. The BIBA conference is, for many, the highlight of the year. It's a unique occasion when brokers of all shapes and sizes can meet, socialise and discuss the issues close to our hearts. It's a time to meet friends and, of course, to network with all segments of our industry.

But if, by chance, you still haven't committed yourself, time is running out. There may still be a few bursary places left so don't wait any longer to get your application in for these complimentary registrations.

If you have booked, but haven't yet chosen which of the multitude of associated social events to attend, again time is getting short. The official BIBA events are always popular, details of which can be found later in this report.

So, if you still have a free evening we would be delighted to welcome you on either the Thursday at Leadenhall Market or on Friday at the Gala Banquet at The Brewery in the City.

All the conference news and a full list of exhibitors can be found by following the conference link on the BIBA website.

If you haven't already done so, could I also ask you to think about a question that can be put to Martin Sullivan and the rest of the debate panel at the Wednesday afternoon session.

I am keen for the panel to address tangible issues facing all of us in the UK. Please email Lindsay Campbell at campbelll@biba.org.uk and we'll do our best to include your suggestion.

So Ladies and Gentlemen, it's up to all of us to make BIBA 2007 the most memorable few days you will spend this year. Remember it's your event – if we're doing something right, tell us, if there's something you would like us to address, again please let us know.

See you all in Docklands!

Eric Galbraith
chief executive

ExCeL London – our venue for Achieving Excellence

ExCeL London is the capital's largest conference and exhibition venue. On a self-contained campus, easily accessible from the City and from the West End, it has 65,000 square metres of pillar-free event halls, the Platinum Suite for up to 1,100 delegates and 45 other meeting rooms. Capable of handling 50,000 visitors daily it has six onsite hotels, 90 serviced apartments and 6,000 car parking spaces.

It is host to two of the biggest consumer shows in the UK, the London Boat Show and the British International Motor Show.

Now chosen as a host venue for the London 2012 Olympic Games, the development of ExCeL London kick-started the regeneration of the London Docklands and the Thames Gateway.

It can be reached from Central London via the Limehouse Link, it is 15 minutes from Canary Wharf, and 20 minutes from Waterloo and London Bridge via public transport. London City Airport is five minutes away.

"It's a unique occasion w
all shapes and sizes can
and discuss the issues cl

The principal sponsors

Achieving Excellence is supported by six principal sponsors, all of whom are integral to the success of the conference. BIBA is extremely grateful for their support and indeed to all sponsors and exhibitors. Without them, the conference would not have become the biggest insurance event in the UK.

This year our principal sponsors are involved with different aspects of the event:

- AIG is sponsoring the Wednesday sessions and the opening reception
- AXA will once again be sponsoring the gala banquet
- Allianz is sponsoring the plenary conference sessions
- Groupama will once again host the Business Centre
- Norwich Union is sponsoring the seminar sessions
- Royal & SunAlliance is behind the ego Graduate Initiative programme.

The Wednesday programme

Sponsored by AIG

BIBA 2007 is delighted to welcome Martin J Sullivan, president and CEO of American International Group Inc., who will address the conference at a special keynote session, on the afternoon of Wednesday 23 May.

Martin's presentation will then be followed by a cross-industry debate on managing future risks. Joining Martin on the stage will be Dennis L Mahoney, chairman, Aon Global; Richard Ward, CEO, Lloyd's; and Peter Cullum, group chairman, Towergate Partnership. The debate will be chaired by Max Taylor, chairman, BIBA.

Following this session, the exhibition will open at 18.00, with an informal reception. With wine, light refreshments and some fun entertainment this is a very popular time to meet friends and colleagues and visit the UK's biggest insurance exhibition.

The gala banquet

Sponsored by AXA

The gala banquet will once again be sponsored by AXA. The Brewery in the City – voted venue of the year in 2006 by CEA – will be the location for this year's event and transport to and from the conference hotels is included in the ticket cost. Join us for great food, fine wines and excellent cabaret.

BIBA's gala banquets are known for discovering new talents, and many have gone on to become big names in the entertainment world. This year will be no different, while the comedy will be in the capable hands of the more established Milton Jones, the organising team are promising new acts, which must remain a secret until the night itself. Tickets can be booked online.

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The Business Centre
Sponsored by Groupama

At the 2007 BIBA conference you need look no further than the Business Centre and Internet Café sponsored by Groupama Insurances, for the virtual office that with that extra something. The Groupama Internet Café is just the place to grab 10 minutes to relax, catch up with business contacts, or simply enjoy a cup of coffee.

Free internet access
The Café will host six on-line PCs, offering fast access to the web, a printer and a further two telecom connections for laptops.

The seminar programme
Sponsored by Norwich Union

This year's seminar programme, the core of the conference, is once again sponsored by Norwich Union.

Comprising 12 individual streams across four seminar sessions, delegates can choose from three concurrent streams. The programme was put together to ensure that within each of the four sessions there is sure to be something to appeal to the broad conference audience base.

Sessions range from the purely technical to more general interest. Technical subjects include:

- regulatory issues
- telematics and database use in motor broking
- brokers' PI
- climate change
- ebusiness
- continuity planning.

Marketing and general interest subjects include:

- cross selling to existing customers
- defining excellence for a small business
- putting a value on your brokerage
- six steps to success
- ethical business practices
- working a room.

The plenary presentations
Sponsored by Allianz

Voted by members as one of the most popular parts of the BIBA conference experience, the plenary programme this year, for the first time, will be sponsored by Allianz.

Opening the conference on Thursday morning, Sir Christopher Meyer KCMG, the British Ambassador to the United States during the build up to the Iraq invasion, will look at how Britain is represented overseas and how Britain's interests have sometimes been sold short by our politicians.

Now chairman of the Press Complaints Commission, Sir Christopher has been in the news recently, caught up in the controversy over the treatment of Prince William's girlfriend Kate Middleton.

On Friday we have two plenary sessions. Starting the day, the conference will have the chance to hear at first hand the extraordinary life story of Chris Gardner. The inspiration behind Will

Smith's character in the hit film *The Pursuit of Happyness*, Chris has experienced some of life's more dramatic highs and lows. Poverty and a short stint in jail for non-payment of car parking fines meant he became homeless while still caring for his small son. However, by sheer determination and perseverance Chris worked his way up the stockbroking ladder until finally in 1987 he was able to found his own Chicago brokerage, Gardner Rich and Co.

Closing the conference will be left in the capable hands of one of Britain's most popular writers and TV personalities, Ian Hislop. The award winning editor of *Private Eye* since 1986, Ian has many stories of taking on the establishment and even if he hasn't won all his battles, he has at least been able to minimise the libel damages!

