

the broker



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WELCOME



What do you see as being typical characteristics of a broker? Certainly words like resourceful, flexible and independent spring to mind.

In the current challenging business environment, brokers need to be all this and more. They must remain acutely aware of the competition, whether this is from direct writers encroaching on their markets, or aggregators.

At BIBA, we want to help brokers stay one step ahead. Although aggregators are described by some as intermediaries, their service – which is all about price and not cover – is a world away from what our members provide.

This is why BIBA is currently engaged in a major research project to find out what impact aggregators are having on the market and in particular, if consumers

understand what they are providing.

We are convinced there is a massive need for consumer education in this area. And this is why we are also launching our pro-broker campaign.

Customers need to know the benefits a broker can bring, and that is in finding cover that is appropriate beyond just being the lowest price. They also need to be aware of the claims support brokers so often provide and the ongoing expertise which is available for a huge range of business and personal insurance needs.

As part of our new campaign, which will be launched to the media, politicians and the wider business community, we will be looking to show real life examples of where brokers have gone beyond the call of duty to assist a client. So if you think you could help us, please email me at burtrandl@biba.org.uk



Leighann Burtrand
Editor of *the broker*

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This proliferation of sites is simply creating confusion and we are concerned about the scarcity of regulation in this area

Eric Galbraith, BIBA's chief executive, speaks out on the topics that matter to him – and members

Glasgow 2008 – we're on our way

We're already well under way with organising next year's BIBA Conference, Influencing Tomorrow, which will take place in Glasgow, my home city, between 30 April and 2 May.

Each year, it seems that we need to start organising the event earlier as more exhibitors and sponsors look to participate. And, certainly from the amount of requests so far, it would appear that Influencing Tomorrow will be among the most in demand yet.

We have a vibrant but mature intermediary sector and we want to show what we can do. And so the theme of the conference will be to present our members' roles in advising at all levels the identification, measurement and management of tomorrow's risks today.

My wish is for us all to use the conference as an opportunity to showcase the sector, meet others, keep up-to-date with developments by visiting the many exhibitors and listening to a variety of specialists on topical subjects in the seminar sessions.

We want to make it as easy as possible for brokers to attend – so, although it may seem some months off, please make a note of the dates in your diaries now – and watch out for announcements on our website at www.biba.org.uk

Aggregators compare price, not cover

The number of aggregators is growing incredibly quickly. It seems that every day a new provider sets out their stall, with big brand names now joining the fray.

This proliferation of sites is simply creating confusion and we are concerned about the scarcity of regulation in this area. We also believe that some of the advertising for aggregators is misleading and greater scrutiny by the Advertising Standards Authority, as well as the Financial Services Authority, may be necessary.

Recently, research from the Resolution Foundation revealed what it believed to be the positive and negative aspects of aggregators.

It said that consumers are invariably provided with little information other than a comparison of price. But, as brokers well know, this can be extremely dangerous. Buying the cheapest policy without understanding what it contains may leave the customer under-insured or possibly not insured at all. For customers it does not meet the FSA's mantra that it must be fair and not misleading. It seems to ignore the Treating Customers Fairly principle.

I disagree with the Resolution Foundation's assertion that aggregators play "an important role in helping consumers make informed financial decisions". In fact, I believe this is completely untrue.

Aggregators suggest to users that they scour the market to find the best deal and are promoted as a type of intermediary. But, if you just focus on price, vital aspects of cover and the insurer's claims service are all ignored.

From my perspective, aggregators are being misrepresented as intermediaries and are misleading the consumer by using the word compare; this is why we have made our views known to the FSA. We have commissioned a major research project which we are confident will show the lack of understanding of those using aggregators – and will call on the FSA to provide better protection for those buying insurance. We are expecting this to be completed by the end of the year and will report back to members on its findings.

Find a Broker is making the matches

I was extremely pleased to see figures for the number of visitors to the Find a Broker section of our website and indeed for calls from consumers wanting to find a local or specialist intermediary. On average, the number of visitors to Find a Broker is around 8,000 a month while we receive some 3,000 calls monthly.

Anyone browsing the web or looking in the *Yellow Pages* will find plenty of insurance-related contacts. But, by using BIBA, consumers know they will be given a member's details who will provide a quality service.

It could be they simply want a generalist who is nearby, or often, have a specialist request. For example, it could be a business owner concerned about higher risk liability or someone with pre-existing health conditions planning to go on holiday. Most recently, our scheme for ex-offenders received positive publicity for its open approach. Brokers are usually good at finding solutions to more complex insurance problems – and we're doing our best to facilitate this.

Email Eric Galbraith at galbraithe@biba.org.uk

Think pollution protection

The Environmental Liability Directive (ELD) is potentially one of the most important pieces of environmental legislation in recent years.

While the national laws setting out the detail of how the clauses of the ELD should be operated within the UK have yet to be put onto our statute books (this is expected in spring 2008), the ELD itself is our law in the meantime. So there are no grounds for complacency.

There remains an overwhelming need for brokers to ensure clients have adequate cover in respect of potential environmental liabilities, whether created through the ELD, existing environmental legislation or under common law.

Question marks over cover provided by the general liability market have been highlighted by case law recently, for example *Bartoline v Royal & SunAlliance*.

Here, the High Court held that costs incurred through

complying with statutory notices served by the Environment Agency did not constitute a "legal liability for damages" as defined by the pollution clause of the relevant public liability policy.

The case of *National Grid Gas (formerly Transco) v Environment Agency* indicated the potential multiplicity of parties who could potentially be liable for the remediation of a contaminated site (and potentially for third-party liabilities for associated bodily injury and property damage), and illustrates present uncertainty in the law. This does not bode well for brokers attempting to assess potential exposure.

Conventional policy coverage is insufficient to meet the full range of potential environmental liabilities in the UK, which are further expanded to potential abilities for natural resources and protected species by the ELD.

There are few specialist environmental impairment liability insurers whose products cater for exposures created by existing legislation. Historically, such insurance has been seen by many as expensive and unnecessary, but these arguments are no longer valid.

It has been assumed there was adequate cover under conventional policies with specialist insurance seen chiefly as relevant for those involved in hazardous products and processes. Now, those in the market who remain complacent do so at their peril.



Alan Dobson is divisional director of liability adjusters Quest Gates



Alan Dobson

BIBA's pro-broker campaign gears up

BIBA is launching a major campaign to promote the value of advice and the choice available from brokers.

The campaign will seek to remind opinion formers of the key role brokers play in offering expert professional advice tailored to individual needs.

It will build on BIBA's recent successes in achieving change in the regulation of travel insurance and in highlighting the issues surrounding business continuity.

BIBA has three key aims for the campaign:

- to ensure that brokers' views are actively sought and taken into account by policy makers
- to raise the level of understanding about the role of brokers at Westminster
- to provoke more informed debate in Parliament and in the media.

Over the next few months, key BIBA spokespeople will be taking this message to politicians and the media, both at Westminster and around the regions. BIBA has produced the campaign with the help of its public relations and public affairs company, Fleishman Hillard.

Examples of how BIBA members have helped both personal and commercial clients to assess and manage risk will be used. And BIBA will take the opportunity to comment on areas of current interest, such as flooding, supporting the elderly, uninsured driving and regulation.

BIBA plans to pilot the campaign in a test region in early 2008 and, to follow up with a series of meetings around the country during the first half of the year.

These will focus on the insurance issues that matter in the region and meetings will provide the chance to develop ongoing dialogue with MPs and journalists. The regional briefings will be underpinned by an ongoing programme of briefings for MPs and peers at Westminster and policy discussions with civil servants. The campaign will be led by BIBA's chief executive, Eric Galbraith, together with senior members of the insurance industry.

In planning this campaign, BIBA would welcome case studies from any member that help to illustrate the value of broker services. Please supply details to Leighann Burtrand at BIBA by email to burtrandl@biba.org.uk

BIBA is aiming to provoke more informed debate in Parliament





Sign up for new email bulletin

BIBA has launched a new monthly email bulletin service, providing an easy and fast way of keeping up-to-date with key industry issues and membership benefits.

The bulletin is straightforward to navigate and contains sections on regulation, technical advice, schemes, training, press releases and forthcoming events.

For example, topics under the spotlight have included a summary of findings of the European Commission's final report on business insurance sector insurance inquiry, the FSA's ongoing investigation into payment protection insurance and advance notice of BIBA's guide to management information for treating customers fairly.

Communications manager Leighann Burtrand comments: "Following our first issue, we've received an excellent response. A quick read of the bulletin allows members to gain a more than adequate understanding of complex industry issues in an easily digestible format. Its click-through format means that there is no need to trawl through lots of material, or indeed, visit a multitude of sites. They can see at a glance what is covered and so can just focus on what is of interest. We believe it will become invaluable."

Members can request as many copies as they need – for example, for all of their employees who would find it useful. To have these forwarded on to staff, simply click on the link in the bulletin as shown in the welcome message and register their email addresses.

Treating Customers Fairly


BIBA broker guide to TCF is now available

Treating customers fairly (TCF) remains an area where many brokers are seeking further guidance, which is why BIBA has produced a guide aimed at assisting members develop and use appropriate management information (MI) to show they are achieving this.

The guide has been produced by BIBA's regulatory working party in response to new deadlines introduced by the FSA earlier this year. The regulator's aim was to remind firms of their responsibilities and to require them to check their TCF programmes are effective.

The FSA requires firms to be able to demonstrate delivery of fair outcomes for consumers by December 2008 and to have appropriate TCF management information in place by March 2008. The latter requirement, in particular identifying what constitutes management information, has proved testing for all sectors of the financial services industry.

Steve White, BIBA's head of compliance and training, says: "BIBA members may already be collecting a wealth of suitable information about their firm through their existing compliance reporting or market and customer research exercises. What they now need to do is make sure it serves a useful purpose in letting the FSA know they are meeting TCF requirements." The guide is split into four parts, the first of which looks at what the FSA expects from firms on TCF. Parts two and three provide some useful pointers on how to measure MI and the type of information that general insurance intermediaries might consider collecting during the course of their business activities. The final section provides advice on what BIBA members should do with their MI once it has been collected.

