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## Welcome



**Leighann Burtrand**  
Editor of *The Broker*

A big thank you to all members who signed our Financial Services Compensation Scheme (FSCS) petition. This is a united effort from brokers and BIBA, and has helped to put across our case and achieve understanding on this issue.

It has been a long haul to lobby politicians and the regulator – and this has culminated in the presentation in Parliament of the petition containing nearly 7,000 signatures calling for an urgent review of the unfair funding model. We are absolutely delighted with the response and the way members have worked with us.

Jonathan Evans MP has applied for an adjournment debate on the FSCS within the House of Commons and on the need for an alternative to the current funding model. We will continue to strive to ensure this issue remains high profile. For more information on the FSCS see page 26.

Meanwhile, a BIBA team has just returned from Brussels where we had a productive series of meetings with BIPAR – the European Federation of Insurance Intermediaries. Revisions to the Insurance Mediation Directive (IMD) are on the horizon – this is a crucial piece of legislation affecting all brokers.

We have been working with BIPAR to ensure that the review takes the interests of UK insurance brokers fully into account and we also met with the key European civil servants reviewing the IMD and delivered our messages to them directly. We will provide an update to members on the IMD when appropriate.

BIBA's Steve White also had the opportunity to present our Future of Regulation research to the broker trade associations from across Europe.

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# Agenda

## Chief Executive Eric Galbraith speaks out

### BIBA 2011

I know it seems a long time ago but I'd like to begin by formally thanking everyone who attended this year's BIBA Conference, in Manchester. I've had a huge amount of positive feedback from members and we were also delighted by the quality of the exhibition and the support of our sponsors.

I want to maintain the standard of the BIBA Conference and I will continue to look at ways of ensuring the event remains of value to members and the sector as a whole. If you have any points or suggestions please get in touch.

### IIB

I was also pleased that our proposed merger with the Institute of Insurance Brokers (IIB) was widely welcomed – and I suspect may not have been too much of a surprise. We have been growing closer in recent years and have had a number of informal talks – many of us can see the advantages of a merger to create a more cohesive and influential trade association.

### REGULATION

#### FCA

The key theme of my conference speech was regulation. We conducted a major research project earlier in the year where we produced evidence both on the importance of broking to the UK economy and on the low risks we pose.

Our message is that we fully support and want appropriate and proportionate regulation – but it has to be based on the risks we pose. Our work continues.

#### FSCS

I am pleased to report that our meetings with both Government and the FSA have been favorable – we are on the radar. They are listening to us and they do have a new understanding of general insurance brokers and our position on compensation. A detailed article on our work on the FSCS is included in this issue.

Getting this moving is not easy but we continue to press our case whilst at the same time considering possible alternative arrangements that will satisfy Government

and the regulator.

In the meantime, I believe that there is every possibility that we will see further failures of firms, like credit brokers, in 2011 because of PPI and the levies could continue to impact general insurance brokers next year and potentially into 2013.

Unlike insurers, who can increase premiums, brokers cannot easily recoup this levy. Charging a fee to customers may be the only way for brokers to deal with this levy.

Whatever way members deal with this, budgeting for 2012 will need to take account of the potential for this levy continuing to increase.

“Our message is that we fully support and want appropriate and proportionate regulation – but it has to be based on the risks we pose. Our work continues”



# Conference 2011 hits new heights

This year's BIBA conference, Opportunities in Adversity, which was held in Manchester, proved another record breaker, with a total of 4,152 attendees, of which 2,526 were brokers – making it the biggest event to date.

"We were absolutely delighted that so many attended – we have received outstandingly positive feedback and already the pressure is on to meet the same standards next year," commented Chief Executive Eric Galbraith. The event once again proved it is unparalleled in its networking opportunities with a vibrant exhibition and plenty of space for one to one meetings. It also showed BIBA has embraced the digital age, with live Tweets being shown on the main stage.

The big announcement on day one in the auditorium was that BIBA is in formal talks to secure a merger with the IIB. Bringing the two trade associations together was widely backed, in particular given the need to speak with one voice as major changes to the regulatory regime are enacted. "These formal discussions on a merger is a big step in the right direction," Eric told delegates.

## Proportionate

Regulation was the key theme of Eric's conference opening address and he called on HM Treasury to produce a far more proportionate regulatory structure under the new Financial Conduct Authority. Change, he said, is particularly needed to the Financial Services Compensation Scheme and he demanded that the new rules be in place by April 2012, in time for the next financial year.

He outlined the need for a model which separates the professional insurance broker from other sellers of general insurance and removes the cross-subsidy. It was also announced that BIBA had begun meetings with insurers to seek a market solution to the handling of premiums.

He added that protection of client money was a key area where risk was posed, but that a solution was achievable through working with insurers. "We have detected an appetite amongst the insurers to help find a solution, where monies can be held on a risk-transferred basis, outside of FSA rules, giving insurers, the regulator and customers comfort about the protection of money. I would urge you all to get behind this move and support us in our efforts to try to achieve a secure and simpler solution to client money."



## Risk is increasing

Key speakers at the event included Greg Case, President of Aon who flew in to the UK from the US. He focused on the challenges facing brokers – but that they were also highly valued. "Everywhere we look, the magnitude, complexity and scrutiny of risk are going up. Are clients telling us they really aren't worried about risk anymore? Are clients saying, 'We don't need you? We've pretty well got this risk thing figured out?' No. Of course not... All the traditional risks remain and are growing – property, casualty, D&O – as are all of the evolving risks – global warming, sustainability, pandemic, identity theft and cyber risk.

"Risk is increasing. Business challenges are bigger than ever. The obstacles to achieving business objectives and seizing opportunities for growth are both more numerous and more complex."

Meanwhile day two of the conference opened with a regulatory forum, bringing together an expert panel of Towergate's Andy Homer, Brendan McManus of Willis, Stuart Reid of Bluefin and BIBA's Steve White. This covered a number of hot topics, including risk transfer, remuneration and

the need for far better separation between brokers and secondary sellers. Steve commented that there had already been extensive talks between BIBA and the regulator and that the intended IIB merger should also facilitate matters. "We need members to demonstrate that they are compliant by nature. If we can show that we are the professional advice sector then we have a chance of making them listen," he said.

The conference business sessions were all well attended, and included internet risks, fraud, the law of agency/duty of disclosure, a small business workshop, improving presentation and there was a buzzing fringe programme throughout the two days. This included accessing Lloyd's, captives, schemes, broker ASSESS, online marketing and financial protection.

Lord Alan Sugar was the final keynote speaker who captivated the audience – and was interviewed by TV journalist and presenter Andrew Neil.

The dates of next year's conference will be 16 and 17 May 2012 and will again take place in Manchester, by popular demand



## BIBA and IIB confirm merger discussions

BIBA and the Institute of Insurance Brokers (IIB) have confirmed that they are in formal discussions about the two organisations coming together, with an aim to complete discussions by the end of the year.

BIBA Chairman, Patrick Smith made the announcement during his opening address of the BIBA 2011 conference and exhibition in Manchester.

Eric Galbraith, BIBA Chief Executive, said: "I strongly believe that in the new regulatory environment one voice within the broking sector is needed. One association would add strength to our lobbying campaigns on the big issues affecting brokers."

"This is a very important year for brokers and BIBA will continue to focus on representing members on the forthcoming regulation changes and the

review of the FSCS – areas where we are already working with the IIB."

It is intended that Barbara Bradshaw and the IIB team will form part of the combined organisation.