Find out about the latest conference and exhibition news. Log on to www.biba.org.uk and follow the link to 'Achieving Excellence'

The ego graduate initiative

Sponsored by Royal & SunAlliance

For 2007, R&SA will be actively promoting insurance as a career path of choice for graduates, this initiative will be known as 'ego' (if **e**xcellence is your **g**oal we provide the **o**pportunity). Working with BIBA, R&SA will be inviting second and final year students and career advisors to attend the conference, take part in dedicated R&SA sessions and to meet insurers, brokers and suppliers at the exhibition.

Universities and business colleges in the London area have been selected and a marketing programme has been created to reinforce the benefits of seriously considering insurance as a career. Students will have the opportunity to gain an insight into the insurance industry by attending some of the delegate sessions and presentations from R&SA and the CII on a number of topical and relevant subjects. In addition students will be eligible to apply for a work placement with R&SA, BIBA and the broking market which has been specially designed to give students a unique view of the industry.

Delegates and exhibitors are urged to introduce themselves to the attending students and career advisors and to promote the benefits of our chosen career.

The conference programme

Wednesday 23 May

15:45 Registration opens

16:45 *An audience with Martin J Sullivan.*
president and CEO, American International Group Inc.

17:15 *'Think globally, react locally?' A cross industry debate on managing tomorrow's risks today.*
Participants:
Martin J Sullivan, president and CEO, American International Group Inc;
Dennis L Mahoney, chairman, Aon Global;
Richard Ward, CEO, Lloyd's;
Peter Cullum, group chairman, Towergate Partnership.
Debate chaired by:
Max Taylor, chairman, BIBA

18.00 Opening reception in the Exhibition Hall

20:30 Exhibition closes

Thursday 24 May

08:30 Registration and exhibition opens

09:30 *Welcome.*
Max Taylor, chairman, BIBA

09:45 *Opening address.*
Eric Galbraith, chief executive, BIBA

10:00 – 10:45 *Punching above our weight? Fighting for Britain's interests abroad.*
Sir Christopher Meyer KCMG

10:50 – 11:35 Refreshments

11:45 – 12:35 **Seminar Session 1**
Stream 1
Towards excellence in regulation.
Stephen Bland, FSA
Stream 2
Should motor brokers fear telematics and database demands?
Ashton West, MIB
Nick Rendell, Siemens
Tom Roberts, DFT
Chief Constable Med Hughes, ACPO
Stream 3: Smaller Broker Session
Loyal customers buy more. Unlocking hidden profit from existing business.
Andy Chemney, Chemney Consulting

12:45 -14:00 Lunch

14:10 – 15:00 **Seminar Session 2**
Stream 1
Brokers PI. Avoiding the elephant traps.
James Dingemans QC
Stream 2
More storms and floods. Will insurers be out of their depth?
Professor David Crichton
Stream 3: Smaller Broker Session
What does excellence mean for a small business?
Chairman:
René Carayol MBE

15:10 – 16:00 Refreshments

16:10 – 17:00 **Seminar Session 3**
Stream 1
What is your brokerage really worth?
Andy Halstead, Erinaceous Insurance Services
Grant Ellis, Broker Network Holdings plc
Kieran Marsh, Marsh Corporate Consulting
Stream 2
Achieving eBusiness excellence. The tools and techniques for success.
David Rasche, Software Solutions Partners
Stream 3: Smaller Broker Session
Six simple steps to success.
Bill Cullen

Friday 25 May

09:30 *Welcome back.*
Eric Galbraith

09:35 – 10:20 *The pursuit of happyness.*
Chris Gardner

10:30 – 11:20 **Seminar Session 4**
Stream 1
Broker continuity planning.
Paul Dyer, Towergate Partnership
Stream 2
Making waves.
David Robinson, 'We are what we do'
Stream 3: Smaller Broker Session
Do you brighten a room when you walk in or when you leave?
Roy Sheppard

11:30 –12:00 Refreshments

12:10 – 12:55 *Keeping an eye on Britain.*
Ian Hislop

13:00 *Conference close.*
Max Taylor

13:15 – 14:30 Lunch

14:30 Exhibition closes

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ALPCA001

The advantages of using brokers, the benefits of captives, website compliance and new Ofcom rules are this issue's topics

IMAGE: ISTOCKPHOTO

Be on message

BIBA is urging members to be clear with their clients on the benefits of using a broker.

It is continuing to campaign on this matter and is also calling on the Government to give more support to the broker channel so that consumers are able to make better informed decisions about insurance products.

And to provide support for brokers in their businesses, BIBA has developed a series of 10 succinct messages (see table, right).

Key messages for clients

- **BIBA members treat customers fairly**
- **BIBA members work to achieve your best interests – so they will ask you about your insurance needs and search for a suitable policy**
- **they will make your choices clear by telling you the range of products they offer**
- **they will explain any professional advice they give to you – clearly and honestly**
- **they will secure their best deal for you by using their expertise and buying power**
- **they will make sure you understand what is, and isn't, covered by your policy**
- **they will clearly state the costs of your policy – including any fees they may charge**
- **they give clear information and documents – as well as any help you need with the paperwork – to make sure the policy is in place promptly**
- **they will explain their support for you in the event of a claim**
- **they will explain the right to complain if you are dissatisfied with your policy and the right to cancel if you change your mind about the policy.**

Steve White, BIBA's head of compliance and training, says: "We hope members will be encouraged to use these messages and develop their own whenever possible within their own businesses – on websites, printed material, emails, renewal documentation and when speaking to existing and potential clients."

He emphasises brokers should also look at the messages conveyed on their websites: "It makes sense to ensure these are short and snappy. Again, it should be emphasised that BIBA members treat customers fairly and that a good choice of insurance is on offer. Why settle for the only policy an insurer can offer, when experts can help choose the right policy for you?"

Make sure your website is right

Brokers should check that their websites are compliant with a change in the law or they risk being fined.

The changes came into place at the start of the year and are as a result of the Companies Act.

Sites must now contain certain regulatory details as should email footers. This is already required on business letters but is being extended to websites, order forms and electronic documents.

This should include the name, geographic address and email address of the service provider and details if the trading name differs from the registered name.

It is not sufficient to include a 'contact us' form without also providing an email address and geographic address. A PO Box is unlikely to suffice as a geographic address, but a registered office address would.

The company's registration number should be given and under the Companies Act, the place of registration should be stated.

If the business is a member of a trade or professional association – such as BIBA – membership details, including any registration number, should be provided.