 **The guide is available on the members' only section of the BIBA website at www.biba.org.uk**



MEMBERSHIP MATTERS

Since I took over as chairman at the start of the year, the theme of our committee has been "let's give something back to members".

We've been striving to do this through a wide range of events, ably organised by our regional executive, Ian Raper.

In terms of a grand night out, the highlight was our annual dinner, on 12 October. We had Neil 'Razor' Ruddock as our main speaker and over 300 attendees had a great time.

And, two weeks earlier, we held a terrific regional conference, with attendance from 120 members and 110 others from the wider industry.

Since we all seem to spend too much time in the office, members have also been hugely supportive of our two key sporting events – five-a-side football and our annual golf competition. Members fielded 20 teams for each.

Broking is a social industry and we all enjoy a good get together. But, our focus has also been on providing members with business support.

We're running quarterly compliance forums, in Leeds and Gateshead. Training is crucial and we organise some courses ourselves, using surpluses from other events to subsidise fees.

This year, we will have arranged 20 courses with in excess of 200 attendees, with courses in Leeds, Carlisle, Newcastle, Sheffield and Hull. Our committee will also support new joint

arrangements with the Broker Faculty for 2008.

Meanwhile, our media officer, Dennis Pinnegar, has arranged for a number of professionally-produced articles written with the assistance of local brokers to appear in various publications.

Yorkshire and Northern covers a large area and I'm incredibly encouraged by the effort fellow committee members make to attend meetings. They travel from areas such as Darlington, Huddersfield, Hull and Doncaster.

We have a full committee of 12 and often further co-opted members. We genuinely welcome new faces – so, if you're a BIBA member, please contact Ian or myself to find out more. There are opportunities for all – and I'd add we're not a gentlemen-only club. Female brokers are making a name for themselves – Wendy Hardman is our treasurer and Jo Thoy, our dinner secretary and vice chairman for 2007.

Martin Spenceley, regional chairman, Yorkshire and Northern



Martin Spenceley

Sally shines to win award

Sally Mathieson has won the WP Campbell Award, which was presented to her by BIBA Scotland.

Sally is an account handler with Aberdeen broker Central Insurance Services and she won the award for her outstanding professional examination results – she was the top achieving candidate in Scotland in the Advanced Diploma in Insurance qualification.

She is a law graduate and also holds a Masters degree in economics – she has been with Central Insurance Services for three years.

The W P Campbell Award was created in 1952 by William Proctor Campbell, a leading Glasgow insurance broker, to encourage and motivate young employees in insurance company offices or broking practices in Scotland.

"We're very proud of what Sally



has achieved," says Dave Thomson, managing director of Central Insurance Services. "We're continually looking to encourage and develop staff to ensure a high quality service, which the training and the award underline."

Central Insurance Services is the second largest insurance broker in Scotland, has premium income of £35 million, and employs in excess of 70 staff. The company is relocating to 15,000 sq ft custom-built premises in Westhill in autumn 2007.

Making a strike for BIBA

A trio of former England international footballers were special guests at the recent BIBA South East regional dinner.

Tony Cottee, Gary Stevens and John Salako attended the event held at the Croydon Park Hotel and helped raise funds for a local special baby care unit.



Team effort: (from left to right) Tony Cottee, Gary Stevens, John Salako and David Perry

Regional chairman David Perry comments: "We had a great evening and it was a full house with more than 200 insurance luminaries there. I was also delighted with the £4,250 which we raised for the Special Care Baby Unit at Croydon's Mayday Hospital."

David, Towergate's sales director for UK broking, compered a sports question time quiz at the dinner as part of the fundraising efforts.

Nursing sisters Lyn Ooi and Chris Alexander from the unit – which has 26 beds and cares for over 450 babies annually – also attended. David adds: "It is a very hi-tech area and they need all the funding they can get to keep equipment up-to-date".

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

Research raises mis-fuelling awareness

Putting the wrong fuel in a car is an easy mistake to make, but if insurance cover is not in place, it can be a costly one

BIBA recently achieved extensive national press coverage after releasing details of its research on mis-fuelling – and insurers' attitudes to it.

Typically, cleaning out a fuel tank can cost up to £300, while at worst, a car which breaks down as a result of the wrong fuel could mean a £5,000 repair bill.

It is believed at least 150,000 cars either break down or suffer serious engine damage every year in the UK as a result of mis-fuelling.

BIBA found seven out of 32 insurers refer to mis-fuelling to say they do not cover it. The rest do not mention it at all.

And, even if it is not mentioned, BIBA found many well-known insurers, such as

Direct Line, Admiral and Legal & General, would also refuse to pay out for claims related to it.

In one article which appeared in *The Observer*, a case study featured BIBA's assistant accountant Gurmukh Shehri who knows only too well what a lapse of concentration can mean.

He borrowed his brother's diesel car to drive his fiancée to Stansted airport, but in error filled it with petrol.

"The car felt like it was losing power and was shuddering a bit, but I didn't think much of it – I just thought it was straining," he said.

But the car then broke down and his insurer told him he was not covered.

Initially he was told the bill would be £1,000 to pick the car up, until a local garage came to the



rescue and flushed out the fuel tank for £150.

BIBA's technical and corporate affairs executive Graeme Trudgill says where there is no specific reference to mis-fuelling, then it may be possible to pursue a claim. "In this case, you could complain to the Financial Ombudsman Service, since the exclusion was not brought to your attention at the point of sale," he advises.

Go ahead for e-motor certificates

BIBA has welcomed the Department for Transport announcement that it will allow motor certificates of insurance to be delivered electronically.

Graeme Trudgill, BIBA's technical and corporate affairs executive, comments: "This is a win-win for customers and the insurance industry. We now want to see this fast-tracked."

BIBA has been campaigning for this change for more than two years, through its Motor Panel.

Mr Trudgill adds: "Delivery will be faster and easier for clients and benefit the environment. There will be less need for customers to chase after documents. And immediate point-of-sale documentation will be an advantage, especially if someone is buying a new car – they can provide evidence of proof of insurance immediately without having to wait for a document to arrive in the post."

He said that in addition, there would be automation efficiencies for the Motor Insurance Database.

PRESS BRIEFING

On the morning I wrote this column the news broke that Towergate had announced its biggest deal to date: the purchase of Towergate Open International, comprising Open GI, the Countrywide Network, and London Market technology provider, MI, for £276 million.

Although a move of this type had been predicted for quite a while by the consolidator –

and a natural one at that, in light of the amount of brokers that the consolidator owns – it still sent a ripple of concern through the industry, and the software market contracted still further. This move, of course, followed on from the sale of Sirius to SSP earlier this year and, as a consequence, leaves only a handful of players left in the market for the broking community to choose from.



Michelle Worvell

But how much effect will these recent changes have on the broking community? It is a fact that brokers are notoriously reluctant to change systems providers and tend to slavishly follow the philosophy of 'better the devil you know' when it comes to considering a change of technology supplier.

When I first joined *Insurance Age* six years ago I was astonished at how seemingly backward the technology was that brokers were using on a day-to-day basis – with many of them still working on green screen technology. However, since the advent of Financial Services Authority regulation and all it entails, brokers have been forced to move with the times. That, added to the amount of threats brokers face at the present time from directs, the internet and banks, means that brokers have to be on the ball more than ever when it comes to technology and having a smooth electronic end-to-end service.

What real impact software house consolidation will have on the broker only time will tell, but I can only hope that it will not curtail their ability to combat the many threats that face them in today's marketplace.

Michelle Worvell is editor of *Insurance Age*

01.01.08



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The GIBC keeps BIBA in touch with the issues that matter to members. **Rachel Gordon** spoke to chairman Neil Thornton about this influential committee

The strongest link

The General Insurance Brokers' Committee (GIBC) is a long established institution at BIBA and one which is known for championing the causes of intermediaries across the industry.

It reports directly to the main BIBA Board and is known for acting as a conduit between grass roots membership and those in senior roles.

Neil Thornton, who is deputy managing director at Smart & Cook, took over as chairman from Chris Frost in September 2006, and travels to London six times a year from his office in Harrogate for GIBC meetings – his tenure as chairman is for two years.

"It can be hard to commit time when your main job is hectic. But, there are no two ways about it. I'm on that train down to King's Cross when there is a meeting and the other GIBC members are equally committed. We come from all over the country and you get out what you put into it. From my perspective, it's great to meet members from different businesses and to

Who's on the GIBC?

Chairman: Neil Thornton
Smart & Cook, Harrogate, North Yorkshire

Deputy chairman: David Perry
Towergate Partnership, Haywards Heath, West Sussex

Committee members:

Eamonn Browne

James & Browne, Coventry

Lorraine Dillett

MacKay Corporate, Ayr

Peter Lennon

Willis & Company, Belfast

Mel Lyell

E Coleman, Poole, Dorset

Stephen Webb

Oval Insurance, Leicester

Gary Ferguson

Wood and Craven, Lytham St Annes, Lancashire

Ian Dickinson

Brunsdon Group, Burnwood, Gloucestershire

Dennis Morgan

Westinsure, Plymouth, Devon



On this committee you have the full spectrum of brokers, from Towergate to small businesses

feel you are doing something for the industry as a whole."

The GIBC is largely concerned with issues that affect brokers' businesses. This could include the ease with which they can open agencies and access to products and service. It will also discuss key topics such as the FSA's investigation on commission disclosure – views from this will be fed through to the main board.

Meetings begin at 10.00 am and go through to 1.00 pm, when lunch is served – but, Neil emphasises, this is not time to relax. "It's very much a working lunch when we will invite in senior personnel from an insurer and give them an overview from the brokers' perspective. The good news, though, is we have never had problems convincing





them to join us – it's a really good opportunity for them to find out what brokers think about them."

In recent months, guests have included Dave Smith, Zurich's managing director of its broker division, Paul Donaldson, Royal & SunAlliance's managing director of its broking division and Mark Cliff, AXA's distribution director.

"These senior people may be responsible for working with the broker market, but I'd question how often they actually meet brokers at the sharp end. Often they are involved with meeting CEOs of the main broking companies, but GIBC is able to give them a picture of what is happening in day to day trading."

