

Issue 2
May 2014

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THE Broker

The British Insurance Brokers' Association



Broking matters: Stuart Reid and Peter Blanc

Leading our new Larger
Brokers' Advisory Board

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Welcome

Conference is fast approaching and I'm looking forward to catching up with members in Manchester.

If you're looking to be informed, entertained and of course to network like nowhere else, then Customer... Customer... Customer has it all. From the big name insurance sector debates to presentations from top names like Karren Brady and former Prime Minister John Major, this has to be one of our strongest programmes ever.

We have plenty to talk to members about in terms of future strategy including the significant progress made in our new advisory boards – you can read an interview with Bluefin's Stuart Reid and Arthur J Gallagher's Peter Blanc about their new roles on page 14.

We will also reveal the full details of our new governance structure at the conference. Let me remind you that members can attend free of charge and can bring any number of brokers from their firm. It is a great opportunity for all members including younger brokers to experience the networking opportunities and learn about the big issues impacting the sector. I look forward to meeting you and your colleagues at BIBA2014!

Leighann Forsyth
Editor

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Group BIBA



**Do not miss
the most
important
event of
the broking
calendar**



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Onwards and upwards

The publication of this edition of *The Broker* coincides not only with our 2014 conference but the first anniversary of my appointment as CEO.

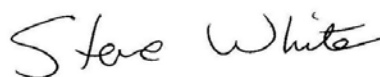
The year has flown by but much has been achieved as we have taken forward our Strategic Review. We have added resource in our compliance, technical, public affairs and membership teams.

A new commercial activities function has been created to give more coordination to our income-generating areas and help keep membership subscription rates down.

The conclusion of the segmentation and governance work streams has led to a new modernised governance structure, the evolution to a new board and advisory board structure and the closer involvement of BIBA with more key decision-makers within our member firms.

Following on from the commitments I made on stage at BIBA 2013 regarding our lobbying work, subtle improvements in our focus have led, as our chair Lord Hunt has said publicly, to BIBA now being seen politically as a 'go to organisation' at Westminster. And come to us they do!

In just one week alone in March, HM Treasury, the Cabinet Office, Number 10 and Defra separately approached us for background on issues in our 2014 Manifesto. This is why the BIBA Manifesto is such an important document and, once again, a big thank you to all those members who gave us their invaluable input.



Steve White, BIBA Chief Executive

THE BIG ISSUES

1

BIBA MANIFESTO

Since its launch in January, the BIBA team has been meeting a number of politicians and their advisers, including for both 10 Downing Street and the Labour Party leader. We have also recently changed our public affairs agency and that has given our efforts an extra zip.

2

FLOOD

While winter may have turned to spring, the after effects of the weather events of late 2013 and early 2014 linger on. The insurance industry gets little credit for the great work it does but in handling these weather claims the industry collectively has been doing a very good job.

As attention turns from the claims themselves to the future of flood cover, we are treading a careful line between supporting the new Flood Re model while seeking solutions for some of the risks that will fall outside the model, eg council tax band H properties and SMEs. The balance between representing our members' interests (and those of their customers) and protecting the collective insurance industry's reputation is always at the forefront of our minds.

3

REGULATION

During the early weeks of 2014 we have seen papers from the FCA on the new consumer credit regime, add-on products plus their plans for supervising the four different categories of firms. Our ever-popular regional compliance forums have seen us take the FCA Client Money policy writers out to meet members as a part their work on assessing the costs of their proposals.

4

BIBA CONFERENCE 2014

While the conference is covered extensively elsewhere in this edition, let me remind you that entry to the conference and exhibition is free for all members of staff of all BIBA member firms so I would encourage everyone to come along. There will be something on the conference programme or in the exhibition hall to capture and maintain the interest of brokers young and old. I look forward to seeing you in Manchester!

New advisory boards' leaders announced

BIBA has announced leadership roles within a number of our advisory boards, which are being launched following recommendations in our Strategic Review to improve representation and governance

SMALLER BROKERS

The board will be chaired by Kevin Hancock, Managing Director of Yutree



Insurance (pictured), which has offices in Newmarket, Suffolk and London. Kevin will retain a seat on the main BIBA board and will focus on ensuring the views of smaller brokers are heard and represented.



Andrew Gibbons, Managing Director of Mason Owen Financial Services, has been named as Deputy Chairman. He will join Kevin on the main board.

The new advisory boards will connect BIBA at the highest levels with market trends and developments and the most senior stakeholders externally.

The advisory board will meet quarterly to provide advice and ensure smaller firms are properly represented to and by the main BIBA board and executive.

Kevin Hancock was Chairman of the former General Insurance Brokers' Committee, a predecessor to the five new

advisory boards. He said: "Following the review, I am keen to continue to be involved with our trade association at a time when we are playing an increasingly important role in advising members and working on their behalf with the regulators, consumer bodies and other stakeholders on key insurance issues."

Andrew added: "This is an important time for the industry, BIBA and brokers in general. I hope that smaller brokers feel they can engage with this advisory board to achieve real results for their firms."

BIBA's Chief Executive, Steve White, commented: "Smaller brokers can rest assured that they will have a strong voice speaking up for them on the issues affecting their business, which will be heard where it counts."

NETWORKS AND MGAS



Tim Ryan, Managing Director of Ryan Insurance Group (pictured), has been appointed Chairman of the new Networks and Managing General Agents' Advisory Board. The deputy will be announced shortly.

INTERNATIONAL AND WHOLESALE BROKERS



Julie Page, Chief Executive Officer, UK Commercial and Consumer Practice and Managing Director at Marsh (pictured), is to chair the International and

Wholesale Brokers' Advisory Board. Jim Herbert, Chief Executive Officer at Aon Risk Solutions, will be deputy.

REGIONAL CHAIRS



Grant Scott, Distribution & Marketing Director at RA Cowen and Partners (pictured), is to be Chairman of the Regional Chair's Advisory Board.

He is also Chairman of the BIBA East Midlands region. Ian Langley, Compliance and Special Projects Director at Hamilton Fraser Insurance, is to be Deputy Chairman. Ian is also Chairman of our Central region.

LARGER BROKERS



Meanwhile, Stuart Reid, Bluefin's Executive Chairman (pictured), is to chair BIBA's Larger Brokers' Advisory Board. He will also join the main board.



The Larger Brokers' Board represents members with a turnover of greater than £1 million a year. Peter Blanc, CEO, UK Retail, Arthur J Gallagher, has been named as Deputy Chairman.

The chair of each advisory board also has a seat on the main BIBA board, with the exception of the Smaller Brokers' Advisory Board where the chair and the deputy chair join the main Board. This reflects the fact that 85 per cent of BIBA's members are small brokers with 10 employees and under.

***For an interview with Stuart Reid and Peter Blanc see page 14**

George Nicol to head Motor Panel



George Nicol (right), Branch Manager with Gallagher Bassett, has been appointed as Chairman of BIBA's Motor Panel.

BIBA has also thanked the former Chair, Allan Briscoe (left), for his sterling work over the years. Allan joined the panel in July 2002 and has recently stepped down. He works for Aon as a technical consultant and will be leaving there in May 2014.

The new deputy will be announced soon.

Brokers receive 2014/15 FSCS levy reduction

BIBA is pleased that the 2014/15 Financial Services Compensation Scheme's (FSCS) levy for brokers has been reduced to £38 million from the indicative estimate of £62 million, published in January 2014.

BIBA highlighted its concerns to the FSCS about the calculation of the proposed levy for the insurance intermediary sub-class.

Chief Executive Steve White said: "We are pleased that the levy for members has reduced by nearly 40 per cent compared to the budgeted figure and by nearly 30 per cent compared to last year's charge. We were concerned that the figure was too high and that with PPI claim activity slowing down that the levy should reflect this too."

Overall the final FSCS levy across all types of financial services firms for 2014 has been revised from an estimated £313 million to £276 million, with the reduction to the general insurance intermediary sub-class being one of the major changes.

Steve added: "This is great news for brokers for this summer's bills, however the FSCS issue is ongoing. We will continue to fight on for further FSCS fairness for members. We have our alternative funding model drawn up and ready for the next opportunity to push for a review of the current unfair system."



BIBA provides evidence for motor probe

BIBA has provided evidence to the Competition Commission's investigation into motor insurance.

Executive Director Graeme Trudgill and members of BIBA's Motor Panel were asked to provide expert opinion to the Commission. The investigation is focused on whether there are market features that restrict or distort competition.

He said: "As the agent of both the customer and insurer, BIBA feels there are issues that can be addressed. We want to ensure customers have access to suitable insurance at a fair and affordable price and that they are looked after during a claim, retain their mobility and enjoy a swift and smooth repair experience."

The Competition Commission has put forward a number of proposed remedies to improve matters and BIBA provided the following views:

Improving claimants' understanding of their legal entitlements

BIBA supports a basic level of information provided to customers. This would cover areas like what happens when a claimant is at fault or not at fault in relation to repairs and replacement cars, excesses and no claims bonus, choice of repairers. But, we are concerned about 'information overload' and want to see the right balance.

First party insurance for replacement cars?

Individuals should have the right to recover the reasonable cost of a like-for-like replacement car from the guilty party and not have to pay an additional premium themselves upfront.

We are also concerned that if there is a disagreement about negligence the innocent

driver may have a delay in accessing replacement transport.

Should at-fault insurers be given the first option to handle non-fault claims?

BIBA is concerned there are insufficient incentives for the at-fault insurer regarding standard of service. No contract is in place between the at-fault insurer and the non-fault driver and the Financial Ombudsman Service complaints process has long lead times. There could be delay while liability is agreed.

Controlling costs of providing a replacement car to non-fault claimants

BIBA believes a general terms-style-agreement covering the costs is a sensible way forward.

We agree that mitigation questions with answers set out in a statement could go a long way towards fairer frictional costs and less exaggeration.

Provision of all add-on pricing from insurers to price comparison websites

BIBA says price comparison websites should be required to enable consumers to compare the policies offered by different insurers, including all add-ons and their pricing information on their websites in a clear and consistent way.

Transparent information concerning no-claims bonus

We pointed out that an explanation of NCB scales are often provided to customers anyway. It should be possible to provide a clear statement in every policy.

Prohibition on 'wide' MFN clauses

We want to see Most Favoured Nation clauses and other anti-competitive price fixing clauses banned immediately.



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Welcome to new regional chairs



We are delighted to welcome three new regional chairmen

David Armstrong, Managing Director of Capital & County Insurance Brokers, based in Faversham, is to chair the South East region.



John Hughes, Commercial Broking Unit Director with Towergate Risk Solutions in Hull, is to chair Yorkshire & Northern.



Alan Drury, Director, Professional Risks with Griffiths & Armour in Manchester, is to chair Merseyside & West Cheshire.

DIARY DATES

MANCHESTER

BIBA 2014 conference & exhibition
14 and 15 May

LONDON

Lloyd's of London Tour
9 May and 27 May

SOUTH EAST

Golf Day 9 May

CENTRAL

Five-a-side tournament 27 June

WEST MIDLANDS

Golf Day 6 May

COMPLIANCE FORUMS

Anglia – 23 and 24 April
London Market – 8 May
East Midlands – 29 May
Merseyside & West Cheshire – 4 June
West of England – 26 June
Greater Manchester – 9 July
South East – 15 July
Yorkshire and Northern – 23 July

FCA speaks at compliance forum:

Two of the FCA's broking regulatory team, Jane Moore and Celia Ho, attended a compliance forum held by BIBA in Birmingham, where they spoke on changes to client money rules.



Welcoming our Nigerian counterpart:

Ayodap Shoderu, President & Chairman of the Governing Board for Nigeria's Council of Registered Insurance Brokers, paid a visit to BIBA when in London recently. Nigeria's insurance market is growing and there are moves afoot to raise awareness about the value of insurance along with improving brokers' standing. Mr Shoderu is the 17th president and is British trained. There are hopes that some Nigerian brokers will be able to visit this year's BIBA conference.



Meeting at No 10:

BIBA's Steve White and Graeme Trudgill met recently with Jo Johnson MP, Head of the Number 10 Policy Unit and Parliamentary Secretary to the Cabinet Office, to discuss our Manifesto and flood-related issues.