Barbara Bradshaw, Chief Executive of the IIB, said: "There are major challenges ahead for brokers, and the IIB considers that in the current economic and regulatory environment the time is right for the two organisations to build further on the collaborative working that has already been taking place with BIBA."

Eric and Barbara confirmed that they continue to keep their members' interests at the heart of what they do and will keep both memberships advised as discussions develop. Until then, it will be business as usual.

## Guide launched to help Northern Ireland's motorists

BIBA has worked with the Northern Ireland Consumer Council to produce a guide that will help people in the Province find more affordable motor cover.

Driving Down the Cost of Car Insurance explains how motor insurance works, the role of the excess, risk factors, how to shop around for the best deal, tips for cutting costs and accidents and claims. Head of Corporate Affairs, Graeme Trudgill explains: "This is an accessible and friendly guide that will help alleviate some of the misconceptions that motor cover

in Northern Ireland is far more expensive than elsewhere."

"We have made two visits to Northern Ireland to work with the Consumer Council and we also believe it will mean more people use a broker. Some people were only searching comparison websites and not using a broker. Brokers can ably assist a customer seeking cover. The launch of the guide has also raised awareness in the market and there have been talks with a number of insurers. Overall, the market is improving."

## That winning feeling...



**Young broker success:** Alexandra Dredge receives her award from BIBA Chairman Patrick Smith



**Familiar face:** Patrick is again on hand to present the Francis Perkins Award to John Foster

Alexandra Dredge of Thomas Carroll is BIBA's Young Broker of the Year – a prestigious accolade which recognises the performance of younger brokers and encourages commitment to the future professionalism of insurance broking.

She was named as winner of the award because of her outstanding achievement for Thomas Carroll (Brokers) and her ability to go 'the extra mile' to win business and help growth. Hannah Bell of Jelf Insurance and Jillian Hollywood of Autoline

were named as national finalists in the competition.

Meanwhile broking industry stalwart, John Foster of Foster Leighton & Co, was named winner of the 2011 Francis Perkins Award due to his long-standing commitment over many years for the West of England region. John has held many positions on various committees since joining BIBA in 1977 and was selected for the award, which was instigated by BIBA's first Chairman, in recognition of his long-standing dedication to BIBA.

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# We will be heard

BIBA's team has been working hard to promote members' interests – and the wider consumer market – by dealing directly with MPs and Government departments, along with other associations as **Leighann Burtrand** reports

### Meetings with MPs

- BIBA met with Lord Newby, Co-Chair of the Liberal Democrat Treasury Parliamentary Policy Committee, on the future of regulation
- We met with the Secretary of State for Wales Cheryl Gillan MP to discuss the future of regulation
- Other separate meetings took place with Mark Garnier MP, Simon Wright MP, Nia Griffith MP, Mary Creagh MP, Oliver Heald MP, Chris Leslie MP, Alok Sharma MP, Adrian Bailey MP and Christopher Pincher MP to discuss the future of regulation and manifesto issues

### Government departments

- We attended three separate FSA meetings on HM Treasury's plans for regulatory reform, diversity and financial crime and hosted a meeting with the FSA to discuss the new regulation structure
- We met with representatives from the Government's new Money Advice Service to promote the role of brokers
- We presented to HM Treasury on access to flood insurance from brokers and attended the Defra Flood Summit Working Group meeting
- We met with the Department for Work and Pensions to discuss extending its working life initiative
- BIBA met with the Department for Transport on allowing broker access to validate driving licence data
- We met with the Office of Fair Trading regarding the private medical insurance scoping paper



## CIE message reaches the masses

Many people will have seen the television campaign launched by the Motor Insurers' Bureau on uninsured driving.

BIBA was involved long before there was awareness of the scale and seriousness of uninsured driving. This is an area where brokers' clients could seek guidance and we have produced a video on the topic where BIBA's Head of Corporate Affairs Graeme Trudgill interviews David Hancock from DVLA and Ashton West from MIB.

The CIE new law came into force on 20 June, making it an offence to keep an uninsured vehicle, rather than just to drive when uninsured. Graeme comments: "This campaign was spearheaded by BIBA over several years and we worked closely with the ABI, DVLA, the Department of Transport and MIB to bring about major changes that will benefit everyone. We have also produced consumer and broker guides so everyone knows what their responsibilities are."

### Europe

- We met with our European trade body BIPAR in Brussels to discuss broker issues
- BIBA met with Peter Skinner MEP in Brussels to discuss European broker regulation

### Working with other associations

- We met with the Law Commission to discuss Manifesto issues
- We attended the ABI working group meeting on application fraud
- We hosted a meeting to discuss the Insurance Fraud Bureau's future strategy
- We attended the Insurance Charities Grants' Committee
- We met with the CII to continue discussions on future development of broker ASSESS
- We met with the Federation of Small Businesses (FSB) to gain support for FSCS petition and broker issues
- We attended the British Insurance Law Association's (BILA) seminar on Test Achats
- We met with Which? and attended the Private Patients' Forum to discuss private medical insurance

### BIBA HQ and regional

- BIBA presented at Broker Network and Countrywide regional meetings
- We hosted visits to BIBA and Lloyd's for the South East, Yorkshire and Northern regions
- We hosted compliance forums in Bolton and the South East and Central regions

### Media

- We promoted brokers in the Times, the Financial Times, the Observer, the Mail on Sunday and the Daily Express
- We appeared in the Daily Mail to advise on insurance and the Icelandic volcanic eruption
- We met with Financial Adviser, This is Money and Moneywise magazine to discuss Manifesto and member issues
- We promoted BIBA's Find a Broker service in the Independent on Sunday
- We appeared on BBC Watchdog, The One Show and took part in BBC Radio Moneybox interviews about motor insurance.

Leighann Burtrand is BIBA's Head of Communications





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# Bringing it to the table

An important new BIBA/ABI working group has been set up specifically to focus on potential issues of conflict between insurers and brokers. **Rachel Gordon** finds out what it hopes to achieve

Let the talking begin. As history has shown, starting a dialogue often leads to the right results and this is the aim of a new working group, which unites together brokers and insurers to deal with difficult subjects that need bringing out into the open.

The need for a standalone group was first mooted within BIBA's General Insurance Brokers' Committee (GIBC). Member Denis Morgan explains: "An increasing number of 'friction issues' raised by members with BIBA were being tabled at GIBC meetings. Given that GIBC meetings have limited time available and are 'broker-only', it seemed a sensible move to set up a formal arrangement with insurers to jointly examine the uncertainties between themselves and brokers relating, in the main, to processes and understandings."

BIBA's technical team also sees many of the issues under discussion raised with them by BIBA members directly.

Apart from Denis, other broker representatives are Eamonn Browne, Glen Gillam and Grant Scott.

Grant comments: "It's very encouraging to see that both brokers and insurers are engaging to ensure that issues which equally affect them both can be addressed at an early stage with a view to there being an atmosphere of mutual trust. It's all too common for either side to blame the other when issues arise. This initiative will undoubtedly make the industry more transparent and that will be good for the insurance buying public as well."

Glen adds: "So often the focus from BIBA is on the big ticket issues but I'm hoping

this is somewhere where we can make a difference to the day-to-day workings between brokers and insurers."

Meanwhile, Eamonn – who for many years has sat on the BIBA Motor panel – is also committed to this new group. He comments: "Although we have a good relationship with insurance companies via our various technical committees, all too often the issues raised span more than one discipline whether it is motor, liability or property. This is an excellent way to exchange ideas and to address issues of practices which we are all committed to resolving."