BIBA has for years faced criticism that it is an association geared more towards the needs of larger brokers. But, Neil says nothing could be further from the truth. "On this committee you have the full spectrum of brokers, from Towergate to small businesses where the principal carries out a number of roles. At present, we don't have any national brokers on the GIBC."

He explains that meetings are always focused on discussing brokers' concerns. "I would say now that there is no point existing if we don't hear from brokers. We must have feedback and without this, we cannot challenge insurers."

Although he comments that meetings can be "lively", he says there is generally consensus. "Certainly with something like commission disclosure, we all broadly agree that it should not be mandatory. Brokers' clients are benefiting from a highly competitive market and do not have a problem with it."

But he says the one area where there is more likely to be disagreement is in whether or not a scheme or facility should be endorsed.

BIBA receives a huge number of proposals from insurers, wholesalers and brokers with potential schemes and it is the GIBC's role to decide whether these have legs or not.

Certainly, the ability for members to offer mainstream products which have more benefits and are more competitive is crucial, according to Neil.

"Schemes can be a major source of revenue for members and are particularly important for smaller brokers who may find they have limited options if they go direct to insurers."

He explains that since he took over as chairman, he has sought to improve the quality of schemes and to secure greater involvement from providers.

"We were finding we were being swamped with proposals, some of them either obscure or too similar to what we were already providing. We want to expand what we are offering but at a controlled pace and where we can really add value."

He says if a provider now wants BIBA to endorse a scheme, they will be required to show their commitment by making a £5,000 investment towards the cost of marketing it and in supplying ongoing service to members.

He adds that BIBA will continue to provide niche products and services, known as facilities, but these will not involve the same amount of investment. "We will ensure these are of high quality, but they do not need the same amount of marketing as those which are mainstream."

Although it is there to act for the membership as a whole, Neil says the concerns of smaller brokers are a key focus for the GIBC.

"I may work for a large broker in Smart & Cook, but there are plenty of committee members on the GIBC who work for small independents. All of us are of the same mind though, when we say to smaller brokers that they must let us know what their concerns are, so we can take action on their behalf."

And Neil says there are plenty of opportunities for other brokers to join committees or indeed the GIBC if they are interested. "We welcome new members on a regular basis, it is certainly not about the same old faces all the time. It is necessary to serve on a regional committee first, but new members are often required here too. You can find out more about the work of the committees on the website – it is rewarding work, although brokers do need to be clear on the amount of time they'll need to give. One way of finding out more is by speaking to a local regional executive or to membership manager Paul Garland."

The GIBC exists for BIBA's members – and Neil urges brokers to let him know what is on their minds.

He says he will continue to put the pressure on insurers and other key stakeholders where necessary and is clearly someone not afraid to say what he wants.

Not least, this recently included him influencing the in-house catering staff – namely, by bringing wholesome Yorkshire fare onto the menu at BIBA House.

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Online security hits the headlines

- In 2006, the FSA fined building society Nationwide almost £1 million after a laptop containing sensitive customer data was stolen from one of its employees.
- In 2007, US store TJ Maxx announced the loss of more than 45 million credit and debit card numbers, stolen from its IT systems during an 18-month period – inadequate security was the cause.
- Back in 2001, Royal & SunAlliance dismissed 10 staff and suspended 77 for distributing “lewd” Bart Simpson emails.
- In 2000, a computer virus that carried the message “ILOVEYOU” hit computer networks across the UK and even disabled the House of Commons.



Staying safe online

Brokers have a key role in advising their clients on cyber crime issues – but this is an issue which matters to them as employers too, as **Rachel Gordon** reports

Brokers will often check out their clients' physical security, for example, alarms, sprinkler systems or locks – but checking out online matters is often outside their comfort zone. But brokers who ignore these risks do so at their peril, both in terms of looking after their clients, and in running their own businesses.

In fact, a US survey from IBM showed recently that cyber crime is more costly to businesses than physical crime. This survey found that lost revenue, wasted staff time dealing with IT security attacks and damage to customer goodwill were rated as a bigger problem than conventional crime by 57 per cent of firms in the healthcare, financial, retail and manufacturing industries.

In the UK, broker Aon has a specialist team dedicated to providing consultancy services in this area. Aon IT Risk Consulting, which was set up in 2006, comprises Corrina Chester, Nigel

Jones and James Stark. Practice leaders Mr Jones and Mr Stark are former senior police officers, while business development director Ms Chester has run advanced training on IT security. The team works with businesses of all sizes, in the UK and abroad. Recently, Mr Jones was required to carry out an investigation into alleged fraudulent practices taking place at a Bangalore call centre.

Its work covers areas such as data management, investigation and surveillance, conducting gap reviews and advising on disaster recovery.

Ms Chester says: “The aim is to help clients before they have problems. But too often we’re called in when something has gone wrong. A lot of education is needed across businesses – and even the police have been undergoing a lot of training in this area.”

She explains that certainly smaller businesses may believe that IT security only

affects larger firms. But, she emphasises: “Companies of all sizes need a strategy, in fact those who do not have in-house IT experts could be more vulnerable.”

Yet for many brokers, business continuity planning is a vital area and one where clients are looking for advice.

Mr Stark explains: “There are so many companies that have an IT disaster recovery plan, but too often these are not fit for purpose. They may be left on a shelf and then become out of date when software or hardware changes. I’ve even known of cases where the document has only been online and not backed up – and so is lost if the system goes down.”

Mr Jones adds: “You have companies which spend a fortune on alarms and test them weekly, but fail to test their IT security response plan. Although intangible, the data stored on a system being lost could be as serious, if not more so, than losing the building.”

He points out that a recent study from the University of Texas found that 43 per cent of companies that suffer a catastrophic data loss due to a disaster never reopened.

IT security issues commonly arise when a member of staff leaves, although many managers would prefer not to think about it. “Too often a business won’t have a proper exit strategy. They allow an employee who is leaving to continue to have access to their PC. They are

free to obtain data on it, perhaps to take to a rival company, or they may have malicious intentions,” says Mr Jones.

He adds that a memory stick, which is so easily concealed in a pocket, can cost as little as £10, yet is a simple way of transferring data.

He says it is held that as much as 80 per cent of all security breaches are internal. “Bosses are too trusting. They allow employees to put their user names and passwords on Post-It notes on their monitors. But you can’t blame staff if they aren’t aware of the consequences. Managers must educate employees and let them know of the consequences a security breach could have – at worst jobs could be affected.”

Some firms might choose to have CCTV in their offices. At the very least, the team advises that employees do take issues like password security seriously. As Ms Chester says: “There have been cases where a disgruntled employee has sent a damaging email from someone else’s computer.”

She adds that larger companies may have expensive electronic security systems within

areas, where you have a few PCs set up where staff can take their breaks. Of course, you’ll find not everyone can use these, but at the end of the day, you don’t go into work to do social networking.”

Mr Jones says that there have been numerous cases of such sites being used in a libellous manner, such as where employees have criticised their managers or fellow employees. “A business must have professional standards, and if these sites risk damaging a reputation, then why should they be allowed at work? No boss wants to be seen as draconian, but the risks are real.”

All three agree that far too many problems occur because companies have not thought through their strategies or taken advice. “Employees need to be guided through IT security issues at induction. And, this must go way beyond simply giving someone a document to read – because they probably won’t. Too often, we see knee-jerk reactions when problems could have been avoided,” says Ms Chester.

Not least, the team emphasises that brokers have an obligation to protect clients’ data on regulatory grounds. “The FSA takes breaches in online security seriously, as the case involving

Learning more about online security issues

Check out page 26 to find out more about BIBA’s cyber liability scheme, Esurance, provided by CFC Underwriting.

Scott Bailey, senior underwriter, says: “This product is specifically targeted at smaller businesses and so is ideal for many brokers. There is a perception that cover is expensive, but this is often not the case – premiums start from only £750.”

CFC also provides a regular newsletter which keeps brokers up-to-date with online security issues – and this means that they can speak knowledgeably to clients. To receive the newsletter, type the word ‘subscribe’ as the subject of the email and send it to: newsletter@cfcunderwriting.com



...the data stored on a system being lost could be as serious, if not more so, than losing the building

their buildings, but may not take swipe cards off employees when they leave, or change codes. “A security guard may give an identity card a cursory glance, but may have no idea that employee has left but failed to return it.”

Meanwhile Ms Chester emphasises that businesses must have a proper email protocol. “I know employment lawyers and they say one of the biggest areas for them is in cases linked to email.”

One of the biggest IT security issues to surface in recent months was Medway NHS Trust’s decision to ban hospital employees from accessing the social networking site, Facebook.

So, where does the Aon team stand on this issue? Mr Stark says: “I don’t see this as a case of an employer being harsh. In the workplace, you’re paid to work, as simple as that. But, I think some employers are taking a more flexible stance. This is in setting up web café type

Nationwide showed. Why risk being fined when there are precautions that can be taken?” asks Mr Stark.

He points out that even if a company outsources its IT function, the business owner retains responsibility. “There are a range of measures that reduce risk, such as not allowing laptops to be taken away, to encryption of client data, which is a worthwhile investment.”

Finally, it would also make sense for brokers to read a new report from insurer NIG which highlights IT security risks for smaller businesses.

This states that the UK’s broadband explosion is having a major impact on the behaviour of the country’s SMEs but large

numbers are failing to manage the risks this new reliance on technology creates.

The report, entitled *Connecting to the future*, concludes that business,

Government and insurers need to play a more active role in rising to the challenge of insuring SMEs’ digital assets – and there is no doubt that brokers also have a crucial part to play.



Crack team: Nigel Jones, Corrina Chester and James Stark

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Representatives from the Scottish broking community attended a roundtable recently to give expert views on their market and wider issues, as **Rachel Gordon** reports

Scotland speaks

Next year's BIBA conference, Influencing Tomorrow, will be held in Glasgow, a city which has undergone a renaissance in recent years. There is a buzz about the place and the local broking market.

BIBA, in conjunction with the Glasgow International Financial Services District, organised a roundtable where brokers provided views on both local and national topics.