Lord Hunt visits SEIB:

BIBA Chairman Lord David Hunt travelled to South Essex Insurance Brokers in South Ockendon, Essex, where he met up with Barry Fehler, the broker's Deputy Chairman and main BIBA board member. On taking over the chairmanship, Lord Hunt said he was looking forward to meeting regional specialists – and Barry's highly successful business proved a model example.

Successful schemes renewed

BIBA has renewed three scheme agreements on behalf of members

Holiday travel with Tokio Marine Europe

It offers brokers a web-based solution and can be sold through members' own branded websites. Benefits include single and annual multi-trip cover with £10 million medical cover. Adults up to the age of 75 can be covered on a multi-trip policy and up to age 85 on a single trip.

Travel – pre-existing conditions with All Clear Insurance Services

Complementing the existing travel product, it covers those with pre-existing conditions with no age exclusions.

Cover can be provided to those on hospital waiting lists and who

are undergoing treatment including chemotherapy. 'Travelling companion' cover and increased cancellation limits for the over 70s is also available.

Credit management and bonds with Perkins Slade

Affordable cover and access to expert advice on credit and bond risks, improving financial security and credit control for clients.

It provides affordable cover and access to expert advice on credit and bond risks. It is also designed to improve financial security and credit control for clients.

Darren Felsenstein, Credit Development Executive at Perkins Slade said: "We have engaged and worked with members considerably during our tenure in order to enhance their customer proposition on credit and bond risks. We will continue to build on this work."

Time to *lighten the load?*



Brokers are required to shoulder an exceptionally heavy burden to achieve compliance under the FCA. BIBA is doing all we can to ensure there is greater proportionality says **DAVID SPARKES**



Readers will not be surprised that as this article is drafted, the BIBA office is abuzz with preparations for this year's BIBA conference and exhibition. And why not; you just have to look at the line-up to see so many 'heavy-weights' from the political and business worlds set to be on stage to see what a big event this is going to be again.

Talking of 'heavy-weight', links nicely in my mind to a review of the Financial Conduct Authority's (FCA) first year in existence. Elsewhere in this publication, you will be able to read what BIBA members, canvassed via the Regulatory Working Party, thought of the regulator's 'first term in office'.

There are some positives for the regulator to take away as well as a

few 'development opportunities'. It is fair to say that the sheer weight of regulatory scrutiny raises questions with brokers around the proportionality of attention to the risks our sector of the market poses as part of the bigger picture of the financial services market.

Quality over quantity

'Heavy-weight' may also be used to describe the size of policy papers coming out of the FCA as well. For an organisation that has the wherewithal to recognise the influence of behavioural economics on the likelihood of someone doing, or not doing something, such as reading a lengthy technical document; why then come out with a paper containing the rules for consumer

credit which runs to 646 pages?

And on the same day as the regulated fees and levies proposals for the 2014/15 year were published, so was the FCA's Risk Outlook 2014 paper and its Business Plan for 2014/15. As each is an important document, there is a lot to try and absorb in one go.

I look forward to seeing as many of you as possible at the BIBA conference on the 14 and 15 May. The regulation session also has some heavy-weights taking to the stage – and I am not talking about my expanding waistline since joining BIBA.

Appearing live

Under the investigative-journalistic glare of Saxon East, Editor of *Insurance Times* (who is a vastly experienced observer of our market), I will be joined on stage by Simon Green, Head of General Insurance and Protection supervision at the FCA, and Mark McIlquham, Partner at Deloitte.

It is Simon's team that carries out the supervisory work on all insurance brokers, so we appreciate the 'top man' for insurance broking supervision giving us his time to share his view on the market and his own team's performance. Mark heads Deloitte's general insurance regulation team, carrying out work to help insurance brokers, as well as having his firm commissioned to undertake section 166 reviews as required by the FCA. Mark has therefore built up a view of the market from working both sides of the fence, which he will be able to share with us during the session.

In the space left in this article, I want to acknowledge the good work the BIBA Regulatory Working Party does to support the wider membership on developing an understanding about key compliance issues, which can then be disseminated to the wider membership as well as acting as a trusted adviser to BIBA's advisory boards. Membership of the group has been revised as part of BIBA's Strategic Review to ensure equal representation for each of the segments of membership.

David Sparkes is BIBA's Compliance and Training Manager

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ASBESTOS

The Mesothelioma Act 2014

– what it means

A new compensation scheme will help those unable to trace a liable employer or insurer. **WENDY TAYLOR** of Marsh provides guidance

Mesothelioma is a terminal cancer with symptoms typically developing some 30-40 years after exposure.

Due to the exposure manifestation time lag, many sufferers are unable to trace a liable employer or insurer. The Health and Safety Executive estimates there are up to 2,000 victims annually and that the number of deaths from the disease in Great Britain will peak in 2016.

While most mesothelioma sufferers succeed in civil actions brought against an employer/insurer, claims can take up to two years and sufferers often die before payment. Where civil damages are awarded, state benefits/compensation are recoverable.

Insurers to compensate

The Government estimates more than 300 victims a year lose out because of tracing problems. As this inability to trace an employers' liability (EL) insurer is often due to the insurer failing to maintain historic records, the Government considers it equitable that compensation should be met from the EL insurance market rather than taxpayers.

This is a basic tenet of the compensation scheme provided for in the Mesothelioma Act 2014.

The Act applies to Great Britain and Northern Ireland and introduces the Diffuse Mesothelioma Payment Scheme. This makes payments to eligible persons (and eligible dependants) who were exposed to asbestos by their employer in the UK and who are unable to bring a claim for compensation against a relevant employer/insurer.

Although the scheme will not be operational before mid-2014, persons will be eligible for a scheme payment if first diagnosed with mesothelioma on or after 25 July 2012 as a result of exposure to asbestos at work in the UK. Anyone diagnosed before this date cannot claim under the scheme.

The scheme will only be open to persons who have not brought an action against a relevant employer or EL insurer because they are unable to do so, or, who have not received any payment from another specified scheme.

A person with mesothelioma who was exposed to asbestos during the course of employment with an employer outside the UK will not qualify.

Nor will a person employed by an employer in the UK if ordinarily employed abroad.

A scheme payment will be a single lump sum calculated in accordance with a tariff related to the sufferer's age at diagnosis date or date of death, if earlier.

Capped compensation

Broadly, payments are 20 per cent lower than average mesothelioma civil damages. By capping compensation, it was suggested applicants should not be encouraged to use the scheme before exhausting other compensation routes.

It is estimated eligible claimants will receive scheme payments within three to five months and, at 80 per cent of civil compensation, over the 10-year period to 2024, payments will average £95,000 each.

While scheme payments will be higher than lump sum payments made under existing statutory provision, as is the practice with civil claims, such lump sum payments and any social security benefits will be recouped from scheme payments.

Similarly, if, subsequent to a payment being made under the scheme, there is a successful claim against an EL insurer, any scheme payment will be recovered from the compensation awarded.

The scheme is to be funded by a levy on current EL insurers, estimated at £35 million annually. Membership of the scheme will be compulsory, with the first levy collected in April 2014.

The cost of paying compensation to occupational mesothelioma sufferers who cannot trace an employer/policy will therefore be met by the current EL insurance market.

This is a scheme of last resort, which will require proof the mesothelioma sufferer was negligently exposed to asbestos in the course of UK employment.

There remains criticism the scheme does not go far enough. Such criticism focuses on three main areas, being the application to mesothelioma only, the 25 July eligibility cut-off date and the 20 per cent reduction vis-a-vis average damages recovered in a comparable civil claim.

Find out more

BIBA has a longer version of this article. It can be found in the technical section of the BIBA website.

Wendy Taylor is Technical Adviser, Marsh Corporate Placement

A man with dark hair, seen in profile from the chest up, looking out over a city skyline. The city is out of focus, with a prominent church spire visible in the distance. The sky is overcast.

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FIRST FOR JUSTICE

BIBA is changing in response to the Strategic Review consultation, with the creation of five new advisory boards representing the prime broker segments among its membership to support the work of its main board.

VANNESSA YOUNG
reports



Meet the *dream team*

The advisory boards connect BIBA at the highest levels both with market trends and developments, but also with the most senior stakeholders externally. Each of the five advisory boards will be given the opportunity in *The Broker* to talk about some of the issues facing their particular segment of the membership that they want to tackle.

The Larger Brokers' Advisory Board starts that process. Stuart Reid, the advisory board's Chairman and Bluefin Executive Chairman, and Peter Blanc, CEO, UK Retail, Arthur J Gallagher, the group's Deputy Chairman, spoke recently about their plans for the group.

A broking dream team some might say – the talents of Stuart Reid and

Peter Blanc, the heads of two of the largest brokers in the country, working together for the benefit of BIBA's membership. Observing the pair having their photos taken for the cover of this issue, it is plain to see they will work well together – their intelligence mixed with a healthy amount of banter and rivalry is compelling.

Natural progression

Both Stuart and Peter have been active supporters of BIBA for many years. Not only giving their own time and experience, but also providing experts within their organisations to help BIBA in its activities when called upon. Their presence on the Larger Brokers' Advisory Board was a must-have

for BIBA, while for Stuart and Peter joining the group was a natural progression.

Stuart said: "I was delighted to be asked to attend the Larger Brokers' Advisory Board and indeed be voted chairman of it. We are approaching a very changeable environment. What is happening in the insurance industry is very dynamic and it is particularly important that we ensure that our voices are heard.

"We do have a profession that ultimately we should be very proud of. Perhaps in the past we haven't used our voice as loudly as we could, but that is definitely changing and a lot of the credit should go to Steve White and the team at BIBA. They have done a fantastic job at modernising, making the association



more relevant, giving it a very loud voice in those key areas where brokers need it, particularly with Government and in Europe.

"I see the Larger Brokers' Advisory Board playing a very important part in ensuring that progress continues as will the Smaller Brokers' and other advisory boards too."

Augmenting the knowledge, understanding and strategic thinking of the main BIBA board and executive about the specific issues affecting larger brokers is key for the advisory board, according to Peter. He explained: "The advisory board should help to steer the main BIBA board so that it is focusing on the most important and pertinent issues. There is an enormous list of possible areas of activity for BIBA and I see the advisory board role as being one of prioritisation of those jobs."

Gateway to main board

"As well as the prioritisation role, it will give the opportunity for larger brokers to feed market information and problems into BIBA and the advisory board will be able to debate these before progressing them, if necessary, to the main BIBA board. Hopefully the debate itself will help

MEMBERS OF THE LARGER BROKERS' ADVISORY BOARD

Stephen Bamforth
Griffiths & Armour

Peter Blanc
Arthur J Gallagher

Mark Cliff
Ageas UK

Chris Collings
Swinton

Paul Dickson
Giles

Simon Douglas
AA

Barry Fehler
South Essex Insurance Brokers

Peter Foster
Hugh J Boswell

Glen Gillam
Green Insurance

Ian Gosden
Higos

Mike Lawton
Towergate

Paul Moors
Bollington

David Newman
Carole Nash

Matthew Pyke
Lloyd & Whyte

Stuart Reid
Bluefin

Rhys Thomas
Thomas Carroll

Tobias van der Meer
Hastings

Derek Walker
Clark Thomson

“

Larger brokers are extremely compliant businesses in the main and we need this to be recognised and taken into account by the FCA in how they supervise us

to ensure that the industry deals with matters in a way that is appropriate for larger brokers.”

So just what are the issues that the advisory board will be focusing on? It will not come as any surprise to members if regulation is identified as the biggest challenge facing firms. The advisory board's members have identified the appropriateness of general insurance regulation and specifically how it is applied to their segment, but also, crucially, the costs of regulation, as areas for action.

Stuart argued: "Where larger brokers sometimes have issue with regulation is that in the past they have been very much seen by the FSA as the first port of call. Larger brokers have had intense supervisory scrutiny from the FSA, while it would

be fair to say that the smaller brokers have not seen that level of attention from the regulator. Larger brokers are extremely compliant businesses in the main and we need this to be recognised and taken into account by the FCA in how they supervise us. Therefore our voice is necessarily different in that regard, if not any other, to that of the smaller broker."

Peter added: "Larger brokers have a significant part to play in this debate. The FCA has demonstrated that they are absolutely willing to listen to the industry and it is up to us to ensure that the FCA is focused on the really important topics - ensuring the availability of cover for all consumers, ensuring clear and not misleading documentation from insurers, ensuring that claims are paid and no participants in this market behave in a way that damages the rest of the market."