Denis continues: "We know that the ABI operates many committees where issues are discussed internally, as does BIBA; but where there is something that affects us both, it makes sense to have focused meetings where we could talk things through together and find a resolution. I know from speaking to members, that issues can sometimes create a great degree of frustration. The purpose of our group is to get to decision makers, clear up any misunderstandings and sort things out."

## Customer outcomes

Some of the issues are outlined in BIBA's most recent Manifesto and this states: "BIBA's General Insurance Brokers' Committee will look to work constructively with insurers to find solutions for friction areas that can affect customers' outcomes."

The Manifesto refers to "products, underwriting, pricing, clarity of cover, operational effectiveness, remuneration, regulatory support, relationships including



General Insurance  
Brokers' Committee  
member Denis Morgan



Groupama's Head of  
Commercial Distribution  
Allison Andrews



“It’s all too common for either side to blame the other when issues arise”

matters on distribution and agency, treating customers fairly, timeliness, terms of business agreement, access to authenticated claims information and dual pricing.”

Denis says: “We initially set out to examine the roles and needs of brokers and insurers – with a view to considering best practices relating to future relationships. We looked at the market background and dozens of key factors which affect our trading environment. It soon became clear why friction arises.”

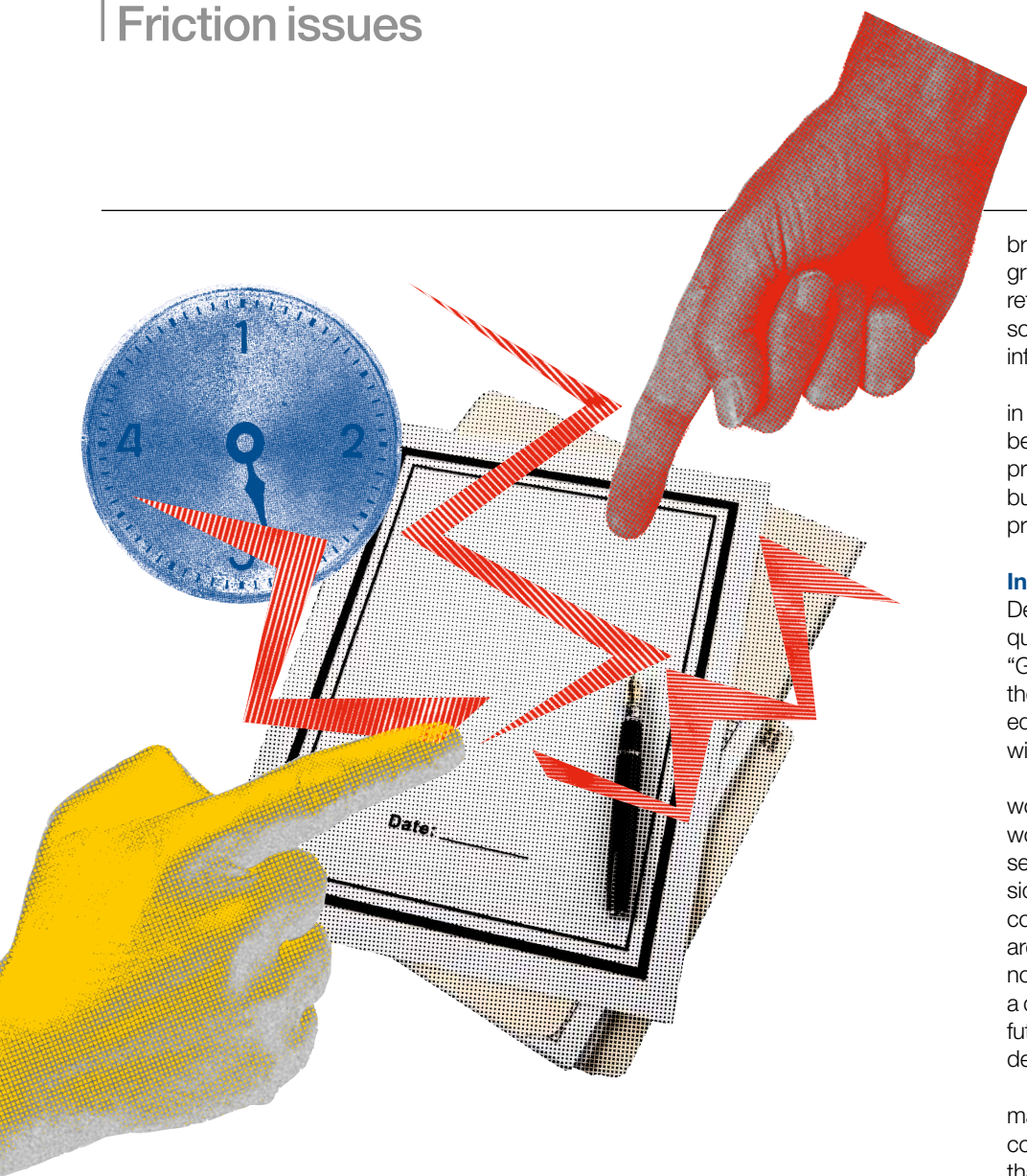
The aim is for the group to become an established forum for brokers and insurers that can:

- Form cohesive industry positions on emerging issues
- Resolve areas of actual or potential friction
- Improve general communication between parties
- Improve external understanding of insurance distribution.

He adds: “We also considered future trading factors, including the potential for improved processes, technology and communication developments, as well as what we can anticipate in relation to future regulation, legal reforms and the political and economic environment. And, if you look at areas like providing data for the Employers’ Liability Tracing Office (ELTO), the way insurance premium tax (IPT) or changes to the Consumer Credit Act (CCA) are handled, insurers can deal with these in different ways. We want to see greater harmonisation. There has been a lack of communication in the past and we want to change this.”







BIBA approached ABI who contacted a number of insurers – Aviva, Axa, Brit, Groupama, Fortis and MMA agreed to participate, along with ABI representatives. BIBA commented that the make up of the group needed to include insurance companies who had a varied distribution mechanism.

## Volcanic ash

Allison Andrews, Groupama's Head of Commercial Distribution, chairs the group and explains why she decided to get involved. "When I first spoke to BIBA about joining, I was intrigued. At Groupama, we only distribute through brokers and so I felt this was a good way to find out in person what they are going through and to see how we can better support each other."

She says one of the early issues on the agenda was the recent volcanic ash cloud which impacted on travel insurance. "Brokers want to be able to let their clients know what is going on and so it is important insurers communicate our position clearly if we want to foster strong working relationships. The ABI's travel committee, for

**"Having spent 27 years working for an insurer and the last 10 working within the broking market I have seen how conflicts arise from 'both sides' – it is often simply down to poor communication"**

example, may already have had discussions and it is important that BIBA is kept up to date on what is going on. And, certainly for non-competitive issues, we would also like to see if we can get more agreement industry-wide."

The group has met twice so far, and it is expected to meet quarterly. But, will it be prepared to take on the most sensitive issues? Allison points out: "We need to focus on issues that affect brokers generically. We could not discuss commission arrangements as they affect an individual

broker, for example, or sort out individual grievances. Also, insurers will want to retain their own particular strategies in some areas and so we will not be trying to influence these."

She continues: "I want to invest time in this project because I think it is going to be worthwhile. It is early days, and the proof of the pudding will be in the eating – but we should be able to make some real progress."