The event, held at the offices of Scottish Enterprise in Glasgow, was attended by: BIBA's chief executive Eric Galbraith; Lorraine Dillett, director with Mackay Corporate Insurance Brokers; Bernard Dunn, a director with Macdonald Reid Scott; Angus Fraser, a director with Smart & Cook and president of the Insurance and Actuarial Society Glasgow (IASG) and Kenneth Whitton, director with EH Ranson who is the BIBA Scotland chairman.

Suzanne Bruce of Scottish Enterprise Glasgow was also there to talk about some of the city's attractions for those attending Influencing Tomorrow.

In terms of business post-regulation, the brokers said they were largely positive about the impact of this.

Ms Dillett said: "It means higher standards, a more professional environment for staff and more value in what you're doing."

Mr Dunn added: "For us, it's better in terms of cash flow, credit control and audit processes. I can see greater consistency when I look at our files now and there is plenty of help available in terms of good external consultants if help is needed."

And Mr Whitton chipped in: "I think we were doing a good job to begin with, but regulation has honed our professionalism. The experience has been largely positive, although I would question whether clients are not irritated at times by the processes and additional time it now takes."

Meanwhile, Mr Dunn commented: "I'm concerned there are a number of firms in Scotland and indeed in the UK who are not compliant and who need flushing out."

Looking at the market for acquisitions, a number of the brokers present said they either had experience of this or that it was on their agendas. Most recently, MacKay Corporate was involved in the acquisition of Ritchie Young Insurance Brokers – both businesses are based in Ayrshire.

Ms Dillett commented: "If you don't acquire and you want to be doing business of a certain size then you could struggle."

She added although a shortage of good firms meant acquirers had to pay top rates, there was some room for negotiation. "If there are compliance issues or a firm's systems need modernising then you can negotiate, but it means doing your research carefully."

Meanwhile, Mr Whitton said while acquisitions appeared an unstoppable force, they were not all good news. "One of my concerns is if you have too much of this, you end up restricting customer choice and that is hardly TCF is it?"

But, are brokers looking further afield to the UK? Mr Dunn said: "I don't see that's always necessary. We find a lot of firms in England are happy to deal with a Scottish broker. We have an excellent hit rate when we pitch for business."

The attendees broadly agreed that there were few distinctive qualities about the Scottish broking market, when compared to the rest of the UK market, although Mr Fraser commented: "You could say we are more parochial in Scotland. There are differences between the Edinburgh and Glasgow markets and I think some Edinburgh-based firms would find it tough if they sought to win business in Glasgow. Even the Aberdeen market has its own identity."



On the pulse (from left to right): Angus Fraser, Eric Galbraith, Kenneth Whitton, Lorraine Dillett and Bernard Dunn

Glasgow gears up for BIBA 2008

Influencing Tomorrow takes place in Glasgow at the SECC from 30 April to 2 May 2008.

There is no doubt that Glasgow is booming. In terms of business, the International Financial Services District, which was created in 2001, is thriving. Companies based there include Morgan Stanley, Direct Line, ACE, Aon, Lloyds TSB and BNP Paribas. Over 30,000 people work in Glasgow in financial services.

Meanwhile, as Ms Bruce of Scottish Enterprise said, Glasgow was taking offshoring threats in its stride. "One major direct insurer did take some jobs offshore, but this experiment did not work and they are now back in Glasgow," she commented.

In March 2004, a major city branding campaign was launched. **Glasgow: Scotland with style** has proved a huge success and has boosted tourism – in particular, that linked to business events.

Partners of brokers attending the conference may also enjoy the fact that Glasgow's main shopping thoroughfare, Buchanan Street, has been named as one of the world's top retail destinations.



Mr Fraser's firm, Smart & Cook, is one of the largest regional broking businesses in the UK and was recently acquired by AXA. "It's made no difference to the way we do business, if anything we are more careful about who we place business with. Whether you're a large or a small firm, what matters is being focused on your clients."

The brokers all said they favoured doing business with local insurers and stated there was adequate representation.

In most cases, they preferred local composites rather than Lloyd's. Mr Fraser said: "We see Lloyd's as the market of last resort." And Ms Dillett agreed: "Lloyd's is there when the composite market won't take a risk on, such as high-risk liability."

But, Mr Dunn added: "We use Lloyd's sometimes. There are some good brokers and you can obtain some keen deals."

But, though dealing with local offices was preferred, all said service remained an issue. As Mr Whitton said: "We may have enough choice here, but service varies. It's often about having relationships but people move and things can go wrong. AXA admitted recently its service is not good enough – it's not alone."

A further key point is the shortage of quality employees. Glasgow is known as the UK's call centre capital and the financial services job market is fiercely competitive.

As Mr Fraser said: "The onus now is on brokers training their own people."

In his role as president of the IASG, he said he favoured the industry doing more to promote insurance as a career. "We're involved in talks to schools and we need to get across the variety of careers insurance offers."

Mr Galbraith said: "Scotland has many good schools and universities such as Glasgow Caledonian which is renowned for its risk management degrees. In the past, the insurance industry has made errors in dumbing down. Now it's all about high levels of skills – we must bring in more qualified young people now."

He added brokers should educate students about their industry. "We have to position ourselves more as business advisers. Broking is unique in the way someone can gain an in-depth knowledge of various business sectors, in the training it offers in identifying risks and finding the solutions to protect companies."

Scottish brokers are pragmatic about the fact insurers are now targeting small and medium-sized enterprise (SME) businesses direct.

Ms Dillett said: "The micro SME may be tempted to go direct. All some care about is finding cover that's cheap as chips and it's hard to obtain loyalty in that case. Yet, too often they don't realise this until it's time to make a claim."

Mr Whitton added: "Too often a client who has bought direct realises they have made a mistake when their claim is kicked out. Only a broker can get a measure of the risk at the outset."

And Mr Galbraith said: "We must all promote the value of the broker brand. Brokers who want to remain strong in SME need to look at a range of options, including web-based, call centres and perhaps outsourcing if they want to offer longer hours. Even the smallest companies benefit from advice."

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Lloyd's and the London Market have long been active in the provision of North American insurance. But, how challenging are current conditions proving?

Marcus Alcock reports

With the Tony Blair era over, it seems that the extraordinarily close political bond between the United Kingdom and the United States that has been cultivated in recent years may be cooling somewhat.

And it is not only on the diplomatic front that the situation appears to be changing. In the financial arena, there are growing mutterings of discontent in the City that the extended ripples of the US sub-prime mortgage fiasco are impacting on this country.

But what of the insurance market? With the market so soft and with London struggling to compete in such a viciously competitive arena, are US risks coming to Lloyd's and International Underwriting Association member companies in the same volumes they once were? Is the special relationship now tainted even in underwriting terms?

The gossip among regulars in the bars along Lime Street and its environs is that there could be heavy losses in some markets such as heavy industrial risks, as London seeks to keep pace with the low rates now on offer in the domestic US market.

And with rates having recently slipped in core lines by as much as 30 per cent, perhaps it is not surprising that the London Market's share of large scale US risks is not what it was.

But hold your horses. Things may be a little bit tricky for London at the moment as it chooses whether to compete in certain soft markets, but there is absolutely no doubt that if one looks at the bigger picture London remains resolutely committed to its transatlantic cousin.

In October this year, Marsh effectively silenced the doubters with the announcement that it has arranged a property facility that will provide up to \$425 million of non-catastrophe capacity in the London market for US and Canadian companies. ▶

relationship

A special



The facility, which can also be adapted to provide up to \$262 million of non-critical catastrophe capacity and up to \$111.75 million of critical catastrophe capacity, has been brokered on behalf of two Lloyd's syndicates: Catlin Syndicate 2003 and Ascot Syndicate 1414, who are leading the cover. And this sort of package is not exactly small beer at the moment.

So with this sort of cover on offer, perhaps it is hardly surprising that the US continues to represent the most important overseas market for Lloyd's, which currently writes over \$12 billion of business there, split between direct and reinsurance. This represents approximately 40 per cent of all business placed in the market. The direct business is predominantly surplus lines or non-admitted business as Lloyd's is licensed to write admitted business in two states only, Illinois and Kentucky.

And Lloyd's itself is not taking its traditional relationship with the US market as a given.

Instead, according to Wendy Baker, president of Lloyd's America: "Since 1999, we have made a concerted effort to identify various audiences in the US whom we wanted to educate about the Lloyd's market, its capital structure, its mutuality, its risk appetite and its distribution channels." She says: "What we have tried to do in the US is to make Lloyd's part of the fabric of the insurance industry and the local communities in which we operate. We do not think of our market as 'aliens'; we think of our market as a generational participant in the US market and the US economy."

Yet as much as Lloyd's itself undoubtedly wants to be seen as an indispensable part of the United States, it is clear from looking at its stated objectives that its eyes are also elsewhere, as Neil Coulson, a partner in

accountancy firm CLB Littlejohn Frazer and a specialist in the Lloyd's market, explains.

He agrees that the US remains extremely important to Lloyd's and it is a well-established relationship that is unlikely to be seriously eroded in the coming years, given the importance of so much core US business to the bulk of syndicates.

However, he suggests, given Lloyd's stated expansionist agenda as unveiled by chairman Lord Levene, which sees key growth coming from exciting new markets, it looks like the old transatlantic tie-up could be slightly less important than it has been.

"Opportunities are starting to take root in places such as Singapore, China and Japan,

and presumably they will be doing something in the Middle East soon, so in that sense the market is looking at opportunities in different overseas markets more than it is in the US," he says.

There are other financial reasons that continue to mitigate against doing business in the US which still have not been solved, he adds, referring in particular to the regulatory requirements which still require so-called 'alien reinsurers' to deposit 100 per cent of gross collateral for possible claims. And let us not forget the good-old plaintiff bar, for so long the bane of many a Lloyd's underwriter and one which, in his opinion, remains a potent threat: "People are always complaining about the US

When the going gets tough

One of the cornerstones of Lloyd's relationship with the US market over the years has been its ability to come up with the goods when it really matters: when the big claims come in.

Ever since the famous 1906 San Francisco earthquake, the Lloyd's market has been there to pay out on some of the biggest catastrophes to afflict the States. In recent times, this ability was tested to the limit following the tragedy of 9/11, when Lloyd's faced its biggest ever loss. Indeed, its gross loss amounted to over \$9 billion, equating to over 6,000 claims. In net terms, this meant a pay out of some \$5.1 billion. At the time, many people questioned the ability of the market to pay given the enormous size of the claim, unprecedented in its history. The darkest speculation was that this size of loss would finally drive Lloyd's out of business.