Brokers should also look to include details of the FSA authorisation.

If the business has a VAT number, it should be stated – even if the website is not being used for e-commerce transactions.

On websites, the specified information does not have to appear on every page – the most obvious place to put this would be either in the 'about us' or 'legal info' sections.

CAPTIVESLATEST

There is another way. Once captive insurance was the preserve of large international organisations. However, innovation in the sector has meant this is now more accessible for small to medium-sized businesses.

A captive, in its purest form, is a company set up by its owners primarily to insure the risks of its parent and/or subsidiaries. This can offer several advantages in comparison with insuring through the commercial market: These include:

- the insuring of unusual or catastrophic risks or multiple small risks
- avoidance of paying large overheads and profit margins
- premiums that relate to the insured's previous claims record
- direct access to the wholesale reinsurance market
- benefit from the investment return on retained premiums
- retention within the group of the excess of net premiums over claims
- tax efficiencies
- improved risk management.

Peter Niven

Participating in a rent-a-captive scheme removes high start-up and ongoing costs.

In 1997, Guernsey pioneered the protected cell company (PCC) – a company made up of a core and individual cells, where the legal segregation ensures no claim against one cell will be covered by the funds furnished by another. Also, now there is the incorporated cell company (ICC). An ICC, like a PCC, has cells but they are separately incorporated and distinct legal entities, offering an added layer of protection in the separation of assets and liabilities.

The use of a third-party cell company rather than a full-blown captive has distinct benefits. These are:

- lower operating costs
- less management time – attendance is not required at quarterly PCC Board meetings
- quicker and cheaper to set up and exit
- no minimum capital – there is a need to cover the minimum margin of solvency and the risk gap but this may be less than the £100,000 minimum required for a separate captive.

Indeed, clients' risk management strategies could be considered somewhat deficient in scope and responsibility if it does not involve the use – or at least consideration – of some form of captive insurance.

Peter Niven is chief executive of Guernsey Finance

Act now as change is coming for 0870

Any BIBA members who are using 0870 numbers for their businesses must be aware that changes are coming into force in January 2008.

Regulator Ofcom has announced new rules which will impact on companies using the prefix 0870, which can be used to generate revenue.

But the changes, which have both financial and customer service implications, state that any organisation will have to cease earning revenue from 0870 numbers.

Beyond this, the cost of calling 0870 numbers will be cut to the same price as national landline rates. This follows concern from consumer groups about unclear pricing and high costs.

Many consumers are unaware that while daytime calls to 01 or 02 landlines cost 3p a minute, those to 0870 numbers from UK landlines typically can cost around 8p a minute. Under the new rules, mobile phone and landline operators will be required to charge the same, or less, for 0870 calls than for those to geographic numbers.

The numbers will also now come under the remit of premium rate regulator ICSTIS.

Brokers with an 0870 number should be aware there will be cost in making the change, such as in new stationery, advertising and signage.

Meanwhile, BIBA's scheme providers for telecoms facilities, Swinglehurst Communications Limited (SCL), is also able to provide guidance. Consultant Paul Isaac comments: "There are major changes coming in which will affect so-called non-geographic numbers (NGN) which are 0800, 0845, 0870, 0844 and 0871. These issues are all potentially confusing. All members using an NGN or considering doing so, should assess their options carefully."

Members who want to discuss the impact or to receive general advice surrounding the changes, should contact SCL on telephone number 0844 770 5190 or email biba@scomms.co.uk

IMAGE: ISTOCKPHOTO

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IMAGE: ISTOCKPHOTO

In a league of its own

BIBA has launched its widest-ever training programme covering London and the regions – and if you can't find a course to suit, opt for a bespoke one, advises **Steve White**

For many brokers, having well-trained and competent staff is not only essential in regulatory terms, but an investment that can pay huge dividends.

In fact, if they are to compete, or indeed survive, brokers must take this seriously. If not, they may not only incur the regulator's wrath, but even more likely lose their clients to a more switched-on rival up the road.

There remains a misconception that training courses result in astronomical bills. This does not have to be the case – in terms of quality and value, BIBA's training courses are consistently highly-rated and are facilitated by experienced trainers – yet the cost is only £150 per member or, for non-members, £230. As a non-profit making organisation, we seek only to cover our costs.

They are held in a wide range of locations, including Birmingham, Bristol, Cardiff, Ipswich, Leeds, Leicester, Liverpool, Manchester, Newmarket, Norwich and Romford – plus London, of course.

In terms of content, the full list is far too extensive to provide here – members should check out the training section of the website to see what is available. You will find everything that is on offer, from courses aimed at complete beginners – perhaps suited to those who are new to the industry – to complex subjects, such as reinsurance, or the workings of the London Market. There are courses for the growing numbers of brokers who must now take on compliance responsibility, to risk management which is ideal for those firms that want to provide value-added services for clients.

Build your own

Beyond this, BIBA members can design their own courses. Whether firms need technical, business skills, compliance or IT training – BIBA can facilitate the appropriate course to be held either in your offices or a convenient location. Contact us with your requests, and we'll provide an outline that fits the bill.

Steve White is BIBA's head of compliance and training

Management training made easy

What makes a good manager? There's no one answer, but certainly it encompasses a range of skills. These include having the technical skills and, beyond this, the people skills needed to bring out the best in others.

Anyone who has been in the workplace for a number of years will almost certainly have had experience of bad managers and those who were inspirational – or at least worthy of respect.

A poor manager can be a liability – and can increase the likelihood of an employer facing litigation. Yet, a surprisingly high number of brokers will still promote their employees to management roles based entirely on their technical or sales ability.

One of the most affordable methods of delivering management training is a new package produced by BIBA and training specialist, Searchlight Solutions.

Essentials of Management is a CD-based training and reference package which provides the know-how for would-be managers and supervisors within insurance brokers. Each of the nine modules contains 12 units of learning and 10 multi-choice questions chosen randomly from a 30 question databank.

The course comprises nine modules:

- **Effective communication**
- **Managing people (part 1)**
- **Managing people (part 2)**
- **Planning and objective setting**
- **Managing conflict**
- **Negotiation**
- **Team working**
- **Leadership v management**
- **Coaching.**

It provides exceptional value. Each of the nine works out at under £4 an hour and members can find out more by visiting the BIBA website, where a demonstration is available. You'll need to download Macromedia Authorware Player to view this and full details are provided.