Significant issue

Raising the professionalism of the broking sector is also another significant issue that the advisory board wants to support. Stuart welcomed the efforts BIBA is making in this area and he urged members to participate in the consultation on raising standards that will be launched at conference in May. Many members of the broking profession are trying to drive the professionalism agenda and BIBA should absolutely be at the heart of this, he believes. His role as head of the Broker Faculty at the Chartered Insurance Institute (CII) will ensure that BIBA and the CII are working closely in this area.

Stuart argued: "We have recently seen the opening of a new representative body to pursue this objective. It is my own personal view that with BIBA and the CII the industry has more than enough representation and that any professionalism developments should be within the context of these two bodies."

"We just need to make sure that the representation we do have does what it is supposed to do. I am delighted to represent larger brokers in having that discussion along with my Deputy Chairman Peter."

He has also identified an increased appetite to deal with the thorny market issues that have in the past

been difficult for both BIBA and/or the CII to tackle. He pointed towards problems arising from some of the less well capitalised insurers passporting into the UK, brokers' use of unrated insurers, restrictive covenants and desk topping. "These are issues that we will do our level best to deal with as the Larger Brokers' Advisory Board," he added.

Stuart said: "We'll find our way, but it won't happen overnight. Certainly what I was pleasantly surprised about when I attended the first meeting of the advisory board was the diversity of businesses represented on it and the variety of issues that they have."

"It is easy to be cynical in our business and there are many cynics around, but ultimately there is a significant amount of people and businesses who want a better industry. This is evidenced by the desire of people to attend these boards. Our job now is to ensure that we represent our sector in a timely manner about the issues that count."

What a difference an advisory board makes

Peter's clarion call for the advisory board is that if members have got views they get in touch. "The advisory board will give members a simple route into BIBA so that where several members of the advisory board all highlight a common issue, the chairman of the advisory board will be able to passionately promote that issue at the main BIBA board."

"If you have issues that you don't think are being addressed by BIBA then for goodness sake don't suffer in silence. Pick up the phone and give us a call, send us an email. We need to know. We will raise any queries or concerns with the other members of the advisory board and table the pertinent issues for discussion at each advisory board meeting. We're here to represent you."

Looking to the future

Stuart will hold the office of chairman of the advisory board for two years, a period which he acknowledges will pass swiftly. Casting his mind forward he talked of what he would like to have achieved during his tenure.

"I want the advisory board to have been established as an influence for good in the industry. I'd also like to be able to say that we have encouraged



“““

...we do provide an extremely important service for the country and we must ensure that regulation is fair and equitable and the support is there when needed

greater engagement from those members of BIBA on the key issues of the day.

"Ultimately I want the industry to be perceived as more professional, better value for money and more valuable to UK plc than perhaps it is at the moment."

Peter agreed: "Over the coming months and years, brokers will face an ever-increasing tide of competition from insurers looking to write business directly, new entrants looking to write new business online, customers looking to compare and buy cover online, etc."

"My view is that all customers, be they personal or commercial, can only be certain of achieving suitable and cost-effective protection for their assets and businesses by using a broker. By definition, insurers will only sell products that they can sell. I find it incredible that some insurers are able to advertise claiming to offer solutions to all businesses' needs when some of those insurers do not even offer covers that brokers consider vital for businesses to have."

"BIBA has to lead this agenda and ensure that consumers and the wider public completely value the

role that brokers play in ensuring that businesses and consumers buy the right cover at the right price and don't just buy the products that the insurers want to sell. The Larger Brokers' Advisory Board can help drive that discussion forward."

However, it is early days yet and there is much to do. Stuart said: "My job will be to constantly keep connecting with larger brokers in the UK. I want to engage more to ensure that our messages are received correctly and the work that we do is relevant to the industry as a whole. I also see greater collaboration between institutes, trade bodies etc in the future, and Peter and I are well connected to do this."

Stuart concluded: "Industry consolidation means that in five years' time there won't be the 3,500 brokers we currently have now. So it is important that with this reducing number the voices of those that remain are heard and heard in a timely fashion because we do provide an extremely important service for the country and we must ensure that regulation is fair and equitable and the support is there when needed."

"It is important that we focus on what the main issues are and ensure that we get what we want. BIBA will become increasingly important in highlighting those issues to the FCA and in helping to find solutions, but it's important that we have focus, and that's ultimately what I believe the Larger Brokers' Advisory Board will help deliver."

Vannessa Young is BIBA's Compliance Secretariat

An aerial, top-down view of approximately ten business professionals in formal attire (suits, blouses) standing in a loose circle on a light-colored floor. Some are holding briefcases, and one man in the center is talking on a mobile phone. The image is used as a background for the top half of the advertisement.

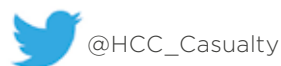
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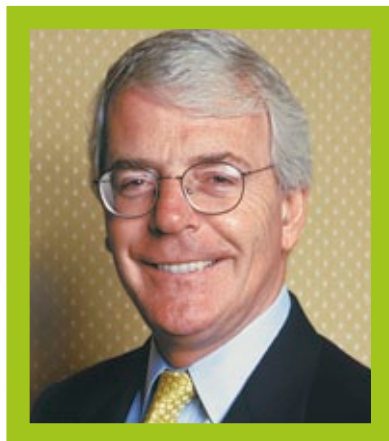
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Message from Steve White, BIBA Chief Executive

An economic recovery looks to be underway and it is with a sense of optimism that we welcome members to our 2014 conference in Manchester.

However the business environment is still challenging. The market remains intensely competitive with too much emphasis on price. There is a new regulator keeping a watchful eye on insurance and overall the reputation of financial services has been tarnished by banking scandals and PPI mis-selling.

We need to work together to inform customers about what we can do for them and to rebuild trust in the value of insurance.

I am fully aware that attending the BIBA conference is, for some firms, far from easy since it requires time off from the day job and being out of the office. But there are compelling reasons to join us and I am confident you will find it more than worthwhile.

As many members would agree, this is the event to find inspiration, new contacts and more effective ways of doing business.

EVENT PROGRAMME & TIMETABLE

WEDNESDAY 14 MAY

08.30	Exhibition opens
09.45	Conference opens • Welcome to BIBA 2014 • Opening Addresses • Customer...Customer...Customer Just how good are we at customer service?
11.30	Networking break
12.00–12.45	Seminar sessions • Treating customers individually – what can we learn from Marks & Spencer? • Forward to the future – how to appeal to tomorrow's financial consumer. • Motor insurance – the technology race.
12.45–14.15	Lunch in exhibition hall
13.15–14.00	Fringe sessions • Legal protection insurance – the industry's best kept secret. • Succession – planning to maximise value on exit. • Understanding the life assurance needs of an ageing population.
14.20–15.10	• Karren Brady CBE
15.10	Networking in exhibition hall
15.50–16.15	Fringe sessions • Legally speaking, just who is putting the customer first?
17.30	Exhibition closes

THURSDAY 15 MAY

09.00	Exhibition opens
09.30–10.30	• The Bigger Picture debate. Panelists: The Rt Hon Lord Prescott; The Rt Hon David Davis and The Rt Hon Sir Walter Menzies (Ming) Campbell. Chaired by Jon Snow.
10.30–11.20	Seminar sessions • Defining and consistently delivering a great customer experience. • Adapting to meet changing consumer behaviours. • Regulation – the big debate.
11.20–12.00	Networking break
12.10	• Sir John Major KG CH
13.00–14.30	Lunch in exhibition hall
13.45–14.30	Fringe sessions • FOS – the Ombudsman elephant trap. • The business benefits of recruiting apprentices – an employer's experience.
14.30	Networking in exhibition hall
16.00	BIBA 2014 closes

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Seal of approval

Brokers from across the UK will be joining us in Manchester. We spoke to a number of members to see what they most value about the experience

Brokers attend the BIBA conference for many reasons, but the fact so many return year on year is evidence that they find it extremely worthwhile.

Despite this, we are mindful that taking time out of the office is a big decision. For smaller firms it can be a resourcing issue and finding cover is not always easy.

While there are always going to be the big names for the keynote presentations, and plenty of entertainment, we are highly aware that this is first and foremost a business event. This is why we ensure our seminars in particular are packed with guidance to help members introduce new ideas and boost their profits.

There is also the unmissable BIBA exhibition. There is nowhere like it to make new contacts, explore new business opportunities and check out the latest in new technology. It is expected there will be around 5,000 attendees and the place will be buzzing. Many say a broker can achieve several weeks' worth of networking and business deals in one or two days.

BIBA members enjoy free entry to the conference sessions and exhibition and a complimentary lunch is included for those members who register online before 30 April.

WHAT YOU TOLD US...

Towergate

"BIBA conference is simply the best networking event in the insurance world. If you need something to be done, you'll find the right person to ask and it will be. It worked for me when I ran my own business and it still works for me now."

David Perry, Programme Migration Director



RA Cowen & Partners

"The most important part of attending BIBA's annual conference is the valuable information you take home with you. The ideas and strategies you learn through sessions, workshops, speakers, exhibitors and equally as important networking opportunities with everything under one roof. It is a must in your business calendar."

Grant Scott, Distribution & Marketing Director

Higos Insurance Services

"With regard to the conference I believe it is the top broker networking event of the year. It provides an ideal opportunity for brokers to meet with other brokers, insurers and service providers under one roof and enables you to meet up with existing contacts as well as build new relationships."

As well as the networking, there are the keynote speakers and the seminar and fringe sessions which offer interesting and relevant subjects. There is something there for everyone and the quality of the speakers is always excellent."

Trudy Brown, Head of Personal Lines



Jelf Group

"BIBA conferences are always excellent... and I'm very pleased about being back in Manchester for 2014. It is a great opportunity to accelerate discussions with insurers – where else could you get every decision-maker in the GI market under one roof?"

"BIBA conferences are also fantastic networking events. They are an excellent platform to share ideas and benefit from thought-provoking keynote speakers. For us, BIBA is a 'key date' in the insurance calendar and as such we would never miss it."

Phil Barton, Chief Executive (Insurance)

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WE SEE WHAT OTHERS MISS



All about the customer

The way people choose to shop has an impact on brokers as with any other retailers. So what trends are happening now? Rachel Gordon reports

No matter how successful a broking business, there is always scope to learn something new. Those joining us in Manchester will find plenty of opportunity to reinvent their client offering.

It is clear that at recent conferences attendees have found their smart-phones invaluable and we have also seen many more using Twitter. But, are brokers maximising social media for business purposes?

Does social media mean business for brokers?

Craig Freeman, Director of Digital Services at digital engagement agency Brandformula, has been speaking on this topic at a series of social media seminars across the UK run by the Chartered Insurance Institute.

He commented: "There has been a big increase in brokers wanting to talk about their digital strategies over the past 18 months, which is encouraging, but also we recommend that brokers do not see this in isolation. Having a good website should be the first priority."

He continued: "Times are changing and whereas Facebook may once have been restricted at work, there is less of this now. That said,

using it wrongly can still be a timewaster.

"We see Twitter, for example, as being about educating rather than selling. For example, non-standard cover, flooding issues or in winter, a broker might want to tweet about icy roads and keeping safe, and the aim should be to direct customers to the website. In terms of finding hot topics to talk about on Twitter, including it on the agenda at staff meetings can be helpful. This can also be used on a blog and distributed.

"Making sure they have a good website which is up to date and has strong content should always be the priority for brokers, then they can look at social media."

Technology – only part of the solution

At the same time, it is also worth remembering that many customers' needs are not met by self-service technology-based solutions and that the need for a broker's guidance is as strong as ever.

Home insurance is a case in point. Market research company Consumer Intelligence surveyed more than 4,000 people to ask what innovative idea they would suggest to home insurance providers to improve their service.

Ian Hughes, Managing

Director, comments: "Most of the radical change that consumers would like to see is not innovative, it's blindingly obvious. Yes, there were a few suggestions that related to apps and other technological advances that will help to drive a creative mind, but the principal call to insurers from consumers is to do the one thing that seems almost impossible to achieve.

"They want clear, simple insurance written in plain English with no weasel words, sold in a simple and fair way, with the best cover and best prices going to the most loyal customers."

He explained that one survey respondent summed this up by saying: "It's not rocket science all we want is a good product at a fair price and good customer service based in this country and our claim dealt with swiftly."