Lloyd's itself, given the size and uniqueness of the claims, thought it was appropriate to establish a special team whose job it was to manage the loss by working with the market to ensure that claims were handled quickly and efficiently. Yet in the months after the attacks, investors rallied to support the market. Cash calls were made, reserves were tested, but ultimately the market was able to pay. And this record of claims payment has continued in the years since, with 2005's US hurricanes costing the market some £2.9 billion. Many other insurers would simply balk at such figures, but Lloyd's has built its reputation on being able to support such massive claims over the years. And perhaps more than any other factor, this is the one which most stands out in its relationship with the US market.



America is still the biggest market for Lloyd's by a long way, and it doesn't have a big domestic reinsurance market really

court system, and America can still surprise you in the courts. It hasn't been so much of a problem of late as it has been in the past, but that doesn't mean that it's gone away."

Litigious threats aside, the renewed strength of the domestic market is also making life difficult for many Lloyd's underwriters, according to Michael Papworth, who heads broker Benfield's London facultative team. He points out that most of the London Market relies on US business coming into London, which, in his opinion, continues to be very competitive. However, he adds, this former competitive position has recently been attacked, with a "surge of capacity within the US itself" meaning that the North American arms of companies such as Arch Re and Swiss Re have been able to take some reinsurance business away from Lloyd's.

Still, we should not be too alarmed just yet. For as much as Lloyd's and the London Market in general is coming under attack from a newly invigorated US domestic sector, so too the London Market is itself making concerted efforts to bring the battle to the States itself.

So in recent years, and this pattern has continued into 2007, several Lloyd's stalwarts have made the bold decision to establish separate operating arms in the US. Hiscox

opened its first office in the USA in March 2006, based in Armonk in New York State, focused on specialist products for small and medium commercial business that would normally be insured in the domestic market.

In June this year it continued its expansion with the acquisition of the American Livestock Insurance Company, while the following month it announced its decision to branch into the domestic healthcare sector, with the launch of Allied Healthcare Insurance.

And in October 2007, Lloyd's insurer Ascot Underwriting unveiled Ascot Underwriting Inc, a wholly-owned subsidiary based in Houston, Texas. In addition to traditional energy business, the new subsidiary is intended to provide a local presence for Ascot Renewco, its new renewable energy operation.

So it is clear that the London Market is not exactly sitting back and waiting for wholesale brokers to simply place business in its lap, it is aggressively fighting for business and seeking to compete with the domestic US market on its own terms. But even without this new expansion, the special relationship between London and the US seems to be intact even in a ruthlessly competitive market, according to James Johns, who heads Marsh's property team in London.

He says the good news for London at the moment is that the London market is holding its market share. "And with the changes in Lloyd's that have taken place in recent years, which have meant there's so much corporate capital at the moment that is looking for decent returns, it's hardly surprising that the world market continues to look towards London," he says, adding that the market's strength at the moment continues to be on the more heavily-driven catastrophe side of business, where brokers and underwriters have more say on what's going on.

Besides, even though other overseas markets may offer attractive long-term possibilities for Lloyd's, no-one is suggesting that the US relationship is likely to diminish significantly for quite a while. Even from a structural viewpoint, much of the US insurance industry itself simply needs the type of capacity that London is willing to offer, explains Mr Coulson: "America is still the biggest market for Lloyd's by a long way, and it doesn't have a big domestic reinsurance market really. The US reinsurance market and surplus capacity is basically Bermuda and the London Market, with a few Europeans thrown in. They need that extra reinsurance and the London Market is willing to provide it – the underwriting volume is there." Also, he adds significantly, "other overseas markets are often tough nuts to crack".

Even though underwriters accepting US business at the moment may have to grin and bear soft market conditions, they know that this is all part of the wider market functioning and that such conditions are not peculiar to North America. And with over \$12 billion in annual income from the US, you can bet your bottom dollar that those long-standing relationships cherished by many underwriters will be able to weather the current difficult conditions.



Brokers must always be aware of the legal issues that can often arise surrounding the payment of premium to an insurer

Bringing clarity to premium payments

Payment of premium to an insurer would seem a simple enough concept. However, legal issues in respect of such payment can often arise.

BIBA asked Stephen Netherway, a partner with CMS Cameron McKenna insurance and reinsurance group to provide guidance.

He explains the basic position is that if premium is not paid within a reasonable time, the insurer can sue the insured for the unpaid debt, but it must still honour claims. In marine business, unless otherwise contractually agreed, it is the broker who is directly responsible for paying premium to the insurer.

Modern policy wordings often set out premium payment obligations, says Mr Netherway. The broker should explain these obligations to his client, particularly if payment is expressed as a condition precedent to insurers' liability, or is



warranted to be paid by a certain date: breach these, and insurers will be entitled to deny claims or to cancel/terminate policies.

Sometimes brokers choose to fund the premium payable to insurers for commercial reasons, and with no legal obligation to do so. If an insured then becomes insolvent, the insurer will be able

to retain that premium. He explains the broker though may be unable to obtain reimbursement, either because no funds are available, or because the liquidator takes a legal point that, because it made a voluntary payment, the broker cannot in law sue the insured for reimbursement.

Another difficult area is return premium. If express policy wording does not cover the factual scenario, then ordinary legal principles will apply. Generally, premium will only be returnable in full if the insurer has provided no cover at all, such as where a policy has been validly avoided from inception or there is a breach of warranty before the inception of cover.

Brokers should be wary of accepting return premium tendered to them, even if they have voluntarily funded premium, without first taking instructions from their clients, Mr Netherway advises. The client may well contest an insurer's assertion that legally it may deny cover or a claim, and so be entitled to return premium; the broker must therefore not act in any way that might prejudice his client insured's position, such as simply accepting the return of premium.

If the premium tendered is net of commission, the broker will usually be entitled to retain its brokerage, so long as it was legally fully earned when the risk was placed and the broker was not legally complicit in the state of affairs that give rise to insurer's return of premium.

To swear or not to swear?

Research from the University of East Anglia recently claimed allowing employees to swear in the workplace would boost team spirit, allowing them to express their feelings better.

But consultant Croner disagrees. It believes swearing can be offensive and could be seen by others in the workplace as sexually or racially discriminatory – which could mean claims for employers.

Alan Phillips, business support helpline manager with Croner, says: "Although we are not advising employers to alienate their staff by coming down hard on harmless loose-lipped banter, employers should be discouraging, rather than promoting, swearing throughout their workforce as it could become the cause of grievances from employees that feel discriminated against because of a racial slur or offensive swear words."

He adds encouraging a blanket no swearing

policy is much easier to implement and would also ensure that no level of the workforce feels it's being treated differently.

Meanwhile the university's research stated that swearing in the workplace helped express frustration, stress or other feelings.

Mr Phillips responds: "If employees are found to be swearing due to stress we would actually advise employers to get to the root of the problem, rather than accepting this as a good form of relief."

He advises bosses to deal with stress in the workplace on an individual basis and that there are also preventive initiatives they can implement. "Running courses that inform employees of how to handle stress is a great way to encourage positive stress relief activities, such as taking a 15 minute walk outside or taking time to prioritise tasks, as well as making staff feel appreciated within the workplace."



Trigger-happy brokers

Prospective customers are increasingly shopping online, either direct or via aggregators. Direct writers and an increasing number of brokers are now heavily reliant on the web, but this presents its own problems, such as significantly lower conversion rates and lower penetration of profitable add-ons.

The key to maximising conversion of online quotes is to get that customer on the phone as quickly as possible – ideally within five minutes. However, this ‘real-time’ response is very difficult to achieve with the technology available to most brokers, even the big direct writers are really struggling with this problem.

But there are now solutions which integrate the latest interactive voice response (IVR), texting and email technology.

This enables brokers to contact prospects via text message, email, or live outbound call within minutes of any ‘trigger’ event on a website and allows them to compete on a more equal footing with the major direct brands.

Trigger events can include an incomplete quote, a completed quote and incomplete purchase or a completed sale.

The speed of response ensures the maximum possible contact rate and significant improvements in conversion rates. It can easily be set up to use spare inbound resource, dedicated outbound resource or a combination of both and also allow the broker to prioritise leads based on any of the rating factors. No new hardware or software is needed and there’s no long-term commitment required, enabling the broker to effectively ‘pay-as-you-go’.

With the cost of generating new leads increasing, lead optimisation, namely making the most of the leads you’ve got, will be essential in the future for any personal lines broker looking to compete using the web.

Broker Footman James adopted Optilead to help maximise its online quotation enquiries. Since the introduction of outbound calling via Optilead, advisers now speak to prospective online customers within a couple of minutes of them getting an online quote. This, combined with some simple texting, has seen the conversion rate jump by 100 per cent at the broker’s adviser centre.



Graham Mace is managing director of Connect Business Solutions, provider of Optilead, which incorporates dialler, SMS and email functionality



Graham Mace

Employment tribunals continue to escalate

Recent figures show a 15 per cent rise in employment tribunals in 2006-7 – this follows a 34 per cent increase the previous year.

A total of 132,577 claims were accepted by employment tribunals (115,039 in 2005-6) raising 238,546 jurisdictions (specific matters for complaint), an increase on last year’s jurisdictions per claim. Hearings take over a week, in most instances.

According to legal expenses insurer, DAS, costs nearly always have to be paid by each side, regardless of who wins.

The insurer says numbers are rising in particular because there are increasing numbers of local authority equal pay cases and, for the first time, age discrimination claims.

“Equal pay now tops the complaints list alongside unfair dismissal,” says Lyndon Willshire, DAS sales manager. “Both accounted for 44,000 jurisdictions, while the age discrimination time bomb is ticking away. Nearly 1,000 age discrimination complaints were heard yet the new laws only applied from last October, half-way through the reporting period.

“With around a quarter of a million jurisdictions, the statistical probability of a claim is now one per 100 employees, each year,” adds Mr Willshire.