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CNA

Best of breed

Caravan insurance and cover for nightclubs are the latest schemes to join BIBA's stable, along with an enhanced PPI policy. **Graeme Trudgill** explains what's on offer

Launching a new scheme or facility to go under the BIBA brand takes time. Throughout the year we are approached by many providers, both big names and niche specialists alike. But we do not take the decision to offer products to our members lightly and more are turned down than make the grade.

Each product must stand up to strong scrutiny from our General Insurance Brokers' Committee and only when they are certain that it will be a valuable addition to our range and will truly add value to a broker's business, will it receive the green light.

Ace cover for clubs

The Licensing Act 2003 came fully into force in England and Wales on 24 November 2005, effectively combining seven licensing regimes into one, and transferring licensing responsibilities from the magistrates' courts to local authorities.

The move towards liberalisation has been forecast by the Government to create a "continental café culture" by a diversification of the night-time economy. This is presently geared towards the 18-24 year old age group, based upon the consumption of alcohol and exemplified in the emergence, over the last two decades, of chain pubs and themed bars. These can now be found across most town and city centres in Britain.

Maestro Tasker identified that a competitive and specialised insurance solution was needed to cater for the new breed of venues and to work in harmony with the new regulation affecting them.

Working exclusively with BIBA, the ClubPM product for late night operators was devised.

> Throughout the year we are approached by many providers, both big names and niche specialists alike

This launch will be welcomed by brokers that want to access a dynamic market and offer their clients specialist service. It allows ease of delivery including electronic documentation issued at inception and in-house authority enabling rapid quotes.

Qualification for the ClubPM product is linked to policyholders being able to demonstrate compliance with a risk management code setting out the minimum acceptable standards of operation. Members involvement is important to this process and the ClubSAFE risk management programme, which is free to ClubPM policyholders, recognises this.

Managing director, Paul Tasker, says: "Policyholders are expected to demonstrate good standards of management and housekeeping and a commitment to a continual improvement programme as identified by our risk managers. In recognition of this, our policy contains wide cover and is extremely competitive."

It includes personal loss of licence cover, low excess, discounted rates and offers 15 per cent commission to BIBA members. It will be updated as new regulation, such

as the smoking ban, becomes effective. ClubSAFE risk managers can also advise policyholders regarding the planning rules and insurance requirements for outside smoking shelters and the necessity for the correct display of no smoking signage.

Towing the line

Caravan insurance is a niche cover and while not necessarily hard to place, many brokers tend to sell it on an 'as and when' basis. But there is significant untapped potential in this market. Statistics for 2003 show there were more than 800,000 caravans in use, and in 2005 nearly 32,000 new ones were registered.

Caravan insurance is not compulsory, so many of these are not insured. But unlike motor cover, for those who do choose to buy cover, it is less likely they will shop around. There are good opportunities for cross selling here.

More brokers are looking to concentrate on their core business while offering customers a broad range of insurances, so wholesale broking is a natural route for caravan products.

Wholesale broker K Drewe offers underwriting expertise, strong relationships with insurers, flexibility, personal service and service excellence for products which can have modest average premiums – as little as £200 to £250 annually. Although the company has many existing relationships in the broker market, it recognised the opportunities available by working alongside BIBA and developed this product exclusively for members. The aim is to give them the opportunity of tapping into this profitable and rapidly growing area of business.

K Drewe Insurance Brokers were established in 1956 and is one of the UK's largest providers of caravan insurance. The current managing director, Ian Drewe, is the third generation of the family to head the business.

Key benefits of the scheme include:

- robust and easy to use web-based process for all transactions – new business, mid-term adjustments and renewals
- no minimum levels of support
- available to all members, including Northern Ireland
- BIBA-exclusive no claims bonus scale
- new for old cover up to 10 years
- quality product with value for money premiums and flexibility
- 16 per cent commission on new business and renewals
- expert back-up from the highly experienced administrators
- personalised in-house claims service, using only established relationships with specialist suppliers – claims settled efficiently and sympathetically
- provides contract certainty
- A-rated security.

IMAGES: ISTOCK

Policyholders are expected to demonstrate good standards of management and housekeeping

Putting PPI back on track

The FSA has recognised that payment protection insurance can be a valuable product, but cover needs to be of good quality and sold correctly.

To encourage more brokers to include PPI within their portfolios, BIBA has linked up with specialists British Insurance to launch a series of products with enhanced benefits, a more competitive rating structure and improved commissions.

The enhanced loan, income and mortgage payment protection products offer greater benefits to consumers, including partial cover on often-excluded stress, back-related and pre-existing conditions and lower premiums. The exclusion relating to AIDS has also been removed.

There is no doubt that the fact some providers have been challenged by the regulator, and the media, and this has shaken consumer confidence. The solution is to be advised by a broker and these products are the right tools to do this. There are opportunities to seize market share.

It is widely-recognised that compliance and marketing are the main hurdles for brokers selling PPI, so British Insurance will be offering training and marketing support. Managing director Simon Burgess says: "We will give brokers and their clients whatever level of support they require, from material and web links to telephone and email."

A direct mail and email campaign will also take place later this month and members who express an interest in selling PPI can obtain an agent pack with web links and supplies of client brochures.