## Independent brokers

Denis is quite prepared to ask difficult questions when required. He comments: "Given the objectives of the forum and the openness of the exchange so far, I am equally confident that Insurers will be frank with their replies – it is a breath of fresh air!"

He continues: "Having spent 27 years working for an insurer and the last 10 working within the broking market I have seen how conflicts arise from 'both sides' – it is often simply down to poor communication. I think many smaller brokers are now concerned that their voices are not being heard – I know we can make a difference. I am passionate about the future of independent brokers and so I was delighted to be asked to lead this project."

He continues: "In a consolidating market which is becoming increasingly commoditised, I particularly wish to ensure that the value of the smaller broker is not lost. Accordingly we are seeking to objectively identify the value brokers currently add in the proposition – and what they could add in the future."

"We have already discovered that many issues are repeated from time to time and to avoid duplicating work, we have discussed the concept of creating a register of frictional issues – like a type of broker-insurer case law database – which could also record contact details for each insurer, for troubleshooting distribution issues. We are also prepared to tackle areas where we believe there is unfairness in the way insurers are dealing with brokers. There could also be TCF issues at stake, so we will also be focused on the policyholder's position."

Denis concludes: "Smaller brokers need support now more than ever – and this new group should help to provide it. We would be very pleased to hear about any key market issues which should be sent to BIBA. If it is within our brief, we will address it. The insurers taking part have shown a willingness to get involved and I'm optimistic about what we can achieve."

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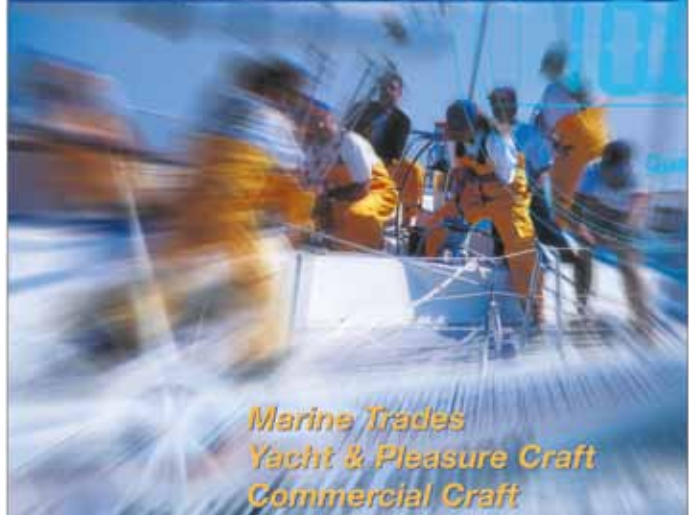
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# Covering all bases

There are risks which go way beyond broking and regulation – **Edward Murray** provides guidance for those running a business who want to avoid potentially serious issues affecting their firms

Regulation is often touted as the biggest risk that brokers face, but it is by no means the only one. There are also serious pitfalls around managing human resources, reputations and IT – and making sure you have sound practices in place is crucial.

Employment legislation has developed significantly and in terms of hiring, firing or making staff redundant there are stipulated procedures that have to be observed and steep penalties for those that do not.

Figures from the Ministry of Justice show that for the year 2009-10, 236,100 employment tribunal claims were accepted. This was an increase of 56 per cent on the previous year. Whether for unfair dismissal or discrimination on the grounds of sex, age,

firm CM Murray, says there are a number of basic principles that will help keep brokers out of trouble. In the first instance, all staff should receive equal opportunities training to ensure they are aware of the issues at stake.

When recruiting staff, she says there should be a clear job description outlined from the outset and that it is best practice to advertise the position both internally and externally. Thereafter, each candidate should be scored on a consistent basis and a similar set of non-discriminatory questions should be asked to each person interviewed.

She says: "It is all about applying clear and objective criteria consistently and having a written record. An appointment may be lawful and it may not be discriminatory, but if there is a problem at a later date, full written documentation will help in putting forward a strong defence."

Similarly when it comes to firing staff or making them redundant, following due process is essential. Ms Foster says: "It is quite easy to trip up on the redundancy process and it is often possible for a claimant to find holes in the employer's approach so applying clear and objective criteria consistently and then documenting

**"What fits a large business will be different to what works for a smaller broker"**

race, religion, sexual orientation or disability the costs involved are significant.

In unfair dismissal cases, for example, the maximum award made was £234,549 while the average award was £9,120. However in disability discrimination cases the maximum award rose to £729,347 with the average award being £52,087.

These are hefty costs to bear and stem from companies simply getting on the wrong side of the law when it comes to managing their staff.

Susanne Foster, Senior Associate at law







that approach is vital."

Getting this process wrong can open up an employer

to claims of unfair dismissal while there are also potential fines for failing to notify the appropriate parties in an appropriate and timely fashion. Even if a business is not up to speed on its responsibilities – see box out – it is certain that staff will be and getting it wrong can be both a time consuming and costly mistake.

Another issue that has evolved significantly in recent years is how firms can best manage their reputations. In particular, the explosion of social media has created major liabilities alongside the opportunities it presents.

Mairi Mallon is co-founder of PR firm rein4ce and she says: "A lot of brokers and insurers are sticking their heads in the sand when it comes to social media, but you need to have a social media policy."

She believes it is important for a broker to know who says what about their company and exactly what the business is responsible for from a corporate point of view. "A social media policy should outline what you do and as a company what you take responsibility for and explain that anything beyond that is the responsibility of people on an individual basis."

However social media is not the only avenue from which potential problems can come, and whether a broker is dealing with the failure of a major insurance partner, the death of a senior

executive, a sex scandal or allegations of wrongdoing, handling the following furore effectively will help keep reputational and commercial damage to a minimum.

In the event of a crisis there should be a plan to refer to. Who speaks to the media, what do they say and how do they say it? By controlling what is said brokers can at least make sure there is a consistent message being delivered and avoid further confusion.

Equally Ms Mallon says brokers can take a moment to put their foot on the ball, look up and see exactly how the land lies. It is not necessary to answer questions immediately, although responses should be given promptly and where possible it is also worth finding out exactly where the story has come from and what evidence there is to back it up. Further guidance is outlined alongside this article.

IT is another area that can create major business problems for brokers given the increasing amount of marketing, selling, and administration that is now carried out electronically.

Simon Ronaldson, Sales and Marketing Director at software house Acturis, says: "The first thing for brokers to think about is where their IT is located. Is it best that it is in their office or is it best that it is managed off-site?"

There are arguments for both, but Ronaldson believes that allowing a third party specialist to manage the IT off-site, in specially designed premises, carries major benefits. This is particularly true for smaller firms that might not be able to afford the same security and safety measures.

Mr Ronaldson says Acturis carries out a simulated disaster recovery event every year and invites brokers to take part to make sure that should the worst happen to their systems, brokers can still get access to their data and continue to trade.

Similarly he says brokers should have a plan in place to cope with the impact of perils such as fire and flood and make contingency arrangements to cope with other events resulting in a denial of access.

How many brokers have switched off their computers, bought a new one and then tried to access their information remotely? This bare metal restore exercise will help businesses see just how well and how quickly they could respond in the event of a major problem

and quickly highlight basic issues such as where passwords are kept and how compatible stored data is with new software programmes.

Carolyn Williams, head of thought leadership at the Institute of Risk Management, says the key in any risk management project is to be proportionate. "What fits a large business with lots of offices and employees will be different to what works for a smaller broker." At the smaller end of

the scale, she says many brokers will internalise their risk management and are naturally looking for potential pitfalls and problems to steer clear of on a daily basis.