Overall, the statistics show discrimination claims forming the bulk of the increases. Gender, race, religious belief and now age regularly feature in claims, often twinned with unfair dismissal.

“The Government’s attempts to reduce the number of claims going to tribunal have clearly only had a temporary effect,” says Mr Willshire. “The three-stage mandatory grievance procedure has not created a forum for mediation, rather a mechanism for concluding matters more efficiently. More legislation is on the way, and the effects of recent laws on age, belief and sexual orientation have yet to bite.”

DAS provides an employment practices legal protection product which includes a risk management audit, 24-hour legal helplines plus alerts from and links to its business information website. These also available for DAS commercial legal protection policyholders.





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BIBA's range of schemes and facilities continues to grow and allows members across the UK to access market-leading and competitive products.

Graeme Trudgill provides an update on the latest additions and enhancements



Why turn a client – and business, away? Many brokers only work with a relatively small number of insurers, which may be fine for mainstream cover. But, if a client has a more specialist request, there is often no reason to send them to another broker. In fact, being up-to-date with BIBA's full range of schemes and facilities means a high quality solution is usually within reach.

Medical malpractice now within reach

BIBA has launched a medical malpractice scheme with FSJ, the UK wholesale arm of leading broker Heath Lambert.

The scheme has been designed to provide members and their clients with access to top quality medical malpractice cover and highly competitive premiums, plus other enhancements and benefits. It covers a wide range of medical and dental professions, including those in the complementary sector.

Medical malpractice is a niche area of insurance and the products in the market are fairly similar. However, FSJ has more than 40 years' experience in placing cover for medical malpractice, and has used this to negotiate


valuable cover enhancements which will come as standard on the BIBA scheme, but are not available elsewhere. Key benefits include:

- commission of 15 per cent
- no minimum premium restriction
- European jurisdiction for UK clients
- breach of confidentiality cover as standard
- no AIDS exclusion
- indemnity for nurses.

This exclusive scheme is only available to BIBA members and as there is no minimum premium restriction, the scheme can be used for any size of client. Under normal circumstances, a quote can be obtained within 24 hours.

Martin Faircloth, divisional director and head of the medical/pharmaceutical team of FSJ, says: "We're delighted to have been appointed by BIBA and feel this new scheme really offers BIBA brokers top quality policy cover and cost-effective premiums. Our team has worked hard to put together a package with the needs of brokers and their clients in mind. Medical malpractice is a niche area of insurance and we feel that we have added cover enhancements that will make a difference to winning business."

Steve Foulsham, BIBA's technical services officer, adds: "We're very pleased to be able to offer this service to our members. It will provide a solution to what is often a difficult class of business to place. This new scheme will be a valuable resource for members and will create additional opportunities."

 **For more information contact Martin Faircloth on 0207 234 4353 or email bibamedmal@fsjbroking.com**

Clubs go online

BIBA's established night club scheme provider Tasker & Partners has launched a web-based trading system, Tasker Online.

The online portal enhances and improves accessibility to the night club product for BIBA members, ClubPM, with other products to arrive soon.

Paul Tasker, managing director of Tasker & Partners, says: "Since the launch of ClubPM at the beginning of the year we have handled the business of many BIBA members. We listened to what they wanted and created our online solution." Tasker Online allows a broker to quote and accept risks in real-time,

followed by automatic issuance of policy documentation.

According to Mr Tasker, this is unique for this class of business and interest has already been strong.

The ClubPM scheme has many added benefits, including personal loss of licence cover and low excesses. It is available to all BIBA members, even those that may only get the occasional enquiry.

BIBA members can register to use the system and can benefit from increased commission. Quotes can be created and then saved to be revisited later. Any referrals are dealt with quickly, meaning BIBA members stay in control of the service they can offer their customers. And, a streamlined process means proposal forms are no longer required as the customer's insurance is based on a simple statement of fact and series of online questions.

All documentation can be printed at any part of the process for onward transmission to proposers. Registration for the system takes seconds.

For more information contact Penny Kidman or Keeley Mee
Telephone: 020 7623 4133
Email: info@taskerpartners.com
Website: www.taskerpartners.com
and click the link to Online

Controlling cyber risks

As most traditional businesses will be the first to admit, cyber liability is a subject not immediately thought of during risk management processes, and even brokers sometimes struggle to highlight cyber exposures, often due to a lack of understanding on their part.

This is the view of Scott Bailey, senior underwriter with CFC Underwriting, the providers behind BIBA's cyber liability scheme.

He points out that the vast proportion of businesses nowadays rely upon IT more than even they would realise. It can be a means of communication – sometimes phone systems are even connected to the same IT infrastructure as email, record-keeping, validation and accounting. The list goes on and on.

For an asset so central to the vast majority of businesses, it is shocking that many companies do not give due consideration to protecting this asset with insurance.

The Department of Trade and Industry's Information Security Breaches survey found:

- 97 per cent of businesses are connected to the internet
- 81 per cent of businesses have websites
- 64 per cent of businesses have documented procedures to ensure compliance with the Data Protection Act
- 52 per cent of businesses have suffered a premeditated/malicious IT security incident in the last year
- 40 per cent of businesses that allow instant messaging have no controls in place regarding its use



• 30 per cent of transactional websites do not encrypt their transactions that pass over the internet

• the average cost of a business's worst security incident is between £8,000 - £17,000.

Notwithstanding the above, these final two findings are especially important, says Mr Bailey:

- nearly 66 per cent of businesses expect that there will be more security incidents next year than in the last year
- 60 per cent of businesses believe it will be harder to detect security breaches in the future.

Despite this, many companies are either oblivious to the availability of cyber insurance, or choose not to consider cyber insurance of any type. The truth of the matter, however, is that all businesses should be making an informed risk transfer decision – evaluating cyber risks and considering the cost of transferring such risks to cyber insurers.

With premiums starting from as little as £750 for a healthy coverage level, many companies could easily benefit from the peace of mind a cyber policy offers. Whether a company's concerns are liability, viruses or hackers (whether occasioned by employees, ex-employees or third parties) or merely the damage or embarrassment to their corporate image, most of these risks are insurable.

In fact, around 25 per cent of clients who have received cyber quotations chose to proceed with cover, which in itself is a statistic that speaks volumes for the cover available.

Cyber insurance itself does not act as a replacement for good IT risk management; comments Mr Bailey, the two merely complement each other. "With such a high proportion of businesses, in their opinion, well protected from IT issues and cyber attacks, the above statistics may come as a shock to us all. After all, even if you lock the front door to your house and set the alarm, you still purchase insurance in case all else fails."

For further information contact Scott Bailey on 0870 770 1002 or email sbailey@cfcunderwriting.com

Graeme Trudgill is BIBA's technical and corporate affairs executive



...the vast proportion of businesses nowadays rely upon IT more than even they would realise

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- 3 Commercial Combined
- 4 Crisis Control
- 5 Cyber-Liability
- 6 Directors and Officers
- 7 Electronic Marine Cargo
- 8 Excess Liability
- 9 Haulage and LGV Insurance
- 10 High Net Worth
- 11 Holiday Travel
- 12 Home Insurance
- 13 Late Night Entertainment (Club PM)
- 14 Let Property (BIBALet)
- 15 Loss Recovery Insurance
- 16 Marine Cargo
- 17 Medical Malpractice

- 18 Motor
- 19 Non Standard Property
- 20 Personal Accident
- 21 Unoccupied Properties

BIBA facilities

- 22 Conflict Management Service
- 23 FSA Financial Compliance
- 24 Insurance RatingsView
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- 28 Telecoms
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Roger Flaxman uses a QC's words of wisdom to guide brokers through the minefield that is the FSA's Insurance Conduct of Business rules

Forewarned is forearmed

"Few insurance brokers are aware of one of the most serious implications of the FSA's (ICOB) regulations," warned James Dingemans, QC, at the BIBA conference this year.

He pointed out the ICOB source book contains detailed guidelines and rules of conduct. Breach of these will result in a penalty, but that may not be all.

Breach of the ICOB rules can also be actionable at the suit of a private person if as a result of a breach the individual suffers a loss.

The other duties of a broker, which are not contained in the ICOBs but exist in common law, can also give rise to a civil action in negligence and contract. And, the evidence adduced from the breach of ICOBs may be used to support a civil liability claim.

Mr Dingemans went on to forewarn of the elephant traps for brokers – and I strongly endorse his opinions.

The effect of the ICOB rules has been to re-emphasise the "professional" responsibilities of the broker for which an inadvertent breach can result in a claim for negligence.

Those responsibilities are not new but, in practice, it is often easier to prove a breach of a regulation than to prove negligence.

Now, having proven breach of an ICOB rule, a claimant could be advised to bring a separate claim in negligence based upon the assumption that if there was a breach of regulation there is likely to have been negligence as well.

Experience so far suggests that brokers have been so concerned with compliance of the things that can be easily measured and 'tick-box' checked that they have overlooked the Exocet missile, 'duty of care', tucked quietly away behind the rules.

Mr Dingemans also made an overarching point in his presentation. He said the law will judge an insurance practitioner according to the law pertaining to a broker's duty of care and sometimes

this will not accord with what might, wrongly as it turns out, be perceived as acceptable market practice.

Case law is littered with examples of decisions that seem, to the experienced insurance practitioner, to be contrary to what they believed to be usual practice.