Graeme Trudgill is BIBA's technical services manager

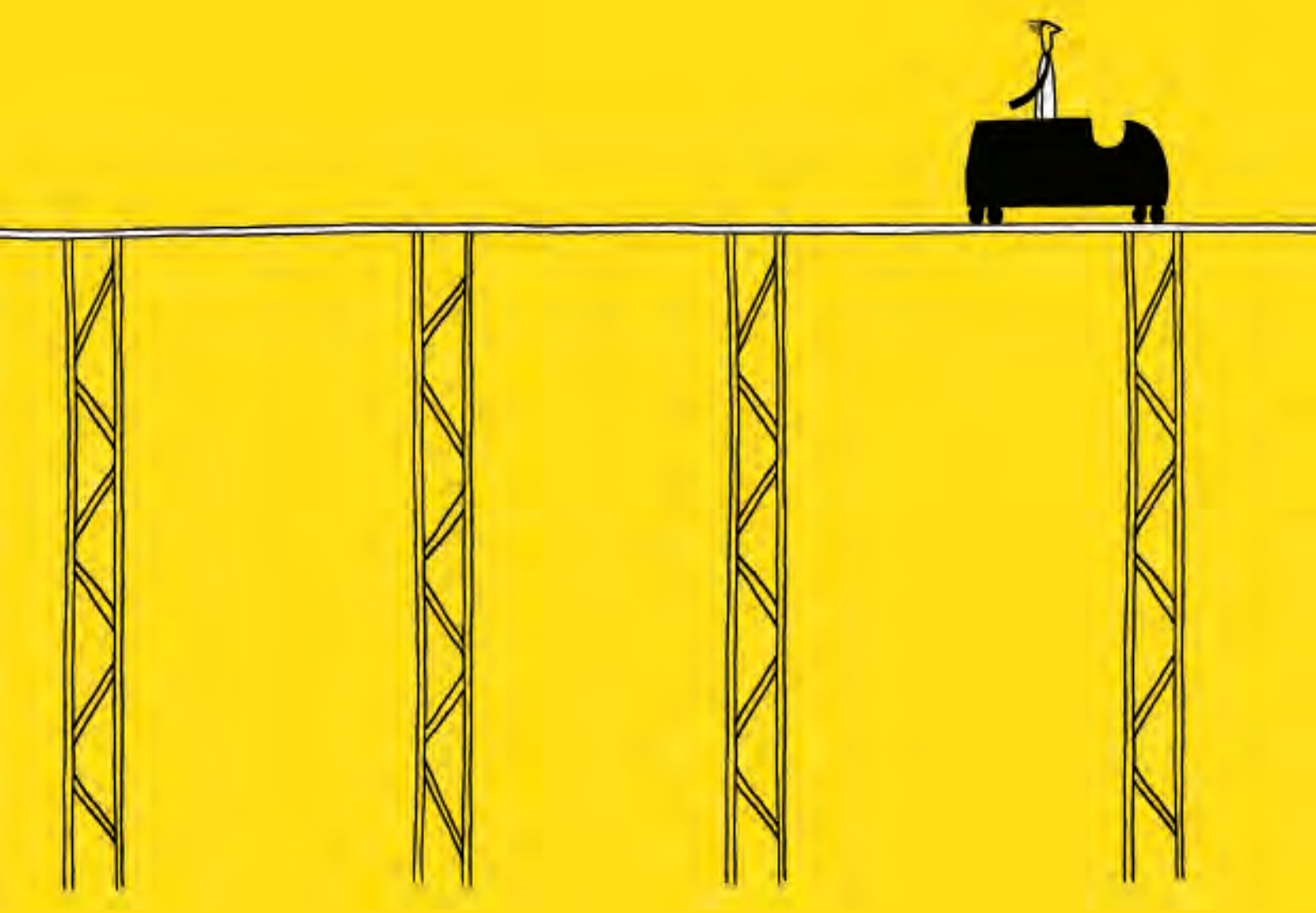
BIBA's schemes: the full range

1 Accident, Sickness and Unemployment
2 BIBAlet
3 BIBA Caravan
4 BIBA Crisis Control
5 Business Travel
6 Commercial Combined
7 Cyber-Liability
8 Electronic Marine Cargo
9 Excess Liability
10 Haulage and LGV Insurance
11 High Net Worth
12 Holiday Travel
13 Home
14 Late Night Entertainment (Club PM)
15 Loss Recovery Insurance
16 Marine Cargo
17 Motor
18 Non Standard Property
19 Personal Accident
20 Unoccupied Properties
21 Web Based Directors and Officers

BIBA facilities

22 Broker Continuity Planning
23 Contract Law Services
24 Financial Compliance Support
25 Insurer Security Services
26 Members' Own PI Insurance
27 Personal Lines Administration
28 Premium Finance
29 Telecoms
30 Conflict Investigation Service

we're helping flatten out the rollercoaster



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we know what's what

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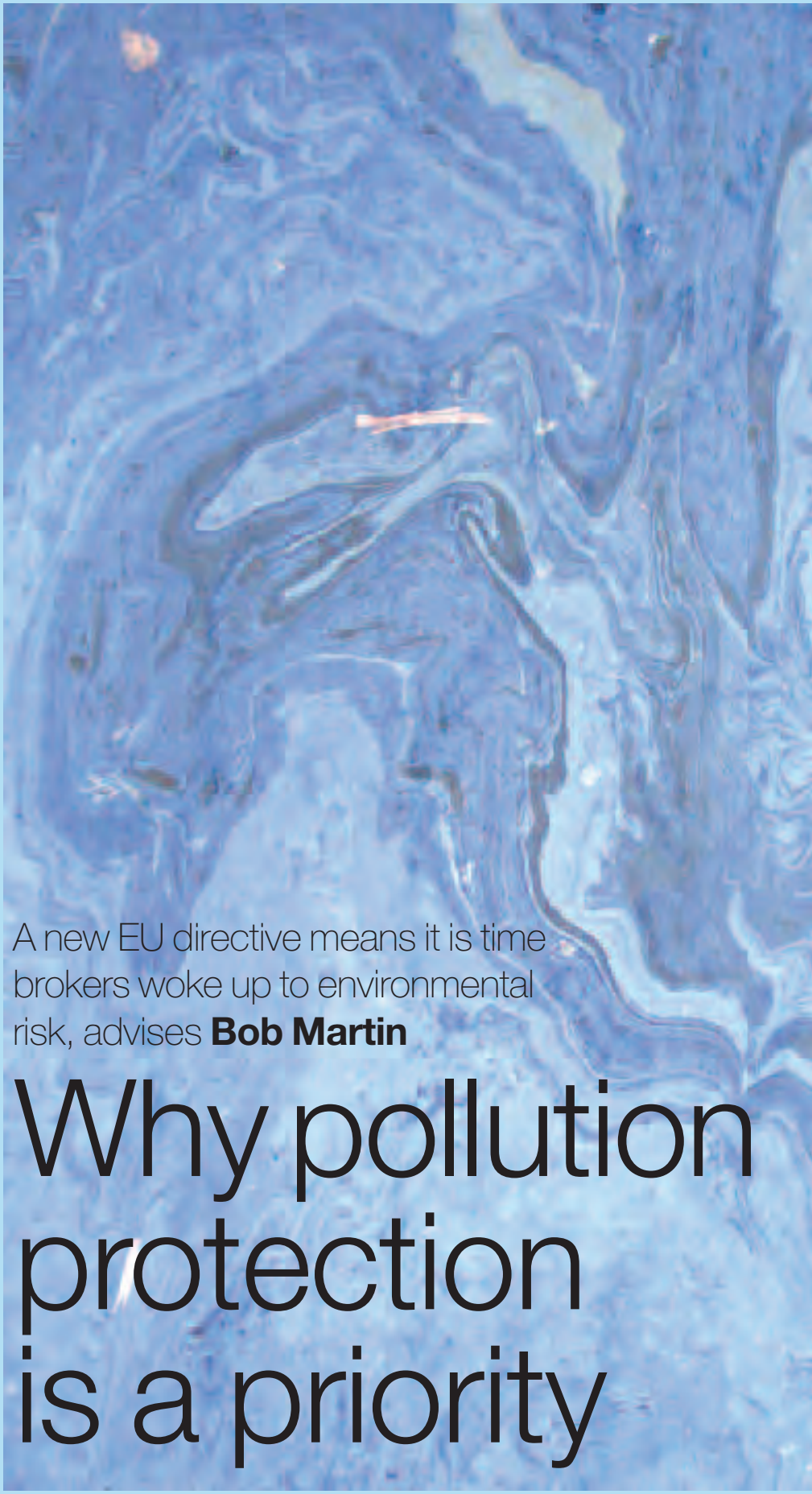

A new EU directive means it is time brokers woke up to environmental risk, advises **Bob Martin**

Why pollution protection is a priority

There have been some key developments in the environmental risk field, so brokers must ensure they are up-to-date so that they can give their best advice.