As a business grows, so too does the formality of its processes and its risk management procedures. This activity will come with a price tag but as Ms Williams says: "There is a cost to risk management but it also brings benefits. Indeed the cost of not carrying out effective risk management can be very high and you are exposing your business to risks by not doing it effectively."

#### Steer clear of the potholes

Key points on avoiding future HR and reputational crises

##### Hiring

- Have everything documented in writing
- Advertise available positions
- Create a specific job description
- Be consistent when interviewing and scoring candidates

##### Firing and making staff redundant

- Make sure you know your obligations and follow them to the letter
- Full details are available at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

##### Reputation management

- Have a crisis communications plan in place
- Outline who says what and through which medium
- Practise the plan
- Take time to think before responding
- Be consistent
- Be truthful
- Admit responsibility and apologise where appropriate



# Access all areas

Many brokers don't engage with credit insurance, because it is the domain of specialists. However, all this is set to change, reports **Rachel Gordon**



Credit insurance hit the headlines when the financial crisis broke out and it was reported that mainstream credit insurers were withdrawing cover. This led to a frustrating situation for specialist brokers and those with less experience alike.

Some 18 months ago, BIBA started talks with the Department for Business, Innovation and Skills (BIS) in relation to their "top-up" policy and in November 2010 engaged with the Export Credits Guarantee Department (ECGD) in relation to their Export Insurance Policy (ExIP). BIBA has now secured access to both the ECGD and has subsequently launched a scheme with wholesale broker Perkins Slade for Trade Credit Risks. It is now possible to cover many UK and international credits for large and small companies alike.

BIBA commented: "Insurers said they were reducing cover in some areas, but we found they were pulling out altogether. There was evidence of market failure and we had to take action. This was attracting Government attention as a lack of trade credit insurance could weaken the recovery."

As a result, the BIBA Trade Risk Focus Group met with BIS to identify a major issue for UK plc when exporting.

BIBA has worked with the ECGD, the Department for Business, Innovation and Skills (BIS) and linked up with Adrian Bailey MP who spoke at the Black Country Chamber of Commerce and had expressed his concern about the situation.

BIBA said it wanted to make sure BIBA members could trade with the ECGD.

Before they did this, businesses seeking cover in respect of risks outside the conventional market policies had to trade direct with the ECGD or via their banks. BIBA worked with the ECGD and re-worked the existing ExIP wording to provide improved cover brokers can use for clients of all sizes.

Meanwhile Government white paper Trade and Investment for Growth revealed the ECGD would be able to offer short term export credit insurance for all types of goods. This will provide a one-off cover with a minimum contract value of £20,000.

BIBA adds: "We have agreed with the ECGD to use the broker distribution channel to publicise the existence of trade credit insurance. Brokers are able to provide their clients with on-going guidance – and provide credit cover as part of a wider programme."

The ExIP contract scheme pays a small commission and is available via specialist brokers who can wholesale. Moreover the ECGD have agreed if the policyholder approaches them direct for a second transit, the ECGD will refer them back to the broker who arranged the initial cover.

BIBA said: "We've spoken to brokers who say they avoid trade credit because they don't understand it and presume clients don't need it. But, many commercial brokers will have a client who exports. Credit insurance may be a condition of obtaining finance, but the last thing any broker wants to do is encourage the client to speak to their bank about it – they could lose the whole account."

Perkins Slade is one of the wholesale brokers which has access to the ECGD and also, separately, provides BIBA's trade credit scheme. Darren Felsenstein, Credit Development Executive, at Perkins Slade, comments: "Our scheme, underwritten by Atradius, is equally suitable for UK risks, although we cover the OECD countries as well. Given the on-going uncertainty of the economy, many businesses are concerned they are not going to be paid, so, there is also the option of a range of credit management services which can help considerably with controlling debt."

As an established BIBA wholesaler, he adds there is a clear TOBA agreement in place to protect members' business. "We went through a rigorous tender process and the cover has a number of bespoke features, which are not available on the open market. The good news for brokers is as a result of BIBA's work, brokers can now provide their clients with far more certainty when it comes to trade credit. There is now access to the ECGD and our scheme which can cover insured turnover up to £10 million."

He adds Perkins Slade will in some circumstances visit brokers' offices to provide them with guidance on trade credit cover. "If there is going to be sufficient interest and volume, we're delighted to provide more information. We are able to dispel the mystique surrounding trade credit and show brokers it's vital cover for those in the commercial market."

Brokers can find out more at [www.biba-credit-and-bonds.com](http://www.biba-credit-and-bonds.com)

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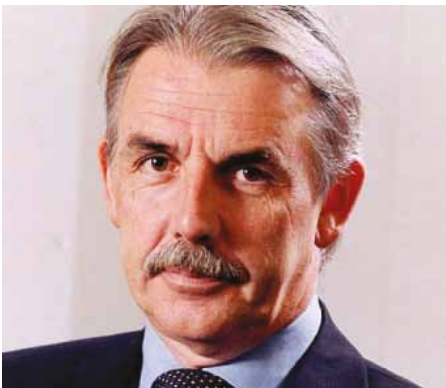
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# Put it in writing

In providing and signing documents, brokers are effectively confirming and verifying insurance arrangements of their clients to third parties and this can expose them to potential E&O claims in the future, explains **Alan Eyre**



Brokers are frequently requested to provide clients and/or third parties with letters/certificates confirming clients' coverage arrangements, but unless properly addressed, these documents can represent potential errors and omissions (E&O) exposures. Documents can include:

- To Whom it May Concern letters
- Contractors/sub-contractors' letters, forms and certificates
- Requests from principals, architects and surveyors
- Bank and mortgage interest notices
- Verification of insurance certificates.

Brokers need to pay close attention to the documentation they are being asked to provide, the form in which it is presented and the scope and terms of cover they are being asked to verify.

Whenever such a certificate and/or verification is required brokers should ask these be provided and signed by the insurance company direct. Ideally the broker should avoid completion unless absolutely necessary.

But, some clients will expect their brokers to do this, indeed often the forms and certificates are formatted in such a way that the broker is specifically highlighted as a required signatory.

In these cases brokers should establish standard procedures for the completion and production of such forms. If the broker is to provide any form of verification certificate presented in their own name these should be centrally agreed, legal advice should be

taken on the format, and whenever possible, agreement should be sought from insurers to the wording.

## **Danger signs**

In the event that the broker is being asked to act as signatory to a certificate provided by a third party some examples of "danger signs" are as follows:

- Request for confirmation premiums have been paid – brokers should always check premiums have been paid to insurers.
- Request for interest of third parties to be noted on policy documentations – these must always be passed to insurers for agreement.
- Confirmation of "no claims have been paid or settled against the insured in the last 12 months" – this should be carefully checked and qualified "to the best of our knowledge".
- Where a request for definition of the insured's business is requested, then this should reflect the definition as stated in any policy documentation.
- Where details of indemnity limits are requested they should be clearly stated as either each and every claim or as aggregate as appropriate, and where particular inner limits apply these should also be detailed within the answer.
- Limits under a combined liability policy may vary in terms of both amount and basis. In the case of PI risks, in some cases the limit will be on an aggregate basis or for each and every claim, but in the aggregate in respect of claims from pollution or contamination. Additionally, inner limits may apply in respect of, for example, asbestos or there may be a complete exclusion. These should be highlighted.
- In the event a certificate asks for confirmation that cover extends to "include liability assumed under contract" then any response must make it clear that any such

provision is subject to the full policy terms and conditions.