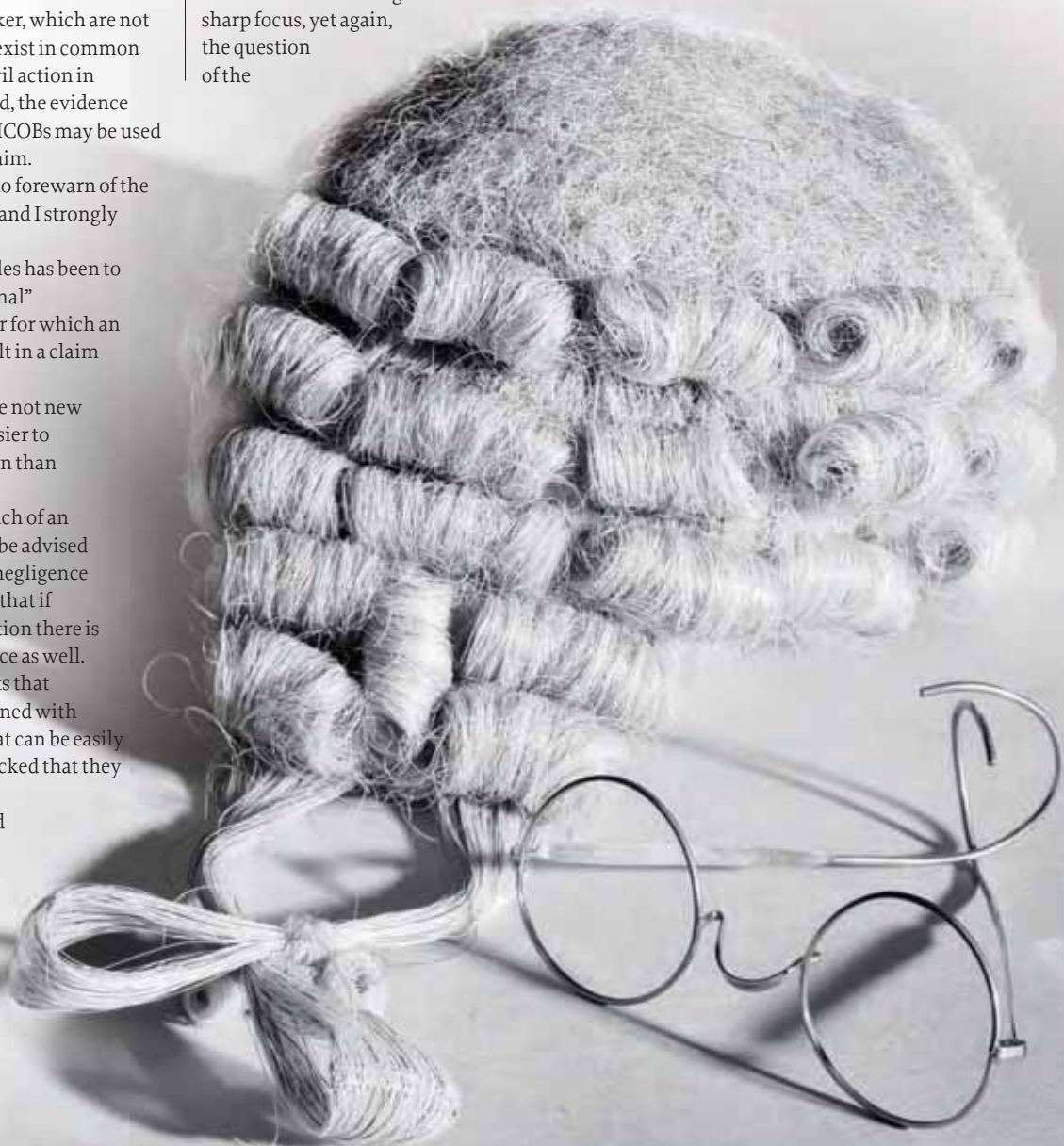
In summary, Mr Dingemans was saying that the broker must now be prepared to be judged as a professional and such standards are above those of a salesperson.

This of course brings into sharp focus, yet again, the question of the

differences between charging fees and receiving commission.

So, with the help of Mr Dingemans, I have compiled some top tips:

- make it clear to your client what you have agreed to do and, where applicable, what you have not agreed to do. Take proper notes at meetings, confirm it all in writing with your client and make sure you action the points that you have agreed to action, because of your professional knowledge and skill



- sort out remuneration; who is going to pay it and when it is going to be paid. If, as is currently being suggested, brokers are to routinely charge a small commission as well as a fee, it is essential the client understands this in advance and agrees to it. Hidden remuneration will not be tolerated
- decide who is your client and ensure everyone agrees this. This applies to all professionals; it is remarkable how many times a professional deals with a party in good faith only to find that they are not the ultimate decision maker, or client. This is particularly important in the case of companies who are themselves subsidiaries or associates of conglomerates. Knowing your client determines to whom you have a duty of care
- know what the law expects of you. Brokers must ascertain their client's needs by instructions or otherwise; they must use reasonable care and skill to procure the cover their employer has asked for, either expressly or by necessary implication; and if they cannot obtain what is required, they must report in what respects they failed and seek alternative instructions.

If you can't get clear instructions from your client, your duty is to assess the risk that should be insured... but if you cannot obtain appropriate cover then you must report failure to the client, promptly.

This imposes a real need for broking firms to supervise the less experienced brokers in their team and it suggests that a mature and experienced client-facing practitioner could be an excellent investment as a mentor and wise head in the firm's management of risk.

Exclusions, conditions and, particularly, conditions precedent should be clearly pointed out and explained to the client.

Indeed they should. The practical problem with this, as brokers know so well, is that very often there are so many of them that, in writing, the client may not read them.

There was recently a case of a firm of brokers acting for a farmer and his sons, none of whom were interested in insurance.

Failure by the farmers to comply with alarm and security warranties resulted in avoidance of their policy and the broker was



James Dingemans, QC, speaking at the BIBA conference this year

accused of failing properly to bring to the attention of the farmers the appropriate clauses. Evidence showed that they had done so but, it was found, once was not often enough. This reinforces the point that a broker will be judged as a professional, not as a post box.

An experienced insurance broker will know what should be brought to the client's attention and how.

Verbal instructions, whether by telephone or other unwritten means, are always troublesome. In particular, it is important to make a written note of client's verbal instructions and act upon them.

It is good practice to send a letter or email concerning the verbal instructions, thereby giving the client an opportunity to reflect, confirm, deny or correct them. And tell the client about the need to give material disclosure.

Material disclosure is a recurring elephant trap. An insured rarely understands what is meant by material information. Indeed, unless one has spent several years actively in the insurance industry, it is impossible to know what underwriters would usually consider as material to them.

Not so many years ago, material information was closely aligned with utmost good faith and where material information had not been disclosed an insurer may decide to overlook it, if it was not too serious.

Nowadays, almost every claim is meticulously examined for breach of material disclosure. The goal posts have changed and so it has become one of the broker's principal duties to protect their client from this pitfall.

It could be argued that merely restating the client's duty of disclosure in large print at the time of renewal, is not enough.

Do not rely on previous declarations and information, check it with the client.

Brokers acquiring business will often rely upon information received from a previous broker and present this to a new insurer. Mr Dingemans advice is – don't.

He says the fact that a previous broker accepted the information and recommended a particular type of policy does not mean that

- a) the information accepted was correct and/or
- b) the policies placed were appropriate.

It is also important brokers buy the right cover for themselves.

Richard Bowdidge, partner of First City Partnership, says: "In our experience, many brokers are unaware of the elephant traps described by James Dingemans QC and their PI insurances are not designed to fill the gaps. BIBA's accredited brokers are specialists and can add valuable advice based on the top tips in this article and more besides."

Roger Flaxman is BIBA's professional indemnity consultant and managing director of Flaxman Partners



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Haulage contractors have considerable exposures that go way beyond traditional motor insurance and goods in transit cover for the load, as **Anthony Gardiner** advises

Going the extra mile

Haulage contractors are involved in heavy manual labour, and bodily injury is not uncommon. The haulier and its employees often have to climb onto the trailer during loading and unloading, working at least five feet above the ground.

There is a possibility of falls or injury to limbs when jumping down. Working in close proximity to heavy equipment, lorries and trailers can result in the risk of crushing. And, of course, bodily injury can occur as a result of a motoring accident.

Personal accident insurance is strongly recommended for owner operator hauliers and

for firms, a group personal accident policy. Personal accident insurance can provide a lump sum benefit in respect of death or serious bodily injury such as permanent total disablement, loss of limb(s) or sight. It can extend to provide a weekly benefit for temporary disablement, such as a broken ankle, plus policies can be extended to include illness benefits.

Business travel insurance can be offered to hauliers who travel abroad, to provide medical and repatriation expenses and 24 hour assistance. This can be of great benefit and comfort to hauliers, their employees and family, should injury or illness occur abroad. Policies

can be extended to include personal effects, baggage, money, replacement driver expenses and many other optional benefits.

Lifting equipment, such as crane attachments, tail-lifts, fork lift trucks, pallet trucks, or car transporters with a top deck that can be raised and lowered, is common to the haulage industry.

All of these examples of lifting equipment require a thorough examination by an authorised engineer, and an inspection certificate issued, as per The Lifting Operations and Lifting Equipment Regulations 1998 (LOLER). An inspection service can be provided by insurers' engineering departments.



road use, however, if it is used, even to cross a road, or in a public place such as a car park or loading bay and it causes third-party damage or injury then there is a requirement for motor insurance.

Remember that public liability policies will exclude liability in respect of any mechanically-propelled vehicles where compulsory insurance is required such as in the case of motor insurance.

Directors and officers' liability insurance provides cover for directors and officers of a company in respect of wrongful acts, errors or omissions allegedly committed in their official capacity. It protects the personal wealth and assets of directors and key personnel by providing defence and settlement costs and covering the cost of legal representation at investigations.

An example of action against a director of a haulage company took place in 2004 when a firm of haulage contractors was visited by environmental health officers. The officers found that the firm did not keep an up-to-date accident book, no risk assessments for unloading dangerous stock off lorries had been carried out, and the firm had failed to report an accident where an employee was struck by a fork lift truck.

At the Magistrates' Court the following statement was made: "The company directors and managers should have more respect for their staff, but the message should not be lost that if they breach regulations they will also be personally liable".

The managing director was fined £8,000 after being found personally liable for the health and safety breaches. The cost of defending such an action would be substantial.

Extensions

Public, products and employers' liability insurance can often require extensions to the standard policy wording in order to address the haulage contractor's activities. I have seen a poorly-arranged liability insurance policy which excluded work away from the business premises, inappropriate for a haulage contractor.

I would add that the policy had not been supplied through an insurance broker. An extension to include liability cover for third-party working risks may be required if the haulier operates plant such as cranes, fork lifts and loading shovels, etc.

Liability cover can be provided in respect of third-party vehicle servicing. If hauliers have a workshop/mechanic, the broker would need to check their exposure to this activity. The liability policy can be extended in respect of cross contamination to third-party property.