One crucial fact to be aware of is that clean-up costs may not be covered by public liability policies.

This was shown in the recent judgement in Bartoline Limited v (1) Royal & SunAlliance Insurance (2) Heath Lambert Limited (2006, unreported). The costs incurred through complying with statutory notices served on an insured by the Environmental Agency were not covered by the relevant public liability policy. And this should cause insureds to question the pollution protection these policies actually afford – and brokers to think about the advice they have been giving to their clients.

While the sudden and accidental pollution clauses within public liability and other general liability and directors' and officers' policies are still believed to provide cover against third-party claims, the extent remains to be tested in a Court of Law.

Until then, what the insurer and insured understand by the words "sudden" and "accidental", and whether they have a consensus of understanding, is questionable.

It should be remembered that insurance companies originally introduced these clauses as gradual pollution exclusions, and not, as some now believe, as an extension to the core policy wordings.

Onus is on brokers

As a consequence of the judgement in Bartoline, the onus falls on brokers to advise their clients on the potential gaps in their insurance cover. Clients then need to reconsider whether some of the current range of specific environmental impairment liability (EIL) insurance policies provides the real protection they need, especially as these policies are triggered by a pollution event, irrespective of the event being sudden or gradual.

The non-US EIL market has developed significantly since its emergence in the early 1990s. Unfortunately, many brokers still use the old, ill-informed, arguments against EIL policies to hide from the fact that they have not kept up-to-date with developments in the niche EIL markets. If they do not do something about this, brokers will expose themselves to errors and omissions claims.

So, will the enactment of the European Union Environmental Liability Directive (ELD) have an impact on brokers' clients?

The directive is scheduled for enactment

by member states on 30 April 2007. The deadline for submission of comments to the first round of consultation by Defra, prior to the statute coming into effect, passed on 16 February. But, how many brokers are aware of it, and have they advised clients? How many have taken part in the consultation as an individual, a firm, as a conduit for clients, or through a professional association, such as BIBA? The next and final round of consultation will be on the draft statute itself. All BIBA members are advised to look out for the updates on this, which will be available on the Defra website.

Impact on all businesses

To date, although some of the non-US EIL insurers are already writing endorsements to take account of the directive, we have yet to see how public liability and directors' and officers' insurers will react to the potential extensions to their cover for liabilities to protected species and natural habitats introduced by the directive.

Indeed the aforementioned Bartoline judgement, as well as the "sudden and accidental debate" calls into question the extent to which these policies offer true protection for clients' potential ELD exposures. This may well impact on the typical brokers' client base.

This does not mean that those in non-polluting industries, such as the service sector – even brokers – can ignore environmental risks

Defra has stated it believes the major impact of the enactment of the directive will be on small and medium sized enterprises. But this is but one aspect that will bring about a greater profile for environmental risks in the boardrooms of both large and small entities alike across the UK. That increase in prominence will necessitate that brokers and risk managers hold real dialogue at board level of their clients'/employers' organisations, instead of merely aspiring to do so.

Polluter pays principle

However, many may still need clarification on the polluter pays principle.

While it is true that the polluter pays principle is a cornerstone of the directive and much of the environmental law throughout the EU, this does not mean that those in non-polluting industries, such as the service sector – even brokers – can ignore environmental risks. They too can have real, potential and perceived liabilities.

The directive relates to events after 30 April 2007 but questions on joint and several liability, and proportionality thereof, are still to be resolved through the current consultations, which may open the door for liability to former owners and users of sites.

One interesting debate arises from the number of sites currently impaired by either known or unknown contamination – whether quantified, or not – that pre-dates the directive. While many believe environmental law is not retroactive, the practical reality is that any present or past owner, or sometimes even a user, of a site may be held liable for on- and offsite environmental liabilities resulting from contamination in defined circumstances.

Reporting requirements

The challenge for insurance brokers has already started. Environmental risks cannot be conveniently categorised and some of your clients may prefer not to get involved, but procrastination is no longer an option. Such sentiments as "I don't see my competitors doing anything about it", or "The last person in my job got away with doing nothing about it, so why should I?" are commonplace.

Environmental law has been evolving exponentially since the introduction of the Environmental Protection Act 1990. Besides the directive, there has been an avalanche of new laws, mainly driven out of the EU, on waste, air, water and packaging, to name but a few non-industry specific areas. In 2006 we saw the proposed Soil Directive, and in 2007 the proposed Environmental Crime Directive has been unveiled, with proposed prison terms for directors of up to 10 years! In addition, we are witnessing ever-increasing financial and corporate governance reporting requirements, coupled with public opinion on environmental issues at an all-time high. The past is no longer a good indicator for the future for any aspect of environmental risk. Furthermore, the relatively recent regulation of insurance intermediaries by the FSA places a clear responsibility on brokers.

The pressure is on brokers to provide a proactive environmental risk finance advisory service to their clients. This creates an immediate challenge. After all, brokers cannot bury their heads in the sand, it might be contaminated!

Bob Martin is director of risk management solutions at Aon Limited

BROKER CONTINUITY PLANNING

Where do you go if disaster strikes your business premises?

Broker Continuity Planning (BCP) has been created to provide brokers with Work Area Recovery sites to help them comply with FSA rules for testable continuity planning.

Brokers are required to have a plan to help them recover from a disaster, but crucially, to make the plan work, a new location is necessary. That's where BCP comes in, providing replacement offices around the country. A range of 3 service options are available. One of the options comes complete with IT preplanning to ensure that within hours your software matches the profiles pre-stored by BCP and your business is running smoothly from the BCP office. All at a BIBA discount from the normal price.