Survey specifics

The Consumer Intelligence home insurance survey showed a third wanted tweaks to policies linked to improving cover and removing jargon and there were further requests for more meaningful discounts or cash back for no claims and loyalty programmes.

Customer service was the second highest area needing change in the consumer's mind, while pricing was a bugbear for 12 per cent of respondents – the third highest category.



According to Mr Hughes: "The fact so many consumers either want to ask questions about their insurance or simply want to be treated as an individual shows why there is so much potential for brokers both in the purchase and in ongoing service."

Are apps the answer?

Research from Deloitte in mid-2013 showed some 72 per cent of the UK now owns a smartphone, with apps now available for a wide range of purposes.

Those who answered Consumer Intelligence technology questions wanted to see their provider developing mobile apps that would provide a convenient way of getting quotes, managing their policies and more. Some 60 per cent of this group suggested smart



phone apps that would allow them to obtain home insurance quotes, estimate the value of household items or accurately assess insurance risk.

One respondent commented: "Using an app where you can walk around your house and take pictures and fill out an inventory and it will work out exactly how much cover you need."

Some 31 per cent also said they would like apps to assist with policy management, from making and tracking a claim to being able to update cover levels mid-term as and when they buy new items that need to be individually named on their policy.

A further 8 per cent wanted an app that will allow users to compare an insurer against its competitors in terms of both coverage and price, while the remaining two per cent said

they would benefit from an app that would allow them to monitor the security of their home.

To date, relatively few brokers have launched apps but those who are sizeable personal lines players or who perhaps provide specialist schemes may want to think about the use of technology.

For example, Endsleigh's app gives their customers secure, real-time access to their policy details. Users – who are largely

students – can access car insurance documents, home insurance details, travel insurance cover or student insurance policies on the go.

Mobile computing takes off

Smartphones and tablets are taking off as sales of personal computers fall. Affordability and convenience are the drivers for this – people want to be able to

communicate and shop while on the move.

According to Microsoft, mobile internet is expected to take over desktop internet usage this year.

PwC recently looked at consumer purchasing trends in its recent report, Achieving Total Retail, which involved surveying 15,000 online shoppers across five continents.

More than half or 55 per cent of internet shoppers globally say they now buy online because they get better deals than in-store.

The report says retailers need to develop a new, customer-focused business model to deliver on expectations for the store of the future.

The report also showed the important role social media now plays in educating consumers about both retailers and manufacturers.

Some 59 per cent of respondents followed their favourite brands or retailers via social media. The same number also said they had discovered a brand on social media that they subsequently developed an interest in, showing the ever-increasing importance of two-way social media engagement between retailers and consumers.

In terms of interacting with a company after a particularly good or bad experience, 55 per cent of the surveyed shoppers said they commented about their experiences with a product or brand on social media.

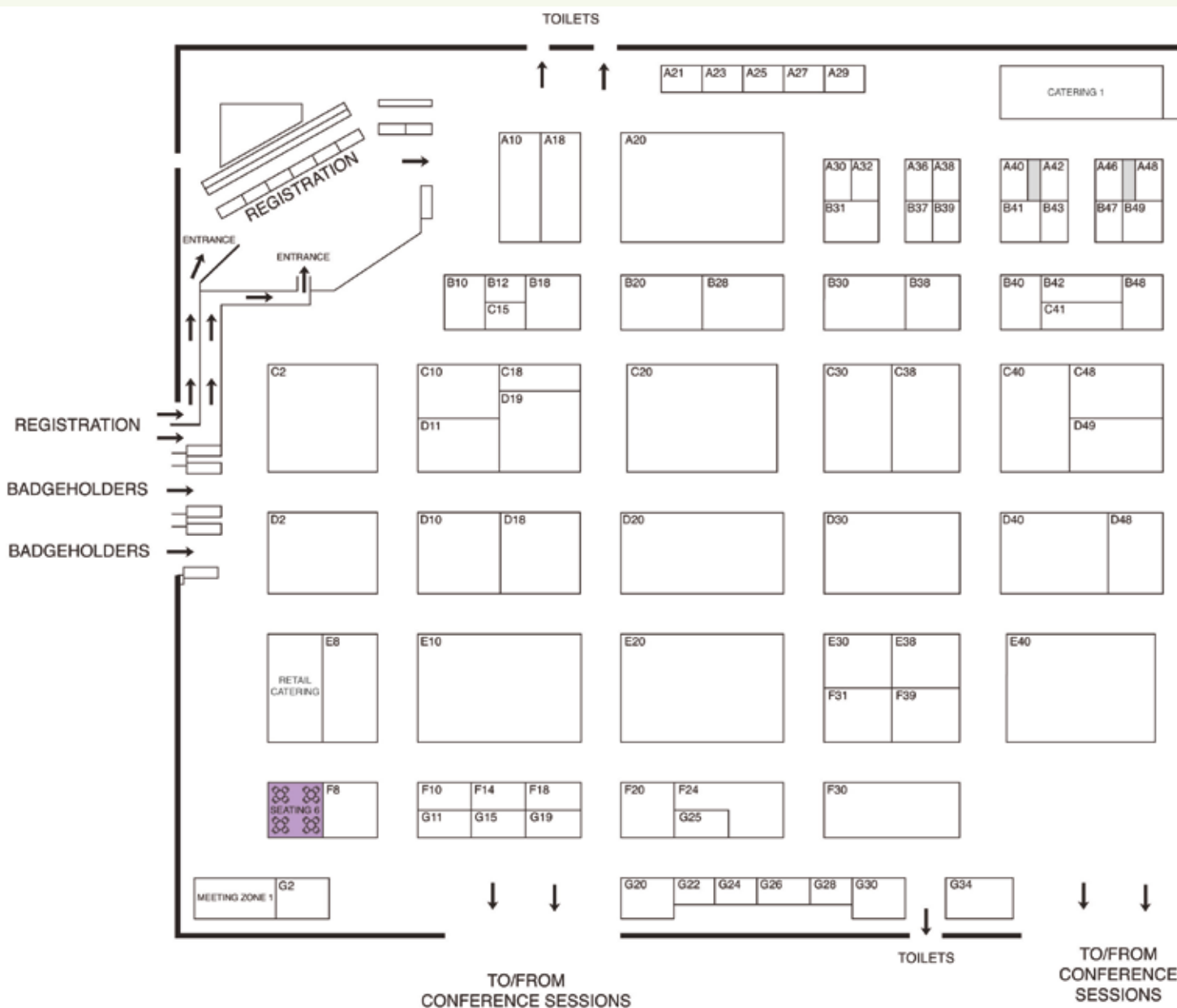
These are changing times and brokers clearly need all the ammunition they can get in deciding their technology strategies including their use of social media, how they adapt their businesses and how they maximise what they offer.

CONFERENCE 2014 – speakers with a fresh perspective

Keeping up to date with what customers want, and knowing what changes to implement, when trying to cope with a demanding day job can be practically impossible.

This is one of the main reasons to come to **Customer... Customer... Customer** where you can meet and hear experts at first hand and leave with a raft of practical ideas.

Seminar presenters to watch out for include **Jo Moran** who is Head of Customer Service at Marks & Spencer – she will speak on treating customers individually. **William Highan** is Managing Director for Next Big Thing, a company that specialises in customer trends. His presentation will focus on how to appeal to tomorrow's financial consumer. Meanwhile Customer Service Consultant **Andrew McMillan** spent over 20 years with John Lewis Partnership and will speak on defining and consistently delivering a great customer experience.



EXHIBITION FLOOR PLAN

ABACUS	D78	ARAG	D71	Blue Insurances	A21	COBRA	D19
Abbey Legal Protection	B48	Arch Insurance Europe	E60	Bluefin	C58	Compass Broker Services	E8
ACE	E38	Arista Insurance	B18	BriefYourMarket.com	G75	Coutts	F54
Action 365	B12	Aspect Business Intelligence	A30	Broker Direct	A78	Covea Insurance	D80
Acturis	F14	Aspray	E74	Broker Network	G50	Crawford & Company	E81
Advance Insurance	B39	Auto Restore & AutoGlass	B80	BrokerQuote	A36	Cunningham Lindsey (UK)	B10
Ageas	D20	Aviva	C20	Building Block PCC	B57	DAS UK Group	F50
AIG Europe	D40	AXA Assistance	G34	Burges Salmon	F70	Davies Group	B79
AllClear Travel Insurance	G25	AXA	E40	Business Insurance 247 (PIA)	C65	Direct Group	E68
Allianz	E10	AXA PPP healthcare	F60	Call Connection	E61	DTW1991	E50
Alternative Risk Management	B37	Barbican Insurance	F24	Callcredit Information Group	D65	Ecclesiastical	E30
Amlin	D58	Beazley Group	D49	Camberford Law	A23	Engage Mutual Assurance	B49
AmTrust International	D70	Bexhill UK	B78	Catlin & Angel Underwriting	D11	Epoq Legal	A52
Ansvar Insurance	B60	BIBA	E90	CFC Underwriting	B43	Equity Insurance Partnerships	B88
APC Underwriting	D60	BIBA Cleaning Contractors' Scheme	A27	CII	F80	ERS	C50
Applied Systems	A70	BIBA Credit Management & Bonds	E79	CILA	A50	ES Risks	B74
aQmen Underwriting	A48	BIBA Schemes & Facilities	F88	Close Premium Finance	B58	Evolution Insurance Group	D75
Aqua Underwriting	F8	BLM	F20	CNA Insurance Co	D59	Evolution Underwriting	D68



Fenchurch Law	E75	Kaplan	G71	OAMPS Insurance Brokers	C10	SSP	F39
Financial Conduct Authority	A40	Kingsbridge Professional Solutions	B47	Oliver James Associates	C68	Stephensons Solicitors	B86
FirstAssist Legal Protection	F79	Koolsite UK	F74	Open GI & PowerPlace	D18	Sterling Insurance	D79
Flaxman Partners	F64	Law Limited	E85	Pool Reinsurance Co	D74	Stride Insurance Group	G19
GAB Robins UK	B31	Legal & General	C40	Premium Credit	E69	Temple Legal Protection	F78
Gibraltar Finance, HM Government of Gibraltar	C79	LexisNexis Risk Solutions UK	A32	Principal LEI	A42	The Insurance Charities	A38
Gresham Underwriting	E89	Liberty Mutual Insurance	D51	Prism Network	F58	The Nexus Group	G20
Griffiths & Armour	C15	Lime Underwriting	C74	Proximo	E78	Tokio Marine Europe Insurance	C71
Guernsey International Finance Centre	A29	Lloyd's	C70	Purple Partnership	F10	Towergate Underwriting	F30
Hagerty International	G15	Lockton Companies	C78	QBE	D48	TRACKER Network (UK)	C48
Harris Balcombe	F18	Lorega	B38	Qdos Broker & Underwriting Services	D84	Tradex Insurance Company	A58
HCC International Insurance Company	C30	LV=	D30	Questgates	B59	Transactor Global Solutions	D61
Health Shield Friendly Society	B28	Managing General Agents Association	G55	Quotezone.co.uk	B51	Travelers Insurance Company	D10
Helphire	C18	Manchester Underwriting Management	C41	R&Q	G11	TT Club	A25
Heritage Insurance Management	B40	Markel	B20	Readings Loudon	E70	UK General Insurance Group	D50
Hiscox	C38	Markerstudy Group	C2	REG (UK)	B64	UKS Medical Diagnostics	F75
Home & Legacy	D69	Marmalade	C89	Rentguard Insurance	B42	ULR Additions	B50
HSB Engineering Insurance	F31	McLarens	F69	RPost UK	B75	vrs Vericlam UK	C61
Insurance Age & Post Magazine	C60	MetroMail	F61	RSA	E20	Wildnet Group	F68
Insurance Times	D88	Momentum Broker Solutions	G79	RWA Group	G59	Zurich	A18/A20
Isle of Man Captives Association	A46	NIG	D2	Salesforce.com	F71	Zurich/BIBA Delegate Notebook	
Jackson Lee Underwriting	B70	NMU	B30	SchemeServe	B41	Collection Point	A10
				South Essex Insurance Brokers	B68	Zywave - Broker Briefcase UK Edition	C85



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TAKING IT FROM THE TOP

BIBA spoke to the UK's leading insurer chief executives to uncover their thoughts on the industry's biggest talking points

Who took part?