This is particularly relevant if the haulier carries bulk goods. For example, a haulier delivering 20 tonnes of sugar to a biscuit factory connects to an incorrect pipe, pumping the

sugar into the flour store resulting in contamination of the flour.

The haulier's transit liability policy can be extended to include cross contamination cover for the goods carried, in this example, the sugar. Some hauliers also arrange storage of customers' goods. Separate cover would be required for this warehousing risk as a standard public liability policy excludes loss or damage to property under the insured's control.

Owner-operators or small haulage firms with a vehicle out of action due to a road traffic accident, fire or theft can have a serious financial impact. The operation of a large heavy goods vehicle will, on average, generate a weekly turnover in excess of £2,000. A large operator may have capacity within the fleet to compensate for the temporary loss of a vehicle.



A knowledgeable underwriter will be able to guide the broker through their haulage client's requirements

The smaller operator either has a loss of income (but still has fixed costs, such as driver wages, vehicle tax, insurance etc), or hires a replacement vehicle, it would cost in the region of £140 a day to hire a large heavy goods vehicle.

It is possible to extend certain insurance products, usually goods in transit, to provide loss of use benefits. Generally, the extension would only apply to own vehicles that have comprehensive motor insurance, with the first three days and 20 per cent of the hiring charges being excluded. Theft would also generally be excluded, however, the premium charged for this extension is usually modest.

A knowledgeable underwriter will be able to guide the broker through their haulage client's requirements. They will be able to explain the various options and highlight which covers will be most appropriate for the client.

Passing this advice on by the broker to their client will set them apart from their competitors and help them win and retain business in this specialist area.



Anthony Gardiner is group broking director for Davis Underwriting, BIBA's haulage scheme provider

Generally, permanent plant attachments to a vehicle, such as a crane or tail-lift would be covered for accidental damage, fire and theft under a comprehensive motor policy. However, some motor insurers will exclude accidental damage while such equipment is in use as a tool of trade, hence the potential requirement for separate insurance.

It is not unusual for heavy goods vehicle operators to have fork lift trucks. It is important to identify whether or not there is use that will require motor insurance cover as demanded by the Road Traffic Acts.

A fork lift truck may not be registered for

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Getting personal

Online study has developed enormously in recent years and is unparalleled in terms of its convenience, but face-to-face training will always have a place, explains **Vannessa Young**

The Broker Academy has launched recently with the integration of AXA Campus into broker ASSESS to create the market leading e-learning and development solution. However, attention is now shifting to face-to-face training.

Eureka moments are those instances in life when the fog lifts on confused thoughts to allow absolute clarity to shine through. Speaking from experience as someone who is studying for Chartered Insurance Institute (CII) qualifications, there have been some foggy days along the way.

Thankfully, there have also been those Eureka moments – usually the result of my finding a knowledgeable person to expound enthusiastically on a troublesome subject and bring life to hitherto page-bound information.

BIBA is hoping to make more Eureka moments like that possible for its members. Members will undoubtedly be aware of the January launch of Broker Academy, which has been developed by the CII in partnership with BIBA and AXA.

The facility is designed as a 'one stop shop' providing a market-wide training and development facility for insurance brokers.

Merger

The online information available to users of the Broker Academy has grown significantly after the recent merger of broker ASSESS with AXA Campus. The completion of that merger means that attention has now turned to increasing the amount of face-to-face training available through the Broker Academy. ►

The CIL, BIBA and AXA have agreed to come together behind one combined regional programme which they are committed to developing into the leading face-to-face training offering in the market. All regional training in the BIBA name will be re-branded as the Broker Academy from January 2008 as a result of this support.

Steve White, BIBA's head of compliance and training, explains: "Until now, there has been no co-ordinated approach across the broking sector to training. That will change with the face-to-face element of the Broker Academy offering. By joining forces in this way training for BIBA members can be brought together in a coherent and accessible manner. We can ensure that the provision, content and the delivery of face-to-face training for BIBA members is consistent, and to a high standard, nationwide."

Face-to-face training will cover a wide range of subjects at varying levels of experience from technical knowledge to business knowledge to interpersonal skills. Learning is delivered in a participative workshop style with the maximum number of delegates that may attend each training session set at 14. The limit on numbers ensures a lively and stimulating environment for delegates, but not so crowded that the trainer cannot give one-to-one attention should it be needed.

Searchlight insurance training, as the Broker Academy's preferred supplier of training and administration services, will be responsible for finding suitable trainers to lead the workshops.

Ian Jerrum, Searchlight's managing director, says: "We aim to maximise customer satisfaction through our in-depth understanding of insurance broker needs, by maintaining very high standards of service, and by contributing measurable value to brokers' businesses."

Searchlight became the first training organisation to be recognised under the Financial Service Skills Council's (FSSC) accreditation scheme for training provider excellence in January 2006.

Accreditation is a mark of professionalism and in order for Searchlight to achieve it, the company had to undergo a rigorous review of its policies and procedures – from strategic

through to operational – to match up to the criteria and standards required by the FSSC.

Searchlight has to maintain compliance with those standards in order to keep its accreditation, which in turn ensures the quality of trainers, as their performance must be regularly monitored as part of the overall process.

Interest

BIBA has held a series of inaugural meetings for members around the country to discuss their training requirements for 2008. These meetings have generated a lot of local interest from BIBA members and resulted in a training programme for each region to be published.

Bob Darwin, regional executive for the West Midlands, who hosted the first of those meetings in Birmingham, welcomes the move: "We had an excellent turnout with members taking a real interest in discussions. Members liked the fact that the regions will have the

opportunity to play a leading role in determining what courses to run, where to run them, and when."


These meetings will be repeated on an annual basis to give members much more 'hands on' access to their regional training. The first renewal meetings will focus on the success or otherwise of the training programme, take on board members' comments and then plan the structure of the 2009 programme.

The pricing of courses has been designed to appeal to the pocket. The cost per delegate is £120, although with discounts available for bookings of 20 or more people on to a course, early bookers and broker ASSESS customers, this can be reduced to as little as £99. Delegates will also receive post-workshop access to trainers for a month, should they need any further assistance.

At the end of the course, delegates will receive Broker Academy certificates of attendance and a training passport which is a personal record of the face-to-face training an individual has received which the trainer will sign as evidence of attendance. Holding courses in premises supplied by Broker Academy partners or in-house at the firm requesting the training also helps to keep costs down.

The agreement does not at the moment extend to BIBA's compliance training or in-house courses in London. These will continue to be offered under the BIBA brand until 31 December 2008. However, as a mark of BIBA's commitment, its London training programme will be delivered under the Broker Academy brand from 2009, subject to the success of the 2008 regional programmes.

Steve White adds: "BIBA members around the country have told us that they would like a greater say in their regional training programme and now they have it. We want to encourage all members to get involved, so that we can develop a programme of training and development for next year and beyond that truly responds to the needs of our membership wherever they are in the country and reflects the changing business and regulatory environment that we find ourselves in."

 **Vannessa Young is BIBA's compliance co-ordinator**



By joining forces in this way training for BIBA members can be brought together in a coherent and accessible manner




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When a worker is on the road

Q: Our clients have a claim under their business motor policy where the driver, who was an employee, suffered a fatal accident when hitting a third-party at speed. There were also passengers in the vehicle. The motor insurers state that the claim falls under the employer's liability policy. But, at least one insurer's employers' liability policy excludes injury to employees in motor vehicles other than the driver. We are unclear whether the employer's liability or motor policy should respond to this claim.

A: This situation is covered in the implementation of the Third EU Motor Directive in the UK. The basic rule is that if the Road Traffic Act applies to the incident, then the driver's claim falls under the employers' liability policy, whereas passenger claims fall under the motor policy. In the case law of *Eyres v Atkinsons Kitchens and Bedrooms Ltd*, the employee was injured having fallen asleep at the wheel. He brought a claim against the employer, contending that the requirement for him to drive when excessively tired was causative.

Make more of management information

Q: I am aware that the Financial Services Authority (FSA) has put greater emphasis on management information as a means of demonstrating that I am treating my customers fairly (TCF), but I am struggling to identify what data I should collect. Can you help?

A: Many firms have found identifying, collecting, and using management information for TCF



challenging. First and foremost this is information that you are probably already collecting during the course of your daily business. The FSA does not expect you to have start generating lots of new reports. You should also remember that any management information needs to be proportionate to the size and complexity of your business. To make the task a little easier BIBA's regulatory working party has produced guidance on management information and TCF which is aimed specifically at general insurance intermediaries. It can be found on BIBA's website at: www.biba.org.uk.

There is also plenty of information on the FSA's site, particularly on culture and TCF,

so check out this page: www.fsa.gov.uk/pubs/other/tcf_culture.pdf. And you should also find the following FSA page which is about management information: www.fsa.gov.uk/pubs/other/tcf_mi.pdf. You will need to be able to show that you have appropriate TCF management information in place by March 2008, and that you are consistently treating customers fairly by December 2008. So there is no time to lose.

Tackling terrorism

Q: Is it possible to purchase standalone terrorism cover? Our client is a property owner on a complex, with the property insurance being incorporated elsewhere due to

lease requirements, but this leaves a gap with no terrorism cover.

A: Standalone terrorism cover is available in the market. It does, however, create the possibility of gaps between it and the main property covers. In an ideal situation, it is best not to have to separate the terrorism element from the main cover and it may be best to investigate the terrorism aspect with the main insurers, on the basis that there could be some misunderstanding about how the Pool Re cover works.

Askmid has the answers

Q: How can I check that my motor insurance details have been entered onto the Motor Insurance Database (MID)?

A: A new website will allow you to do this for free – log on to www.askmid.com and you will be able to type in your registration and find out instantly. The site holds the insurance details of some 34 million vehicles. If a vehicle is stopped by the police and is not listed on the database, then it could be impounded or even disposed of – so not entering details could be serious.

Do you have a question? You can email these to:

Regulation questions:

whites@biba.org.uk

Technical questions:

staddonp@biba.org.uk/

[foulshams@biba.org.uk /](mailto:foulshams@biba.org.uk/)

trudgillg@biba.org.uk

Visit the BIBA website for further guidance –

www.biba.org.uk

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