- When asked to confirm "details of any special restrictions or exclusions" avoid answering with "none" and ensure the answer is tailored to the specific restrictions applicable to the policy. If there are no special restrictions the response should be "none other than those standard restrictions and exclusions normally contained within a policy of this type".
- On occasion, certificates may require the broker to inform the third party in the event of such a policy being cancelled or not renewed. Under no circumstances should the broker undertake to provide this information as this would be for the client to provide directly to any third party should circumstances change.

## **Consistent approach**

Brokers should always seek a consistent approach, underpinned by legal advice. And it should be emphasised to staff that such requests should always be referred to an authorised person with sufficient experience. Brokers should also train staff on how such documentation should be approached to ensure consistency and to avoid PI claims in the future.

Alan Eyre is Managing Director of Torgate Professional Indemnity. Torgate is a BIBA accredited professional indemnity broker

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## Older employees – handle with care

Managing retirement issues, looking for ways to deal with the recent ECJ gender ruling and attracting school leavers are on the agenda

Any broker employing older people needs to be highly sensitive to their rights in the workplace, a lawyer has warned.

Brokers should already be aware that the Default Retirement Age (DRA) is to be phased out this year and this means employers will no longer be allowed to dismiss staff just because they have reached the age of 65.

It is being phased out between 6 April and 1 October 2011 and its aim is to tackle issues around the ageing population and the shortfall in pension savings. But, what is the situation now with older employees if the sensitive situation arises where they may no longer be performing as well as they used to?

Mark Owen, solicitor with Peninsula UK, an employment law specialist which also recently took part in the small business workshop at this year's BIBA conference, says this is an issue which needs to be handled with care.

"You have to see the situation from different sides. There is the wider economic issue – if people retire and have a low income, they may be claiming benefits and spending less and the Government does not want this. You also need to think of the employee who may not want to leave their job – potentially they could also take action against their employer on age discrimination grounds if they feel they are unfairly treated."

Mr Owen says the key to resolving issues is through formal workplace discussions. "Employers need to manage now by performance rather than age. So, if age-related conditions are affecting someone's

ability to their job, this is going to be an important factor. Employers also need to be aware of so-called 'employer-justified retirement ages' which means they may still be able to require someone to retire if they can show they can no longer do the job, and so this will be legitimate."

He points out that employers may be able to carry out individual retirements on a case-by-case basis, but it will be difficult to justify such a retirement where the employer does act consistently.

Mr Owen continues: "Clearly if it is a very physical job, such as involving a lot of heavy lifting, then showing that someone is no longer capable is going to be more straightforward. But, with broking, this is unlikely to be the case."

The Department for Business meanwhile, gives two examples of where an agreed retirement age could be justified, namely, air traffic controllers and police officers.

But, Edward Davey, Employment Relations Minister, said: "The evidence that performance and effectiveness decline after 65 is just not there."

Mr Owen emphasises that brokers should take advice where necessary and seek where possible to secure agreement of the employee in the decision making process. It may be that someone agrees to reduce their hours, or moves to a different role, for example. But, simply asking an older employee to leave when they reach 65 with the aim of bringing in a younger and cheaper replacement is no longer permissible.



There is guidance on working without the Default Retirement Age from ACAS and this can be viewed at: [www.acas.org.uk/media/pdf/d/4/Working\\_without\\_the\\_DRA\\_Employer\\_guidance\\_-\\_MARCH\\_2011.pdf](http://www.acas.org.uk/media/pdf/d/4/Working_without_the_DRA_Employer_guidance_-_MARCH_2011.pdf)

## Bright sixth formers could fill the skills gap

Rising costs to attend university as well as a shortage of places, could mean that more choose to leave school after A levels and join the workforce – and this could be an opportunity for brokers.

According to the Financial Services Partnership (FSP), some 688,310 people have applied for university places this autumn but over 200,000 failed to land a place. The high demand and tough competition meant that 188,697 (27.4 per cent) of applicants were eligible for clearing but received no

offers; did not meet the required grades; or applied too late while a further 18,081 disheartened individuals actually withdrew their applications.

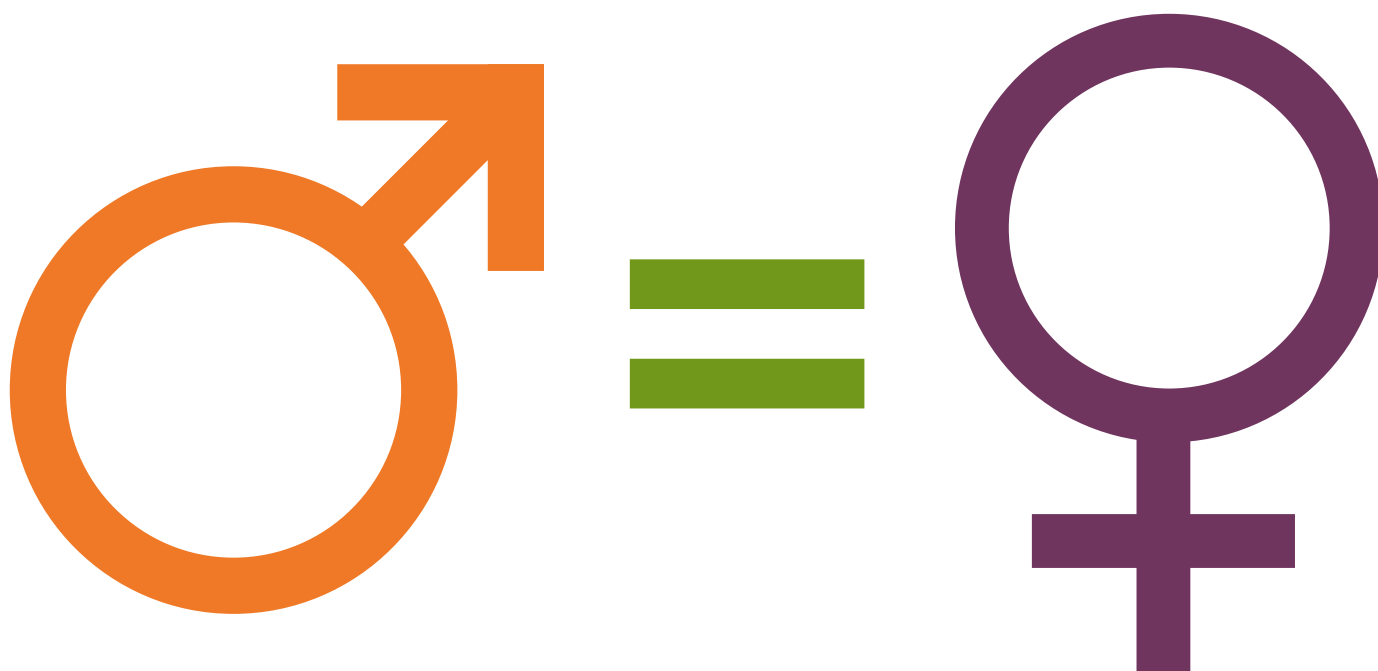
The FSSC believes more young people will be looking into alternative options for employment and training. It also pointed out that graduates are not necessarily more likely to land a job. Recent figures from the Office of National Statistics revealed record levels of unemployment in the 16- to 24-year-old age group. In the past year, one in five graduates

has remained unemployed.