Amanda Blanc
Chief Executive Officer,
AXA Commercial
Lines and Personal
Intermediary



Andy Watson
Chief Executive,
Ageas UK



Dave Smith
Managing Director at
UK Commercial Broker,
Zurich Insurance



Jon Dye
Chief Executive, Allianz
UK



Jon Hancock
Managing Director of
UK Commercial Lines,
RSA



Nicolas Aubert
Chief Operating
Officer, EMEA
AIG



Phil Sharpe
Chief Operating Officer
– UK & Ireland, ACE
European Group



Maurice Tulloch
Chief Executive Officer
UKGI & Ireland, Aviva

Q:

WHAT DO YOU THINK IS THE BIGGEST ISSUE IMPACTING CUSTOMERS?



AB Who to trust. The public has been badly let down by financial services during the last decade and they naturally treat businesses with a great deal of cynicism. Customers feel they have to protect themselves from being ripped off at every turn so is it any wonder we see so many fraudulent claims?



AW We operate in a big market with a huge amount of competition, which means there is a real risk of information overload for customers when looking for the right insurance cover for their needs. Although price is often the key driver in choosing a provider, communicating really effectively to customers about the level of cover and quality of service that is right for them is vital.



DS The never-ending challenge of differentiation from their competitors is where customers should be expending their energies. They can then rely on the role of

“” JH

The economy has probably been the biggest issue for our customers in recent years, with individuals and companies fighting for business and focusing on containing costs. At the same time we have seen pretty poor returns for insurers meaning upwards pressure on rates which, combined with increased regulation, does mean it has been pretty tough for everyone

their insurance broker as key in assessing, managing, and mitigating their risk on their behalf.



JD The financial services sector suffers from low levels of customer trust and confidence. For insurers one of the key issues is the expectation that there is cover when there is only partial protection or none at all. The way to overcome this is for insurers to seek to make products and services as clear as possible.



JH The economy has probably been the biggest issue for our customers in recent years, with individuals and companies fighting for business and focusing on containing costs. At the same time we have seen pretty poor returns for insurers meaning upwards pressure on rates which, combined with increased regulation, does mean it has been pretty tough for everyone! However there is now a real sense that economic recovery might take hold after several years and businesses are more optimistic about opportunities to grow.



NA Speaking as a commercial insurer the biggest challenge for our business customers, as the economy continues its recovery, is targeting the right areas for growth opportunities. This is particularly true for international businesses looking to invest abroad. They will be more specific about their target markets than in the past.



PS We know from dialogue with customers that service levels remain a top issue. In a 24/7 connected world, 21st century customers want fast and reliable responses, regular communication, early renewals, clarity on risk appetite, and of course product development that is genuinely in tune with their changing needs.



MT The result of the wettest winter on record is that flooding has become a major talking point. Like many insurers we have been busy making sure we look after our customers in impacted areas but the wider concern has been around understanding what impact Flood Re will have on making sure customers most at risk of flooding have access to affordable insurance.

“” JD

Customers' expectations are increasing all the time and through our Net Promoter Score research we can see that the bar is being raised continuously

Q:

DO YOU THINK CUSTOMERS OR THEIR NEEDS HAVE CHANGED OVER TIME?



AB Not really. They want an insurance policy that will pay out when they have to make a claim and they want it for a reasonable price. That will never change. What has changed is how they want that delivered or communicated to them.



AW Things were very different 20 years ago, and customer needs have definitely changed over time. Customers have, quite rightly, become more demanding in terms of products and levels of service. Insurers and brokers must stay aware of changing trends and adapt their policies to fit the dynamic market in which we live – and on the whole I think the industry does that well.



DS Expectations of society in general have changed. We all expect more, more quickly and of better quality. This raises the stakes for both brokers and insurers, and demands greater investment in understanding our customers' needs. We work hard at this, often with partners such as Centre for Cities and the Economist Intelligence Unit, to help our brokers feel confident and able to add value to their customers.



JD Customers' expectations are increasing all the time and through our Net Promoter Score research we can see that the bar is being raised continuously. The research

also shows that the key drivers of customer satisfaction are quality of response and repair in the event of a claim, as well as speed of resolution and communication.



JH The fundamental need of customers has not changed in that they want the right cover at a reasonable price from a reliable insurer, they also want great service and their claims paid. Customers are increasingly price savvy as they hunt around for the best deal and have access to more ways to purchase cover. We are seeing customers change the ways that they buy their insurance with an increased comfort with buying online, more propositions to shop around and increasing demand to "talk to my insurance advisor when it is convenient for me". Responding to the technological advances we recently launched telematics, for our motor customers, and integrated our SME offering with the iMarket platform.



NA Our business customers have improved their governance processes and are more focused on long-term sustainable relationships with their business partners. They are looking for a more collaborative approach with their insurer, which means data sharing and guidance on legal and regulatory issues.



PS Customers still want good service, cover and price. Today they also need solutions that perform, compliantly, on a multinational basis. In the next 10-15 years, 90 per cent of global growth will be generated outside Europe. UK companies large and small are expanding and demand for multinational programmes will continue to grow.



MT Customers want to pay a fair price for insurance cover that does what it says it will if they need to make a claim and fundamentally that need has not changed.

However, advancements in technology have brought about significant changes to the way customers can interact with their insurer and the speed with which they can do this. It is why we have, and continue to put innovation firmly at the top of our agenda. For example, our latest innovation, the Aviva Drive app, which rewards safer drivers, generated huge interest.



DO YOU THINK THERE ARE ANY CUSTOMER-FOCUSED TRENDS DEVELOPING THAT BROKERS NEED TO BE AWARE OF?



AB Obviously there is the digital aspect of how they want us to communicate with them and how they want to access our products and services but I think the most interesting trend is the expectations that the public have now. They just will not accept second best and are quick to move when they feel they are getting that.



AW The use of technology is a big trend that brokers need to stay on top of to give their customers no reasons to shop around. Recognising how many insurance propositions are sold online, finding a way to differentiate their offering against their competition is vital for brokers.



DS Availability and use of new technology, both for trading and communication, is the biggest trend. Our industry is lagging here and we need to get on the train.



JD Personal lines customers demand multiple channels and want to be treated as individuals. They also want their business to be prized and value for money. Commercial insurance trends include a movement by brokers from commission to 'fee' based remuneration, more detailed disclosure



PS
Customers still want good service, cover and price. Today they also need solutions that perform, compliantly, on a multinational basis. In the next 10-15 years, 90 per cent of global growth will be generated outside Europe

about underwriter remuneration and a deeper investment in tri-partite relationships between client, broker and underwriter.



JH I certainly think brokers need to be able to respond to different buying trends – especially around convenience and technology.

The launch of our telematics product and integration with iMarket demonstrate the importance of technology to address customer needs and one that brokers should be aware of. The rapid evolution of social media means our customers often expect answers in minutes rather than hours or days. That, combined hopefully with a far more vibrant economy meaning customers are growing their personal wealth as well as their businesses, requires everyone to move faster.



NA Personalisation or bespoke solutions rather than a one-size-fits all approach is becoming more important as is easy and instant data sharing such as the progress of a claim.



PS In addition to important standard property and casualty lines, our research identifies four risk areas UK companies believe could have the greatest financial impact on their business: environmental, cyber, D&O and supply chain risk. All are areas where brokers and insurers need to work together to continue developing customer-centric solutions.



MT The fight against fraud is an ongoing issue facing the industry and we need to all work together to focus on fraud prevention and raise awareness that this is not a victimless crime.

Brokers have a close understanding of their clients and their expertise can be instrumental in helping us identify fraudulent activity, at policy inception or during the claims process.



DO YOU BELIEVE CLAIMS ARE CENTRAL TO YOUR CUSTOMER PROPOSITION? WHAT ARE THE KEY COMPONENTS TO GETTING IT RIGHT?

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AB Absolutely. AXA has a market-leading claims proposition and we guard that reputation jealously. We are constantly looking at ways to improve, with our claims transparency initiative the latest example. Getting it right means focusing on the customer and not just on what we think they want but what we know they do not want or dislike.



AW Claims are completely central to our overall proposition – it remains probably the most influential ‘touchpoint’ for the customer experience. We pride ourselves on providing high service propositions yet with a low cost base, all backed up by strong technical expertise and operational excellence.



DS Zurich’s recent broker excellence survey asked our brokers to rank service areas in order of importance and claims was ranked THE most important out of six service areas. It is bang central to our proposition, with ease of access, trust, fairness, and speed the key components to customer and broker satisfaction.



JD Absolutely central! The key components are easy contact, simple processes, a strong supply chain that mirrors our own customer commitment, and clear communication. The final and most important component is having a team of claim handlers dedicated to providing strong customer service who deliver on our proposition time after time.



JH Absolutely, it is the fundamental moment of truth in insurance, and it is central to what we offer at RSA. Speed, fairness and clear communication are repeatedly highlighted by our customers as stand out

“”” **DS**

The implementation and impact of the ‘Rule of three’ in claims – take ownership, move the claim forward and satisfy the customer

“”” **NA**

It is the moment of truth for our policyholders. That may be a little clichéd but I am a firm believer that good claims handling strengthens relationships and that customers recognise and value a supportive claims service. This means helping the customer and not simply meeting contractual obligations

points in what they want from their insurer. From the moment a claim is made, we are in regular communication with our customers so they are aware of the action we are taking which avoids anything unexpected. We work hard to provide a superior experience by highly skilled teams who understand the needs of our customers, collect the right information within hours rather than days, keep everyone informed and settle claims fairly. We also look at ways of preventing claims through our risk consulting teams, that’s far more beneficial to our customers than even the best claims experience.



NA It is the moment of truth for our policyholders. That may be a little clichéd but I am a firm believer that good claims handling strengthens relationships and that customers recognise and value a supportive claims service. This means helping the customer and not simply meeting contractual obligations.



PS Claims are the acid test of service, it is our product. Having empowered experienced staff who can help companies avoid losses, take decisions on the ground and pay valid claims rapidly is vital. We have recently reorganised and grown our UK claims team with this claims service in mind.



MT Undeniably the claims process is the proof point behind the purpose of insurance. The circumstances behind a claim can

often be the result of a traumatic event such as a fire, flood or accident so it is essential to be able to handle the situation sensitively and quickly, with the minimum of fuss to help the customer get back to normal as quickly as possible.

Q:

WHAT DO YOU BELIEVE IS YOUR BIGGEST CUSTOMER SERVICE SUCCESS?



AB Our response to the recent floods is a great example among many. When the Government was losing its head, we and the industry at large kept cool and made sure that customers were taken care of and particularly in getting businesses back up and running, sometimes within a couple of weeks. It is those examples that make me really proud.



AW We achieve customer service successes every day of the year – thanks to the focus we place on our customers. One recent example was when Storm St Jude swept across the country last year, our claims teams took care of damaged vehicles in the Dover Port car park while the customers were off on a cruise enabling them to carry on enjoying their time away.

We want to support customers wherever we can when our customers have genuine losses, for example we are currently allowing all Ageas Household customers to progress storm damage claims to a limit of £750 without authorisation to speed up the repair process. In addition, we are making interim ‘emergency’ payments for flood victims up to £1,000.



DS The implementation and impact of the ‘Rule of three’ in claims – take ownership, move the claim forward and satisfy the customer.



JD Using Net Promoter Score methodology we are loyalty leaders in Broker Retail, General Commercial, Engineering and Petplan. Achieving this position is no mean feat and takes a lot of listening – taking the lessons learned and applying them to achieve results for the customer.

“ AB

I do not think they expect too much but they are more demanding; they are more switched on about their rights and standards of service



JH Our biggest success is not any one initiative or any one service. It is the combination of our people, their expertise and the relationships we have with our customers and brokers. Having a relentless focus on our customers is part of our DNA – we aim to get the culture right and put the tools in place to allow our people to deliver for our customers. Our customers quite rightly demand to have a relationship with a person, not an email address.



NA At AIG we are extremely proud of the rapid and critical response of our dedicated staff. This includes how we responded to the major events of recent years like the Indian Ocean tsunami, the Japan earthquake and tsunami and the recent Philippine hurricane as well as the top class service we deliver daily to our high-net-worth customers.



PS Managing risk efficiently and compliantly on a multinational basis is an enormous challenge for our brokers and clients.