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For more information contact Paul Dyer Tel: **0870 411 1890** Fax: **0870 411 1891**
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Roger Flaxman provides straightforward and practical guidance for brokers who could be faced with a professional indemnity (PI) claim

In the hour of need

There are few things more alarming and disruptive than the realisation that a claim may be made against a broker for negligence. But the situation becomes even worse if it is found PI cover does not give the support expected.

It is one thing to advise clients impartially and dispassionately as a broker, but quite another thing advising yourself when you're personally and emotionally involved. The first reaction, and often the dominant initial reaction, is denial that a claimant has any cause for grievance whatsoever. While understandable, this stance can be damaging and may ultimately lead to a worse outcome than might otherwise have been achieved.

BIBA has helped many members over the years with their PI claims and the next phase of its PI initiative is to publish a comprehensive guide to professional indemnity policies. But what do you do if you find your claim runs into trouble?

BIBA member Akhil Chaudhry of Jaggi and Co comments: "I cannot praise BIBA's claims support service highly enough. In more than 20 years we have never had a claim made against us, but when we did, we were sadly let down by our insurers. If it hadn't been for the BIBA team we would have been uninsured and probably uninsurable as well. We thought the claim against us was unjustified but we now know that that is no impediment to lawyers. BIBA's specialist advisers expertly guided us through this most difficult time and we thoroughly recommend them to other members."

Problems frequently encountered include disputes about exclusion clauses, knowledge of material facts, non- disclosure or late notification, conditions precedent, activities covered by the policy and the conduct of a claim.

Alan Eyre, managing director with accredited BIBA PI broker Towergate, comments: "Claims handling and resolution are the proof of performance of your PI. When faced with a claim, BIBA members must feel confident they have a strong knowledgeable and supportive team alongside them."

Neville Miles, director with Lockton another BIBA accredited broker, says: "The quality of the insurance policy and the integrity of the insurers is critical. Lockton will be happy to help members who have any concerns about their PI claims or coverage."

One firm bought PI from the insurer direct and the other through brokers advertising themselves as specialists in the field. Each broker had correctly, and in a timely manner, declared

We thought the claim against us was unjustified but we now know that that is no impediment to lawyers

circumstances which could give rise to a claim. In each case, insurers initially refused to accept the notifications arguing that there was "insufficient detailed information to constitute a notification".

This put the brokers in a quandary as both were receiving correspondence from the claimant that they did not know how to handle without expert advice. One broker was still acting as broker to the claimant which potentially posed greater difficulties that could prejudice the outcome of the claim. Both brokers were required to act as "a prudent uninsured" and incurring significant time and expense, not to mention worry.

Hugh Price, director of insurance with solicitors Hugh James and one of the BIBA PI advisers, says: "By dealing with these issues early on – that is, before the parties become entrenched in their respective positions – we can save a lot of time and trouble later. The BIBA specialists prioritise resolving problems quickly and without rancour. As Charles Dickens wrote: 'The one great principle of the English law is to make business for itself. We take a very different stance'."

Roger Flaxman is BIBA's professional indemnity consultant

Dealing with a PI claim

A top tip for every broker facing a PI claim is to stop, look and listen.

Stop: Do nothing until you have taken stock of the facts. Do not react – particularly by email. Keep calm and look at the facts. If someone makes a complaint, allegation or claim then it must be taken seriously and dealt with professionally.

Look: Look carefully and, as far as possible, dispassionately, at what is being alleged. Ask someone else in the firm who is not directly involved with the claimant, to advise and act as co-ordinator. Quietly go through your own files and records to see if you can recognise the situation being complained about and try to understand what is in the mind of the complainant. Try to view the situation from the complainant's perspective.

Listen: Above all, listen. Say nothing and listen to what those about you are saying. Try to find out what the real issues are, consider them carefully and only then, act. Don't allow emotion to cloud your judgement. It is often possible to see the problem and how to resolve it without fuss.

Notifying insurers

At the first practicable opportunity notify PI insurers with a short, dispassionate, detailed account of the complaint, allegation or claim as it has been put to you. There is no need to offer a defence at this stage. Next, ask underwriters for their instructions and promise to send a more detailed summary in a few days when you have collated the information available. Keep in touch with your insurers and make sure you get an acknowledgment of receipt of all your communications. Chase them if you do not receive responses.

In the meantime, do not enter into correspondence, telephone calls or meetings or do anything until you have advised your insurers and asked for their advice as to what to do – and what not to do.

Difficulties

If other difficulties arise that threaten to prejudice your policy or your settlement, seek independent advice. You must not risk the business becoming uninsured, and therefore in breach of FSA regulations.

Further help

BIBA has recently launched a new support service combining the experienced insurance services of Flaxman Partners, specialist professional liability insurance consultants, and solicitors Hugh James. Any member who has any concerns about their professional indemnity insurance claims or coverage can have a free initial consultation. Their services are then available to members at a special member rate.

Any broker experiencing difficulties or simply needing a second opinion on a PI claim negotiation should contact technical manager Graeme Trudgill at BIBA who may recommend an initial consultation, which is free to members.

For more information on the PI initiative, visit the new PI website, www.biba.org.uk

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In pursuit of the level playing field

BIBA is campaigning on a number of regulatory issues to ensure that brokers are treated fairly. **Steve White** reports

The FSA's commitment to moving regulation, where possible, away from detailed rules and towards a more principles-based approach is commendable. So too is the FSA's review of the new regulatory regime for general insurance which has been operational since January 2005.

The FSA has mooted that some personal lines products – such as motor and home insurance – could be deregulated. BIBA argues that any further moves towards high-level rules and deregulation need to be handled with care, however. The regulator cannot remove rules where a Directive requirement exists.

We believe the FSA may propose "turning off" certain rules in respect of insurers. BIBA argues that both consumers and brokers will be the loser if that does happen. Our independent research has shown that many consumers buying cover are confused by direct and intermediary channels and that they can mistake being given information for receiving advice.

It may appear that products such as motor cover are commoditised, but the reality is that any insurance contract is potentially complex and no two buyers are alike. We only need look at the problems with the sale of travel insurance through unregulated travel agents, for example, to see the potential dangers and to realise why professional advice is so important.

Brokers should be extremely concerned by the FSA's plans. Why should consumers have to listen to lengthy disclosure information from a broker, yet not when buying direct from the insurer? Why should insurers reap the competitive advantages of a speedier sales process?

Any moves to reduce the level of disclosure that insurers as opposed to brokers must make to an already confused public, sit uneasily with the FSA's increased efforts and spend on improving financial capability.