Liz Field, the FSP's Chief Executive Officer, said: "Increasingly, young people will be looking at alternative options such as school leaver programmes and apprenticeships to get them work ready and onto the jobs ladder and there are opportunities to tap into the rich talent pool available. Companies must create a structured and accessible programme to open up access to work, and one of the most sought after career paths for graduates is financial services."



# ECJ gender ruling: the search for solutions



There was widespread outcry in response to the European Court of Justice ruling, which said that insurers can no longer charge different premiums based on gender – and those who are set to be most disadvantaged are female motorists.

The ruling which was given earlier in the year was as the result of Belgian consumer group, Test-Achats, and comes into force in December 2012. It was argued that a current exemption for insurers contradicted the wider European principle of gender equality.

In its legal alert on the issue, solicitors Reynolds Porter Chamberlain said: “Although this ruling is intended to achieve equal treatment for men and women, in practice, it will create a paradoxical system whereby the lower-risk sex will be forced to pay a cross subsidy for the higher-risk sex on their insurance premiums. Within an hour of the judgment being released, it had become a UK trending topic on Twitter, with tweeters

describing it as ‘absurd’ and ‘political correctness gone mad’.”

BIBA has said currently the cost of the average car claim by an 18-year-old man is £4,400, while that for an 18-year-old woman is £2,700. But, for all the complaints which have been heard, this ruling cannot be challenged, even though it flies in the face of the higher number of serious accidents caused by young male drivers.

BIBA’s Head of Corporate Affairs, Graeme Trudgill, has said he is well aware that brokers’ clients will be seeking information and guidance on this issue and has been in regular communication with Treasury, the ABI and European broker federation, BIPAR.

“We are pleased that Treasury interpret the effective date of the judgement as 21 December 2012, meaning that all policies incepted on or after this date must comply. There are still some issues outstanding and no doubt others will emerge as we draw closer to the deadline. One such issue is to

what extent firms will still be able to collect and store gender information.”

In terms of the search for solutions, Graeme explains that growing use of telematics offers hope. He explains: “The use of telematics is increasing and could provide the gender neutral solution to providing evidence on driver habits – and so allow more accurate underwriting and appropriate premiums.”

He says that telematics devices with motion sensors are now being fitted in more cars and that the costs of this technology are coming down. “Insurers will be able to assess case by case whether the driver is showing signs of being higher risk. This could be in terms of higher speeds, excessive sudden breaking or sharp turns. Driving late at night and during times when there is a lot of traffic on the road can also increase risk.”

Potentially, female or male drivers that display safer characteristics could still benefit by up to 50 per cent.



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# The perfect fit

Brokers should be able to provide tailored cover for clients who do not fit the standard mould – and BIBA has the right schemes and facilities to make the process straightforward. Steve Foulsham reports on the latest developments

## The last piece of the travel jigsaw

BIBA currently operates three travel related schemes designed to offer a complete solution for members in accessing high quality cover for the vast majority of travel enquiries. The award winning BIBA scheme operated by Tokio Marine, caters for the majority of individual retail travel enquiries. BIBA Medical is a recently launched scheme for the more serious non-standard risks which has been developed with AllClear Travel insurance, which has been specialising in medical travel insurance for more than 10 years.

They have constantly refined and adapted the scheme to more accurately reflect the risks being undertaken and through their unique 'Rate for Risk' software, have taken the product to the number one spot in the UK specialist medical travel insurance market place.

Many will be familiar with the three main risk areas travel insurance is generally built around.

- Cancellation – protecting the customer's financial investment in their holiday booking against the need to cancel.
- Emergency medical expenses – for medical and repatriation costs should the customer fall ill or be injured abroad.
- Personal belongings and money – for loss of or damage to these items.

While the third of these risks remains relatively constant across customer demographics, the first two risks are significantly affected by the age and pre-medical history of the customers insured.

This heightened risk rises almost exponentially with the age of the traveller and severity of pre-existing medical conditions. Indeed, travellers over the age of 65 make twice as many claims (mostly medical) as those under 65 and the value of the claims is also double. So



most insurers cap the medical risk and often the age to reflect their own appetite for risk, declining those customers who break this threshold.

Specialist medical travel insurance is usually provided by companies who have developed their own risk assessment techniques and who have, over time, gained credibility with underwriters in assessing these risks and managing them to acceptable loss ratios. Some do this better than others and hence, it is a market which is entered by some and quickly exited again by others.

Meanwhile, the diagnosed state of health of the nation is still in decline – indeed, 15 per cent of all NHS MRI scan requests are now referred to the Newmarket horse scanner as they are too big to fit in a conventional MRI scanner designed for humans.

And so there is an increasing need for brokers to provide specialist medical travel insurance to complete their portfolio of insurance offerings, and avoid losing out to another broker who is able to fill the gap. Additionally, with average premiums well above standard travel, and customer expectation generally matching this, significant commission can be made. Currently BIBA Medical pays 22.5 per cent commissions on sales.

For more information, go to the BIBA website, click on schemes and pick BIBA Medical. This links to a broker registration page. Or contact Chris Blackman on 01962 870066 or email [chris.blackman@allclearinsurance.com](mailto:chris.blackman@allclearinsurance.com)

## Private medical insurance goes bespoke

BIBA's new private medical insurance scheme (PMI) provides members with access to a bespoke range of four plans called MYWellbeing.

But, do clients need PMI? It has been reported that waiting times within the NHS have reduced significantly since the Government set their 18-week target more than four years ago, and it became the operational standard for the NHS in January 2009.

At the end of March 2010, there were 614,754 patients awaiting in-patient or day-case treatment under the NHS. Only 17,515 (less than 3 per cent) had been waiting for more than the 18-week target, according to the Department of Health.

The clock starts for the 18-week 'deadline' when the hospital receives the patient's referral letter from their GP or when the patient books their own hospital appointment via the electronic choose and book system. In no more than 18 weeks, the patient must have received all the preliminary tests required and definitive treatment must have started.

But while a success story is reported, it is not consistent and waiting times vary depending on speciality and location. On top of this, Health Insurance magazine reported that the NHS has to make 'efficiency savings' of up to £20 billion by 2014 so after a period of improvement, what will the future hold?

PMI plans can work alongside the NHS and enable the customer to get the best of both worlds, so is this something you have considered for clients before?

If speed of treatment is a major concern to clients, who still support the NHS, then one option available on all four core plans within the range which might be of interest is a 'six-week option'.

A six-week option means that after a private initial consultation and tests to get a diagnosis, hospital admission is required. If it can be done on the NHS within six weeks then the NHS is used. If the wait will be more than 6 weeks (and remember the NHS target is no more than 18 weeks) then the client can go privately. This would attract a discount of approximately 20 per cent off the standard new business price.

MYWellbeing is aimed at individuals and owner managed businesses. It is

administered and exclusively distributed via Jelf in partnership with BIBA via a 'no cross sale' Introducer Agreement and underwritten by AXA PPP healthcare.

For more information about the MYWellbeing BIBA PMI scheme contact Katie Cook at Jelf on 0800 116 4512 or email [katie.cook@jelfgroup.com](mailto:katie.cook@jelfgroup.com). Alternatively you can get an overview and the opportunity to download an agreement and process document on the BIBA website, schemes section



## Nightclubs reshape for the future

Large nightclubs have been struggling as in recent years some of the largest operators and venues have fought for survival. Soaring youth unemployment, cheap supermarket booze and the smoking ban have all contributed to a downturn in trading, dwindling profits and for many the end of an era.