Our unique ACE Worldview portal enables users to manage the status of their entire global programmes in real time, monitoring everything from changing regulatory requirements and policy issuance through to loss reporting.



MT The torrential downpours throughout the winter have brought misery to many people and it has been an important time for insurers to be visible, helping their customers and getting them the help they need quickly.

Since before Christmas Aviva's claims teams have dealt with tens of thousands of calls from across the UK, with many claims settled with a single phone call. Those needing urgent support were offered

emergency payments, and suitable alternative accommodation if needed and we are busy with the next steps of drying out properties and getting repairs completed to get people back in their homes and businesses as quickly as possible.

I am really proud of the way we responded at a time when our customers needed us most.

Q:

DO CUSTOMERS EXPECT TOO MUCH? WHO BEARS RESPONSIBILITY FOR CONSUMER EDUCATION?



AB I do not think they expect too much but they are more demanding; they are more switched on about their rights and standards of service. In terms of the intricacies of insurance, it is absolutely the responsibility of the insurers and perhaps to a greater extent, brokers, to educate the client.



AW Providing customers with the clearest possible information that is easily accessible has to be at the heart of meeting or managing their expectations. Insurers

“ JH

Customers should and do have high expectations, the expectation is certainly higher than it used to be, and it is right that this will continue. High expectations can only be good for the industry, insurers who take the time to understand and meet the needs of their customers provide a better level of service and enjoy greater loyalty in return

have a responsibility to make sure that their customers understand their policy and the support it encompasses should they need to make a claim.



DS If they do, there is no point whinging about it. We can't impact societal trends but we can educate. That is not solely an ABI or BIBA issue, it is insurers and brokers – we elect our respective bodies to represent us and cannot duck the individual responsibility.



JD Increasing customer expectations is the 'new norm' and we all have to react accordingly. Ultimately, the insurance industry has to take some responsibility for consumer education not least because it is in our best interests to have well informed customers making intelligent decisions about their purchases of products and services.



JH Customers should and do have high expectations, the expectation is certainly higher than it used to be, and it is right that this will continue. High expectations can only be good for the industry, insurers who take the time to understand and meet the needs of their customers provide a better level of service and enjoy greater loyalty in return. Certainly, insurers have a role to play in educating customers, as do brokers and our regulators. At RSA we have developed a broker career programme through our Learning Lab sessions where brokers receive technical training and soft-skill development from our expert teams. We also provide advice and guidance through our Risk Managed Surveys, which are designed to help identify areas of risk that may affect businesses, employees, customers and members of the public.



NA Meeting customers' expectations is a great challenge for any business and as consumers we are all getting more demanding. As for consumer education, I believe insurers, brokers and regulators all have a responsibility to help the customer understand their real needs. At AIG we have developed a Risk Academy for risk managers so that they push further their technical expertise and share their experience between colleagues. We see this as part of our responsibilities.

“““ AB

Why is there so much regulation? Because the regulator does not trust us and we only have ourselves to blame for that. If there is too much and it impacts negatively on the customer, then collectively we need to look at how we are behaving



PS In a strong tri-partite relationship between customers, brokers and insurers, we share responsibility for managing expectations. Education is an important part of that shared responsibility – the better we manage to share information and educate each other, the better the risk transfer solutions the industry will be able to provide.



MT I think the responsibility lies with all parties. It is the role of the broker and the insurer to ensure that customers' expectations are met and that includes making sure they understand the level of cover they have purchased. However, it is equally important that customers play their part too. They need to ensure they have met their part of the agreement by providing full disclosure and making sure they have taken out the right cover for their needs.



CAN TOO MUCH REGULATION BE HARMFUL TO CUSTOMERS?



AB Why is there so much regulation? Because the regulator does not trust us and we only have ourselves to blame for that. If there is too much and it impacts negatively on the customer, then collectively we need to look at how we are behaving. We need to win back the trust of the customer and by extension, the regulator.



AW Regulation is about ensuring good customer outcomes, and we should get the level of regulation that is consistent with this desire. If insurers, brokers and other industry participants have the customer central to their business models, there should be less, rather than more, regulation.



DS Yes, if it is not informed, proportionate, and material to good customer outcomes. The good intent is always there, it is sometimes misguided leading to unintended consequences for the audience it is trying to serve. But regulation should always be hygiene to core values of fairness and integrity anyway.



JD Anything that drives better customer outcomes in terms of transparency and service delivery can only be beneficial. The challenge for regulators and insurers alike is to find the right balance. It is equally important that regulation does not become a barrier to entry into markets or cause insurers to withdraw from certain markets or distribution channels altogether; reducing competition and consequently customer choice.



JH It is tricky to get the balance right between buyer beware and customer protection. Too much regulation can create the impression that nothing could go wrong and can actually get in the way of a great customer experience, while too little can obviously lead to customers being

disadvantaged. Ultimately, any cost of regulation is also a cost to our customers, and that has to be justifiable against the risk of doing nothing.



NA Consumer protection is very important. So too is product innovation and appropriate pricing. Getting the balance right without compromising the customer is the constant challenge. Customers that are a better risk with good risk management should benefit from lower premiums. Regulators need to allow appropriate use of relevant data so that we can rightly segment customers and recognise their merits.



PS Regulation helps protect standards, encourages professionalism and gives customers transparency and confidence. However, when it is overly prescriptive or inconsistent it can drive up costs and stifle innovation. Clearly there is a balance to be struck if we are to meet customers' needs effectively.



MT There is a risk of over-regulation that needs to be addressed in order to avoid excessive caution and extra costs to consumers. We support the need for different regulatory approaches to banking and insurance and believe this can be best achieved through a system of regulation that is built around customer outcomes, acknowledges the significant differences between the banking sector and insurers, and reflects the different risks, business models and activities of the two industries.

“““ PS

Regulation helps protect standards, encourages professionalism and gives customers transparency and confidence

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See us on stand B47



Graeme Trudgill

British Insurance Brokers Association

BBC newsnight

Fighting for flood resilience

Flooding issues have dominated much of our lobbying and media activity recently.

GRAEME TRUDGILL

reports on our multi-faceted campaign to help all customers and reduce risk

BIBA has sought to support members' customers affected by flooding by explaining the claims process, the benefits of using a broker and pressing for longer-term action to ensure fewer homeowners and businesses are flooded in the future.

Our lobbying and media work has been largely intertwined as we seek to secure long-term solutions that will prevent homeowners and SMEs from dealing with floods in the first instance, but also by getting the right insurance solution in place if they are flooded.

Flood Re and beyond

In terms of ensuring coverage remains once the Statement of Principles ends, we support Flood Re.

It is a positive solution for those households at highest risk of flood, and will guarantee access, affordability and excess caps for those included in the scheme. Members' focus has been on those not covered by Flood Re and what needs to be done to help them. Exclusions include:

- many types of let properties
- most small businesses
- homes in council tax band H
- homes built after 2009.

Influencing the Lords

We have met recently with MPs, Defra officials and 10 Downing Street to discuss the Water Bill – this is the legislation that will enable Flood Re. We have made our submissions to the House of Lords,



including Lord Sheikh and Lord de Mauley.

The ensuing discussions in the House of Lords referred to our arguments around Flood Re's exclusions and we also received specific mentions from Baroness Northover and Lord Crickhowell. Meanwhile, Lord Lytton has tabled an amendment to include leasehold and privately rented properties.

We were encouraged that a few days later the Government announced the new £10 million fund for small firms.

Giving evidence to EFRA

In March, BIBA gave evidence to the Environment, Food and Rural Affairs Committee.

Our focus was to get across that brokers have a crucial role to play in helping consumers and businesses recover from the floods and the entire industry has been pulling together to help those who have been affected.

We want to ensure that there is as much preventative action taken as possible and as such, have stressed we are very concerned with the £15 million real-term annual cuts to the Government's flood maintenance budget.

We have spoken to members and heard directly from homeowners about how flooding has impacted them. Here are the key approaches

they have told us they would like the Government to consider:

- We believe making the repair and renew grant more permanent should complement Flood Re and help build resilience into the homes of those affected by the floods.
- Improved communications with flood victims.
- More regular maintenance to drainage channels.
- Work to improve the lack of joined up thinking between local government/Environment Agency and other local authorities.
- The cuts from the Environment Agency are a huge concern – and the fact no one visited some affected homeowners should be addressed urgently.
- We want to see proper equipment retained – in Wreay, Berkshire, the river has not been dredged for more than 10 years and the dredger had been sold on.

Surveying for evidence

BIBA is consulting with members and business groups on these exclusions and will be producing the results shortly. We believe solutions outside of Flood Re may be necessary and we are doing all we can to identify members with flood schemes to ensure that signposting is put in place with our Find a Broker service to commercial solutions.

Our research will also be presented to Government, since Downing Street announced it wanted evidence about any need to cover SMEs.

Apart from providing feedback from members, we are also working jointly with the Federation of Small Businesses and the British Property Federation to look at any impact of excluding SMEs.

Cuts are a concern

By October 2014, the Environment Agency is required to cut 15 per cent of its staff due to a fall in Defra spending. This includes specific flooding staff reducing by 557 from 3,732 to 3,175.

BIBA sees these cuts as extremely serious. We do not see the flooding problems going away since many of our major towns and cities are near rivers or the coast. There is evidence in the House of Commons library which says annual spending on flood defence needs to increase to over £1 billion a year by 2035.

We will continue to raise awareness and emphasise that protection against flooding is a shared responsibility between the insurance industry and Government.

In the media

The floods crisis attracted huge media attention and there was strong demand from journalists to bring clarity to what Flood Re will mean and increase consumer understanding.

Our broadcast and press appearances have included:

- *BBC Breakfast* – promoting the benefits of BI
- *ITV news at 10* – how specialist flood brokers can help
- *Daybreak* – how the industry has responded positively to the floods
- Sky News – the process of the claim
- *BBC Newsnight*
- CNBC
- BBC Radio 4 and 5
- *The Times* and *Sunday Times*
- *The Independent*
- *Financial Times*
- *Mail on Sunday*
- *Sunday Express*
- *The Guardian*

Graeme Trudgill is BIBA's Executive Director



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All together now

BIBA's claims initiative has brought together experts from across the insurance sector to ensure claimants have increased understanding of what to expect and are treated fairly.

RACHEL GORDON reports

BIBA does not believe there are endemic problems when it comes to claims, but it does want to see action taken where necessary, which is why it has launched a claims initiative to encourage best practice.

The Financial Conduct Authority is currently undertaking a thematic review into the claims process and so this is clearly an issue on the regulator's agenda.

Talking and working out solutions is often the best way to resolve problems and in May 2013, BIBA decided to bring together a working party of individuals with specialist understanding of claims. The group contains BIBA members, the ABI, CILA, insurers and other professionals.

Terms of reference

BIBA's work coincides with the FCA's review, but is not driven by this, although we have made it clear we are willing to work with the regulator in this area. The group is set to continue meeting for the foreseeable future. The working party's terms of reference are:

- to engage positively with the FCA's thematic review

BIBA'S CLAIMS WORKING GROUP

Andrew Gibbons

Mason Owen
(Chair)

Alan Drury

Griffiths and
Armour

Malcolm Hyde

CILA

Simon Gifford

Towergate

David Lamping

Brokerbilly

Graham Wynes

Lockton

Angus Tucker

Lorega

Chris Voller

Axa

Roger Flaxman

Flaxman Partners

Neil Bresler

Cherish Insurance
Brokers

Mark Shepherd

ABI

John Hurrell

Airmic

Nick Balcombe

Harris Balcombe

John O'Neill

Cunningham

Lindsey

Steve White

BIBA

Graeme Trudgill

BIBA

Steve Foulsham

BIBA

Andy Thornley

BIBA

Nicola Martin

BIBA

Mark Baker

Zurich

Tony Way

Ageas

Jon Newall

Lockyers

Simon Curtis

Giles

Stuart Clarke

Hiscox

David Bonehill

Ecclesiastical

Alex Hamilton

Hamilton

Robertson

- to discuss ways to enhance the customer's experience and understanding of the claims process
- to foster wider public understanding of the role of the insurance industry in meeting claims.