BIBA has also argued that taking this action could potentially conflict with statutory obligations placed on the FSA by the Financial Services and Markets Act 2000 which require it to secure the right level of protection for consumers and to promote public understanding of the financial system. We believe that the Government needs to do more to let customers know about the benefits of taking independent advice and how this differs from buying direct. This is why we will be participating wholeheartedly in any national efforts to increase consumer financial capability, because the industry can only benefit from better informed customers.

Brokers should be extremely concerned by the FSA's plans

Members should be mindful of new regulations covering the activities of claims management services providers, warns BIBA.

These came into force on 6 April, and are as a result of the Compensation Act 2006. The new rules have been produced by the Department for Constitutional Affairs (DCA) and make it an offence to offer claims management services in six areas without being authorised or exempt from the legislation. These are: personal injury, criminal injuries compensation, employment, housing disrepair, claims relating to certain financial products or services and claims for industrial injuries disablement benefits.

These regulations are aimed at stamping out malpractice among unscrupulous claims farmers – but some brokers could well be caught out. The rules also affect those intermediaries who refer injured customers to solicitors or accident management companies in return for a referral fee, where the injury is not the subject of a contract of insurance – eg, in the case of a motor accident claim where there is not a before the event legal expenses policy in force.

Members should be aware that there is an exemption available for intermediaries who make less than 25 such referrals per calendar quarter.

Steve White is BIBA's head of compliance and training

For further information, take a look at the regulation section on the BIBA website.

Jane Kielty is one of the UK's best ambassadors for careers in broking. She tells Rachel Gordon about her rise to the top

Crème de la crème

How did you start in broking?
I took a law degree at Manchester Metropolitan University and found out about broking at a careers fair where Marsh had a stand.

Does it bother you to be singled out as a woman?
I don't have a problem with this – often it's nice. And, if it encourages other women to work in broking or insurance, then that's fantastic. Generally, there are now more women taking on senior roles and as an industry we probably need to look at diversity more. It's more trying to be referred to as a "young achiever". This does not always go down well with clients who may think that you're inexperienced. I'm 30 now, so ready to drop that label!

Why did you move from Marsh to Aon?
Marsh was my first job and on the graduate training scheme I learned a huge amount from using the photocopier to dealing with clients – they let me fulfil my potential. I still think about what mentors taught me. The Aon role appealed. Sometimes it's good to move and experience a different culture. I am now dealing with larger clients and have more autonomy.

Do you work long hours?
If you take on a job with high levels of responsibility you can't do nine to five. That said, my hours are not too bad. Sometimes you will have to stay late or work at weekends though. A work/life balance involves lots of juggling and my family provide a great deal of support.

Would you recommend broking as a career?
Definitely. There are many opportunities, fast progression, good levels of pay and benefits and great people. If you have talent and work hard, it's easy to shine. Every day I enjoy what I do – I have a passion for it. There are few jobs where you get the inside story on how businesses work. But we can do more to promote broking and I've been involved in careers fairs. I think the CII's talent initiative is excellent – it's time we glammed things up.

What has been the toughest thing you have had to do in your career to date?
At Marsh, you're on a steep learning curve and I had five different roles. On one, I felt out of my depth but it was the quickest way to learn. My boss took a bit of a gamble with me. I had to think on my feet and provide answers – this is how you prove yourself.

How would you describe your management style?
I would say fairly relaxed because I work with competent and capable people – we work as a team.

Why did you become BIBA regional chairman?
I've been involved with BIBA for around four years. I enjoy meeting brokers from different firms and finding out about what's going on and the issues that affect other businesses, including smaller ones. It's been useful to find out about schemes, compliance topics and being part of the wider industry.

How do you relax away from work?
Spending time with my daughter Charlotte who's almost five – she provides immediate stress relief – and my husband, Tony. I've also started to learn golf.

Jane's achievements

- won BIBA's Young Broker of the Year Award and is a finalist in British Insurance Awards
- mentored by Marsh CEO Bruce Carnegie-Brown
- led an award-winning community programme for disadvantaged children
- represented her company at the European Women of Achievement Awards.

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IMAGE: DICK BOGIE

DCA as an additional regulator

Q: I sometimes refer business to a claims management firm. Do I need to be regulated by the Department for Constitutional Affairs as well as the FSA?

A: One of the outcomes of the Compensation Act 2006 is the regulation of claims management services. These have been primarily designed to regulate claims farming and ambulance chasing. However, the regulations also potentially catch intermediaries as well. Where an intermediary refers an injured customer to a claims management company or solicitor – in the absence of a 'before the event' legal expenses policy – and receives a referral fee, such activity is caught by DCA regulation. However, where the intermediary makes less than 25 such referrals in a calendar quarter, there is an exemption available. To undertake referral activities without DCA authorisation will be a criminal offence after 6 April 2007, so firms are strongly encouraged to check their own situation.

The DCA has a dedicated website for the forthcoming claims management services regulation at: www.claimsregulation.gov.uk

Taking responsibility for fire safety

Q: Who is responsible under the new fire regulations to comply with the new fire safety order where there is a management company operating a block of flats?

A: Responsibility for complying with the fire safety order rests with the "responsible person". In a workplace, this is the employer, and any other person who may have control of any part of the premises such as the occupier or owner.

In all other premises, the person or people in control of the premises will be responsible. The managing agent or owner is responsible for shared parts of premises or shared fire safety equipment such as fire early warning systems or sprinklers.

If you are the responsible person, you must make sure you carry out a fire risk assessment although you can pass this task to some other competent person. However, you will still be responsible in law for meeting the order.

To disclose or not to disclose?

Q. My client had been given a caution. Does this need to be disclosed and when will it be "spent?"

A. Under the Rehabilitation of Offenders Act, there is a mechanism regarding convictions and when they could be viewed as being spent. However this is not true in relation to a caution.

A caution is not a conviction, and as such the Rehabilitation of Offenders Act cannot give guidance on this problem. We do understand, however, that this is to be addressed within the short term in relation to future amendments to any new Criminal Justice Act and the "cautions" will be one of the provisions of the Rehabilitation of Offenders Act.

It is therefore advisable to identify this caution with the insurance company as an ongoing situation – irrespective of what the actual caution was given for.

We understand that certain bodies have indicated that the caution does not need to be divulged. However, from our discussions with insurers they feel that it is material and as such the caution does need to be disclosed.

This conflict in itself shows uncertainty and it would be advisable to take your clients instructions in this respect.

Email questions to:
Regulation questions:
whites@biba.org.uk
Technical questions:
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