However, while it appears "super clubs" may have become a distant memory, today's customers are seeking out different experiences and there are a host of new venues catering for their needs.

"Gig venues such as Band on the Wall in Manchester are springing up, combining gigs and club nights. We are also seeing

a growing number of smaller clubs, many with niche offerings," says Michael Hilder, Account Director at entertainment specialist Lloyd's broker Tasker & Partners.

The Licensing Act 2003 may have been the death knell for some larger dance venues but for smaller nightspots, bars and restaurants that now benefit from late opening hours there is a chance to become cool, fresh and interesting. People are still going out, but they want something more. Crossover nights and multi-use venues provide this and insurance policies have had to adapt too. A one size fits all approach cannot work in such a changing sector.

"The landscape of the late night entertainment industry has changed considerably during the recession," says Chief Executive Officer Paul Tasker. "However the risks facing insurers in the class have increased and become more diverse. Insurance and risk management needs to be appropriate to the sector now more than ever. Many policies still on offer do not correctly address important aspects, such as licensing, and our approach places more attention on the entrepreneurial and opportunistic nature of operators."

The ClubPM suite of products has been BIBA's approved solution for the late night industry for the past five years. During that time scheme provider Tasker & Partners has added to the product range as new risks emerge. NightScene is the policy focussed on bars and smaller venues while ClubEX provides tailor made cover for gentlemen's clubs.

BIBA members can obtain quotations and bind cover online as well as gain specialist advice from Tasker & Partners for all their entertainment risks. A TOBA can also be obtained online, meaning members can be up and running in minutes with access to the BIBA approved schemes. ClubPM has been specifically developed to give brokers the edge with their clients and prospects.

For more information visit [www.clubpm.co.uk](http://www.clubpm.co.uk) or call Tasker & Partners on 0207 623 4133 and speak to Ben Atkins

Steve Foulsham is BIBA's Technical Services Manager



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A grayscale image of a hand holding a vibrant red apple with a single green leaf. The hand is positioned palm-up, supporting the apple from below.

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

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# Making our voice heard

Nothing has animated BIBA's members so collectively or as vociferously as the rocketing Financial Services Compensation Scheme's (FSCS) levy and the unfairness of the funding model that currently underpins it. Vannessa Young reports on the on-going campaign for reform

The response to BIBA's member petition calling on the House of Commons to urge HM Treasury to accelerate the Financial Services Authority's consultation on the review of the FSCS and its funding with immediate effect has been overwhelming.

Nearly 7,000 individual BIBA members signed the petition which was presented to Jonathan Evans MP, Chair of the All Party Parliamentary Group on Insurance and Financial Services, in early June. Mr Evans presented the petition to the House of Commons on behalf of BIBA members on 13 June as a mark of how seriously he is taking the issue. He also aims to host an adjournment debate or Westminster Hall debate in order to raise awareness of the issue among MPs.

The FSCS levy is an emotive subject. In the last three years the general insurance intermediary community has seen its contributions towards the funding of the FSCS rise significantly. The 2011/12 financial year is no exception. The FSCS set a budget of £69.5 million to cover likely compensation costs in the general insurance intermediation sub-class for 2011/12; this is almost a 50-fold increase over the last three years.

### Huge levy increase

This huge increase in the levy for the general insurance intermediation sub-class has been fuelled by the need to pay compensation for credit brokers that have failed as a result of mis-selling payment protection insurance (PPI) – a product rarely sold by 'insurance brokers'. Invoices demanding payment of regulatory fees and levies that have been arriving at firms during June and July have only served to reinforce the sense of injustice about how the scheme is funded.

BIBA fully supports the concept of compensation – we believe it is an important tool in both consumer protection and increasing consumer confidence in the financial services industry. The problem is the way in which the FSCS has been funded.

The current funding model splits the regulated community into five broad 'classes' of which insurance is one class. This insurance 'class' is split into two 'sub classes', the insurers in one and the intermediaries in the other (known as sub-class SB02).

The current funding model for the FSCS pools together the 14,000 intermediaries with permissions to sell insurance. The increasing number of credit brokers unable to fund the compensation required following their mis-selling of PPI have resulted in the collapse of some firms, leaving their resulting liabilities to customers being picked up by the FSCS, which in turn fall on the financial services industry in the form of a levy.

### PPI claims rose substantially

This problem is likely to get worse before it gets better. The FSCS Plan and Budget from earlier in the year showed that PPI claims rose substantially during the last two years and this upward trend was unlikely to abate any time soon. This also reflected the experience at the Financial Ombudsman Service which generally sees complaints trends developing many months before they come home to roost as claims on the compensation scheme.

Despite this, the FSCS recently revised its "most likely" claims assumptions downwards from the 20,000 announced in its Plan and Budget. It now expects new claims to be around 13,400 in 2011/12. This is based on its current experience of claims

volumes, which suggests the increase is less steep than previously assumed. BIBA argues that this decrease in the number of PPI claims that the FSCS estimates it will handle does not make sense.

All the indications are that PPI complaints are continuing to rise and the recent rejection of the British Bankers' Association's judicial review of the FSA's new measures for handling PPI claims is likely to increase pressure on figures forcing them upwards. Perhaps the adjustment in the rate of PPI claims being handled is an indication that political pressure is being brought to bear on the FSCS to bring costs down, or at least appear to do so.

BIBA has to put a stop to these unfair and damaging compensation claims falling on its members' businesses which is why we are calling on the FSA to accelerate its fundamental review of the FSCS. BIBA members pay FSA fees and levies on an annual basis and these are dependent on the rules in place at the beginning of the regulator's financial year (1 April).

Had the FSA consulted about a new funding model for the FSCS in the latter part of 2010 as they had originally intended, the rules would still not have changed in time for April 2011. This summer's fee and levy bill would have been unaffected. However, if there are to be changes to the rules and a more equitable funding model in place for April 2012, then the FSA does need to get the formal consultation process underway quickly.

In addition, as part of the fundamental review of the FSCS, we are also demanding that the FSA:

1. Separates the 3,500 full time 'insurance brokers' from the other 'secondary sellers' currently in the insurance intermediary 'sub-class'; and



**Ready for battle:**  
BIBA's Head of Compliance and Training, Steve White (left) and Chief Executive Eric Galbraith prepare to head to the House of Commons with our FSCS petition

2. Removes the current system of 'cross-subsidies' from the FSCS funding model as a result of the general retail pool. Nowhere else in Europe are insurance brokers exposed to the possibility of funding compensation in the banking sector.

### **Strong relationships**

BIBA's efforts to bring about change do not end there. Regulatory reform dominates the lobbying agenda within our Manifesto and we will use the strong relationships that we have built with HM Treasury, the FSA, and other key departments in order to keep awareness

of the issue high and to push for change.

We will also continue to work with other supportive MPs who are tabling Parliamentary questions on the FSCS to add further pressure. Those concerns will also be taken into Europe through relationships with key MEPs like Sharon Bowles, who is chairman of the ECON Committee that oversees the Insurance Mediation Directive.

We have also asked the FSCS executive team to comment on how the Law of Agency sits with their allocation of loss and recovery arrangements – where it can be proven that a credit broker acted

as agent of the insurer, UK agency law should be applied and the compensation 'debt' passed to the insurer. This matter is currently with the FSCS's lawyers.

Time is of the essence. The need for FSA consultation on this issue is imperative. We must see progress made and funding of the FSCS reformed before it is too late and insurance intermediaries have to spend yet another year paying dearly for the errors of others.

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





# RISK

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