Andrew Gibbons, Managing Director of broker Mason Owen Financial Services, is the working party's Chairman and newly appointed BIBA board member. He commented: "The work we are doing is overwhelmingly about engaging with the industry. BIBA will always speak out if there are serious problems, such as when members in surveys have told us they believe insurers are taking a harder line on claims, but we don't support mud-slinging. There needs to be two-way dialogue and this is a great opportunity for everyone."

Mr Gibbons also wants

“““

The work we are doing is overwhelmingly about engaging with the industry

ANDREW GIBBONS



understanding increased. "It's often overlooked by the press that insurers pay something in the region of £40 million a day in claims. Positive stories, where the industry helped customers in the recent floods are numerous, but unfortunately are not news."

He added that BIBA's claims initiative has government support, including gaining a mention from Sajid Javid MP, the former Financial Secretary to the Treasury. This was in BIBA's *The Broker* magazine and also

in a speech at the launch of the BIBA Manifesto in January 2014.

Mr Gibbons emphasises that working with external parties is also a positive move – and he is cheered by the fact that there is much common ground.

However, claims disputes can occur and these can be slow to resolve and extremely complex.

Claims mediation

Flaxman Partners are specialists in claims mediation and resolution, and providers of BIBA's mediation facility for members. Managing Director Roger Flaxman and Senior Consultant Michael Wilson are both contributing to the working party.

Mr Flaxman commented: "Insurance is fundamentally about having claims paid fairly and without unreasonable delay. Anything a

working party can do to ensure this is a welcome initiative."

He continued: "We must never forget that the insurance policy is something the customer relies upon as a necessity when a claim arises."

The FCA review could potentially be difficult for the industry – should it be revealed that some claimants are being treated unfairly – and this has reputation repercussions.

As Mr Flaxman said: "Claims are an insurer's shop window, ensuring the prompt and fair payment of claims, means an insurer can expect its customers to trust it."

Brokers certainly have an important role to play in claims, but with sales becoming increasingly remote, this is not always an option.

According to Mr Flaxman, online sales have "created a commodity-driven, non-advised sales sector in the

“““

We must never forget that the insurance policy is something the customer relies upon as a necessity when a claim arises

ROGER FLAXMAN



PROVIDING GUIDANCE FOR ALL

The working party has also agreed to produce three important new guides to help raise understanding of insurance

Under insurance

BIBA is producing a guide to help consumers avoid being under insured. According to Executive Director Graeme Trudgill: "In the financial crisis, BIBA research showed that many customers may have cut back on their cover to try and save on cost, even though in some cases, this has proved a false economy.

"Brokers can help take the guesswork out of buying cover – they can advise a customer what the need to have are and the nice to have that can be left out. Our guide will both promote brokers' expertise and provide practical tips on making sure the correct sums are insured."

Risk managers and larger commercial buyers

This guide will be produced by risk managers' association AIRMIC.

John Hurrell, AIRMIC's Chief Executive, explains: "Claims is the number one issue when it comes to keeping risk managers awake at night and what BIBA is doing resonates with our members.

"Loss adjusters we spoke to said that in 80 per cent of cases where something has gone wrong, it could have been fixed, whereas in about 20 per cent the problem was unavoidable, perhaps for example, because cover was not available in the first place."

He continued: "We will cover areas such as the roles and responsibilities when buying insurance, disclosure,

contract certainty, pre-placement and the protocols of making a claim. There is a clear need to ensure that buyers have more education."

Understanding repudiations

AXA is working on a guide looking at why claims are repudiated, with the likely title of Making Claims Clear. Ken Wright, Head of Broker Development, is overseeing the project.

The project was devised in conjunction with BIBA and is expected to be available by this year's conference. This is the first time AXA – or indeed it is understood any insurer – has produced information of this type which is aimed largely at brokers. He commented: "We are looking to create a series of guides for brokers which will help them communicate."

The repudiations guide will be available in paper and online and above all, will be straightforward to understand.

Mr Wright continued: "Let's face it, policy wordings are dull and until there is a claim, most people won't look at them. Our guide will be in layman's terms and relevant for both personal lines and commercial customers.

"For example, we will be looking at where the customer must have some responsibility such as in alarm protection or the dangers of leaving keys in a car or van.

"We're obtaining feedback from brokers who are part of our national advisory group to get their first-hand reaction and this guide will be a useful tool to help brokers connect with their customers."

TACKLING FRAUD: IFB extends membership to brokers

BIBA has worked with the Insurance Fraud Bureau (IFB) to develop a new, two-tiered membership model to reach the wider broker market. By providing access to their tools and products, the IFB can help brokers identify fraud at point of application.

Nick Benham, Business Development Manager at the IFB, said: “Fraud costs the insurance industry £2.1 billion per annum – affecting the bottom line of businesses and inflating premiums for households by £50. Brokers are not immune to the effects of fraud, with rates offered by insurers increasingly determined by a broker’s ability to screen fraud at the point of application and arrange ‘clean’ business.

“The IFB are already working alongside Swinton, the AA, Hastings Direct, esure Broker and Ageas Retail – sharing information in the fight against fraud. Extending our membership model is a natural step as we continue to evolve our focus; tackling application fraud alongside our established work in detecting and alerting the industry to claims fraud.”

industry. In itself, this is a justifiable business model for the intermediaries who opt for this way of doing business; but it does not take into account the expectations of those policyholders who will still expect the intermediary at the point of sale to still be around to provide help at the time of claim.

“We can address the manner in which customers are advised about the intermediary’s claims service, it will create an opportunity for customers to compare the non-advised sale model with the advised sale service and to negotiate the level of advice and support they can expect in the event of a claim.”

Industry experts

Alan Drury, Director with broker Griffiths & Armour, said that if the claims process is to improve then “all the various stakeholders have to work closer and more effectively together. This BIBA-led initiative brings together a variety of industry experts and senior practitioners to review what else we can do collectively to enable increased customer satisfaction in the claims arena.”

He pointed out that all successful businesses need to constantly review how they serve their customers. “We still have too many customers feeling

disappointed after the claims process. That clearly means we need to do more to deliver speedier, fairer, more sensitive claims handling to both commercial clients and consumers.”

Mr Drury concluded: “The bottom line is that great claims service doesn’t make for good publicity or sell newspapers. I passionately believe a broker can make a huge difference, providing advice and guidance from notification through to settlement. BIBA has an important role in helping their members get that message over. If we do that I’m convinced the whole industry will see more satisfied customers pleased with the outcome of their insurance claim.”



“““

I passionately believe a broker can make a huge difference, providing advice and guidance from notification through to settlement

ALAN DRURY

SIDE BY SIDE: adjusters and assessors

The working party has brought together those who would traditionally be working on opposite sides of the fence – and both are supportive of the group’s aims.

From a loss adjuster’s perspective, Malcolm Hyde, Executive Director of the Chartered Institute of Loss Adjusters, said he is convinced that overall, there is a willingness to provide good service.

“Of course there are times when things go wrong, but in many cases, I find the people working in claims are there to help and as we can see from the recent flooding, they work incredibly hard.

“I don’t think it’s helpful when we hear politicians make criticisms about the insurance industry when they have a lack of understanding.”

He continued: “As far as the working party is concerned, there is considerable consensus. I was pleased to find there was so much agreement between the working party members – it certainly was not a case of ‘us and them’ namely those working for insurers and brokers. There is also a real determination to work on areas where there are problems and to try and iron these out.”

Meanwhile, Nick Balcombe, Senior Partner at loss assessors Harris Balcombe, said: “My view from working in our industry for almost 50 years is that claims and the way the public perceive these are dealt with is probably the single most important issue which causes problems.

“It is extremely good the industry and specifically BIBA have taken on board these issues and are actively trying to find solutions. Making claims more user-friendly is paramount to these solutions.”

He continued: “Before we get to that point we have to make the insurance policy more understandable and ensure that when there is a claims scenario, that insurers and their adjusters are not hiding behind the wording.

“The working party are doing just that and I believe they should be given all possible assistance. We don’t want the UK insurance market to follow the USA market into the mire of litigation.”

'Improving, but could do better'

A year after the FCA replaced the FSA, our Regulatory Working Party has completed a scorecard. **DAVID SPARKES** reports



BIBA's Regulatory Working Party and the firms they represent have assessed the FCA's performance during the past year and our report reads a fairly average B-/C+.

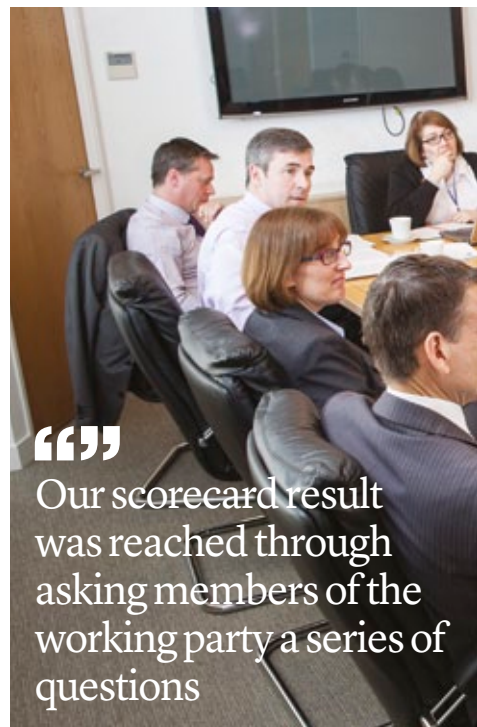
How will the FCA respond to this? Well, we will know at conference when we reveal the results and our experts' views. My view is that the FCA would no doubt have been far happier with an improvement on the score Steve White gave them this time last year, but we want to provide

honest feedback and for any criticism to be taken constructively.

All the members of our Regulatory Working Party – which was formed in 2005 – have some responsibility for regulation in their firms and their opinions reflect the market. They range from small regional brokers to consolidators to London Market specialists and networks. The current Chair of the working party, Ian Dickinson, is also on the FCA's Smaller Business Practitioner Panel. They were not looking to score 'cheap' points but to genuinely reflect what brokers feel.

Our scorecard result was reached through asking members of the working party a series of questions. To encourage openness, we agreed not to reveal which member said what, but we have produced answers which show the general consensus.

We would welcome other BIBA members' views on the FCA so please feel you can contact me about any issues you think need raising – we will feed them back to the regulator.



“”

Our scorecard result was reached through asking members of the working party a series of questions

be subject to a regulatory burden as if they were. Professional brokers have always been low risk. Members agreed that if regulation were to stop, they would still operate to the same high standards to which they currently adhere.

Q2

Has there been any noticeable change in regulation following the transition from the FSA to the FCA?

A Negligible – despite the rhetoric, there has not been any big change in the way brokers are regulated.

Q3

How do you view the quality of communications from the FCA?

A Face-to-face communication has improved. Members were complimentary about the FCA's Business Risk Awareness Workshops, for their ability to convey what the regulator is looking for. These are viewed as practical and useful sessions that are well worth attending.

But, the FCA's relatively new website has not been well received. Words used to describe it are "clunky", "poor" and even "atrocious". Members also say it is "over engineered". This is a shame as it seems the FCA has failed to realise that having good consumer

BIBA'S REGULATORY WORKING PARTY

The Regulatory Working Party represents BIBA members on all matters relating to FCA regulation and compliance. It acts as a 'sounding board' between BIBA and members, identifies areas of difficulty in compliance in order to offer solutions, and assists in formulating BIBA's policy position on regulatory issues. The group is undergoing a restructure to reflect the changes to BIBA's governance structure to ensure that it is fully representative of membership and aligned to, and in dialogue with, BIBA's new advisory board structure.

Ian Dickinson, Brunson Insurance Brokers

John Gorham, JLT Specialty

Allan Gambles/Carl Ashton, Coversure

Mark Tyrrell, Bluefin

Elizabeth Mills, Marsh Networks

Jacque Ward, Endsleigh Business Insurance Services

Jenny Hemmings, Broker Network

Insiyah Alibhai /John Teager, Towergate

Briony Horvath, Guy Carpenter

Paul Tuley, Equity Insurance Group

Stephen Tearle, AA Insurance Services

Peter Clancy, Aon

Robin Belsom, Ryan Insurance

David Sparkes, BIBA

Vannessa Young, BIBA

FCA SCORECARD – OUR MEMBERS' VIEWS

Q1

Is the FCA's regulation proportionate to the risk the professional broking sector represents?

A No, it is not proportionate. The FCA needs to target the right sectors – brokers were not part of the problems experienced with PPI and should not



SEAT OF POWER – INSIDE THE FCA

The FCA has promised to be more visible than the FSA and has greater powers – it regulates conduct relating to the marketing of financial products, can ban products for up to a year while considering an indefinite ban and withdraw financial promotions.

It is also able to specify minimum standards, can place requirements on products and has the power to investigate organisations and individuals.

From the outset, the FCA has made it clear it wanted to put clear water between the way it regulated and the actions of its predecessor.

Many will remember back in 2012 Chief Executive designate Martin Wheatley saying the new regulator would “shoot first and ask questions later”.

BIBA’s Steve White also noted that while the FSA was “a rear view window regulator which reacted to issues once they occurred and often too late,” he believed the FCA would be forward-looking, trying to spot bumps in the road ahead. Continuing with that analogy, with so many thematic reviews underway, the FCA is in danger of being seen as pressing too hard on the accelerator and while it can see the road ahead, it could be missing the context of the land around it.

We have been careful to look at the positives as well as the negatives. The FCA took over at an extremely difficult time since the FSA’s reputation had been badly damaged.

Martin Wheatley has made fewer inflammatory comments in recent times – arguably, he has made the FCA a more approachable organisation. On a personal note, I think he is also a better listener than his predecessors and the fact he was prepared to present at our conference last year – was an encouraging sign if ever there was one.

We are also pleased to welcome Simon Green, the FCA’s Head of General Insurance as one of the panellists at our forthcoming conference regulation debate. This promises to be an excellent session – so if you are attending conference, do not miss it.

information (which it does) may not be relevant for brokers and IFAs – the very people that use the site the most. We understand the FCA is now conducting a review on its website and we look forward to seeing improvements.

Q4 What do you see as a frustration when dealing with the FCA?

A Delays. Whether it is waiting to gain authorisation or simply trying to get through to someone to speak to them, the working party members said the FCA was damaging its reputation, as well as its relationship with those it regulates, through delays. For example there has been consultation by the FCA to revise client money rules since August 2012, and as yet, no findings have been released.

Q5 Is the FCA subjecting customers to excessive paperwork?

A The overwhelming view is the only ones benefiting from this are Royal Mail and paper merchants. This is despite the FCA’s behavioural economics paper admitting its predecessor was wrong to feel throwing more information at the consumer is going to improve customer outcomes.

Q6 Can you describe one positive aspect about the FCA?

A The FCA has shown it is more prepared to be engaged with brokers. The FCA is also in regular contact with BIBA as it is seeking a better understanding of the market and we are encouraged by this. They have attended a number of our compliance forums and contributed articles to our Compliance Rules publication.

In general terms, the FCA is also more prepared to think about future problems. For example, in the mortgage market they have pre-empted a problem with interest-only loans, since there can be problems paying these off. However, members felt that general insurance is less likely to result in these types of issues.

Q7 What are your thoughts on the FCA regulating consumer credit?

A Members did not have problems with the FCA taking on consumer credit from the OFT, but they want separation from high-risk groups such as payday lenders. It is frustrating for members knowing they are familiar with and committed to tenets such as TCF for many years when others new to regulation and arranging potentially much larger loans are

regarded as a lower risk by the regulator.

Q8 Is the FCA conducting too much thematic activity?

A Members felt the FCA has too many reviews on the go and this was leading to a dilution of what it could achieve. It is also a worry that in focusing so much on compliance issues, it is costing firms in both monetary and time terms, taking attention away from actually serving customer’s needs.

David Sparkes is BIBA’s Compliance and Training Manager

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MIKE HALLAM reports

EVENT INSURANCE = A NEW OPPORTUNITY

The events sector is a diverse one and provides brokers with plenty of scope for new business throughout the year.

Many issues can impact the success of an event, from adverse weather through to illness of a key performer, strikes, transport delays or power failure at the venue.

Events of all sizes can be covered by event cancellation insurance, from conferences to concerts, fêtes

to festivals and tournaments to trade shows. Cover is available both in the UK and internationally, and with over 5,000 events taking place each year in the average UK town, demand for event insurance is rising.

When staging an event, the event organiser takes on significant financial commitments. They will have thought through every last detail within their control; however they also need to prepare for the unexpected. With specialist event cancellation insurance, they can rest assured that not only will they receive financial assistance if problems arise, but they will also get access

to practical support to help them reschedule the event, or prevent a cancellation.

The 'Get into Reading National Conference and Readers Day' is perhaps typical of many conferences held in the UK. Some 200 attendees paid between £65 and £100 for tickets, yet adverse weather conditions led to the event being cancelled the day before it was due to start.

The event organisers offered ticket holders a full refund or the option of transferring their tickets to a rescheduled event to be held later in the year. Beazley's event cancellation insurance covers both the cost of the refund and also the costs associated with rescheduling the event, even if these costs are in excess of the original policy limit. It protects the event organiser's financial liability, as well as their reputation.

“““

When staging an event, the organiser takes on significant financial commitments

The BIBA scheme from Beazley includes:

- financial loss arising from cancellation, disruption, or rescheduling of an event
- additional costs or charges paid by the client to avoid or reduce a loss
- property damage, including materials and equipment loaned, owned or rented, while in transit directly to or from the event, or while in use at the event
- cash held at the event
- enhancements available include terrorism cover, communicable disease, and national mourning.

● For more information on Beazley's event insurance for BIBA members contact Michael Price on 020 7674 7020 or email michael.price@beazley.com

ENGINEERING INSPECTIONS MAKE WORKPLACES SAFER

Our scheme can help brokers and their clients ensure they know what plant and machinery is subject to statutory inspection.

We work in an ever-increasing regulatory environment with much of this regulation governed by the Health & Safety Executive (HSE), which has statutory powers.

Managing health and safety risks in the workplace is essential and failure to do so could lead to prosecution, sanctions under the Corporate Manslaughter Act, unlimited fines, possible imprisonment, reputational damage to brand and corporate identity, harm to staff and loss of production.

Simply catering for your clients' property and liability insurance cover requirements in their workplace and beyond does not provide enough protection for their business when it comes to HSE regulations.

Most, if not all, businesses will have engineering inspection needs. Plant, machinery and electrical installations all require independent inspections to ensure that they are safe and fit for purpose. This is a legal requirement and not a 'nice to have'.

The main regulations that govern plant and machinery are:

- Lifting Operation and Lifting Equipment Regulations 1998 (LOLER)
- Pressure Systems Safety Regulations 2000 (PSSR)
- the Electricity at Work Regulations 1989
- the Control of Substances Hazardous to Health Regulations 2002 (COSHH)
- the Provision and Use of Work Equipment Regulations 1998 (PUWER)

Knowing which items of plant and machinery require a statutory inspection and the frequency at which these events are carried out can be something of a minefield, not just for insurance brokers but also for the clients themselves.

E S Risks is BIBA's engineering



scheme provider. As well as providing engineering insurance products members will have access to an engineering inspection service.

This carries a service guarantee ensuring that your clients will be fully compliant at all times. This scheme is backed up by a national training programme designed to help brokers understand the requirements of current legislation, the plant and machinery affected and of course, the frequency at which it needs to be inspected.

- For more information contact Steve Dutton or Ewan MacDougall on 020 7977 5222 or email BIBA.Eng@esrisks.com

CLAIMS ADVOCACY – GETTING TO THE HEART OF THE MATTER

Working with specialists like Flaxmans can provide the breakthrough claimants need.

BIBA's newly appointed Claims Advocacy Service from Flaxmans gives members access to a free initial consultation on any matter that concerns them about their client, their client's claim or their own PI situation.

It is not just the big and complex cases that they take on, sometimes it is just about fighting the client's and the broker's corner; for what is right, what is fair and what is an entitlement.

Intervention and negotiation – stops insurers pulling the plug
The following is typical of the smaller

cases that Flaxmans have dealt with. A broker referred a contractor client's third party liability claim that had been rejected by the insurer for alleged breach of a heat warranty leaving the policyholder uninsured for a loss of almost £200,000.

The third party's property insurer, then subrogated to recover its loss from the uninsured policyholder a firm that had been in business without a blemish for nearly one hundred years. Liability without insurance would have bankrupted the contractor.

Flaxmans negotiated a compromise settlement with insurers and kept the firm in business. The broker was hailed a hero in their local community.

Market knowledge and precedent in insurance practice

A hotel in a northern town suffered a third party liability claim for injury to a visitor allegedly caused while using the hotel's leisure equipment. Insurers refused cover on the grounds of the application of an 'advice' exclusion clause. The brokers and lawyers tried unsuccessfully for more than three years to overturn the insurer's decision but were unsuccessful.

Flaxmans were able to recognise a precedent in market practice that would satisfy a reasonable insurer that the exclusion relied upon had been misapplied to the circumstances of the claim and successfully persuaded the insurers to review their decision and pay the claim in full some five years after the event.

Flaxmans' team of senior consultants are experienced market practitioners who understand how the industry works in practice as well as how the interpretation of insurance claims turns on several different factors as well as the policy wording.

A non-litigious, pragmatic and mediation-style approach to resolving differences between policyholders and insurers has multi-faceted advantages to all parties and has consistently delighted our members.

- For more information on claims advocacy, contact Roger Flaxman on 0207 702 4150 or email pa@flaxmanpartners.co.uk

Mike Hallam is BIBA's Technical Services Manager

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Bring in the new

Taking on an apprentice is something brokers should consider – it requires time and effort, but the rewards can be great, says **LEIGHANN FORSYTH**



Brokers who want to invest for the future may well find now is the ideal time to take on an apprentice.

The insurance industry has just launched its first ever sector-wide apprenticeship scheme. It was launched recently at an event which football legend Sir Bobby Charlton and MP Matthew Hancock attended, along with a number of BIBA representatives.

The scheme is a response to Government's Insurance Growth Action Plan, which BIBA is supporting along with the CII and ABI.

The plan is about driving growth in our sector and the industry has committed to double the number of apprentices in insurance.

We feel there is potential for many broking firms to benefit. Chief Executive Steve White said: "BIBA made a public commitment to support the Insurance Growth Action Plan and apprenticeships in our Manifesto. Our members are keen to support this initiative and we are delighted to play a lead role in delivering this."

Broker Bluefin has been taking on apprentices since 2008. Its scheme combines technical training with



BIBA's Steve White and Graeme Trudgill meet Matthew Hancock MP, Minister for Skills and Enterprise

study for CII qualifications. Some 130 employees are currently on the programme and the majority are offered permanent positions.

Anne Entwistle, Learning and Development Manager at Bluefin, recommends brokers who may be new to apprenticeships should find out more from the CII.

The firm also participates in the CII's 'Trailblazer' programme which means as an employer, it can contribute to directly influence the content of future apprenticeships.

Ms Entwistle commented: "Apprenticeships have traditionally been seen as an option for those who are less academic, but the higher level,

which we lobbied for, is a real alternative for those who do not want to go to university after A levels. We offer roles in a variety of teams including broking, underwriting, customer services, finance and general admin."

She continued: "This is a mature industry with many people over 40. We are also a sector that tends to cherry pick staff from other firms. We wanted to change this and to grow our own. There's been a lot of support from managers and we're already seeing the benefits."

Leighann Forsyth is BIBA's Head of Communications

LEARNING ON THE JOB: Bluefin's apprentices

"I found the programme really helped me to reach my goal of getting my Cert CII. It gave me confidence in my daily job and this will help me reach my full potential. The apprenticeship is such an amazing programme and I would recommend everyone to sign up."

Pijitra Ning Saelor, London Market Operations

"As I decided not to take the option of university the apprenticeship has benefited me greatly. It's given me confidence when speaking to clients on general insurance knowledge and being qualified will allow me to progress into future roles that I am aiming for."

Sophie Cooper, Assistant to MD Chelmsford branch

"The apprenticeship programme has been of great benefit and has enabled me to grasp a good understanding of insurance practices. It's enabled me to work with confidence in my role and encouraged me to push myself harder to move through the different modules and to learn about different roles and aspects of my job."

Matthew Weeks, Commercial Broker

"Participating in the apprenticeship scheme has given me much more confidence in my job role. I'm able to apply the knowledge I've learnt to my everyday role. As a result, I feel I'm able to benefit our clients more as I have a better understanding of not only insurance, but Bluefin as a company."

Samantha Lord, Elite Underwriter



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