



British  
Insurance  
Brokers'  
Association



# 2022 Manifesto Managing Risk

GO



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# About BIBA

The British Insurance Brokers' Association (BIBA) represents the interests of insurance brokers and their customers. We have more than 1,800 insurance broking firms in membership operating from over 2,500 offices throughout the UK. BIBA members provide insurance to many millions of customers. BIBA also helps people and businesses to find the insurance they need; almost 180,000 customers contacted its Find Insurance Service in the 12 months up to 30 November 2021.

# About BIBA brokers

Insurance brokers are regulated by the Financial Conduct Authority (FCA) and are the agent of their client putting their customers' interests first. They help personal and business customers to manage the risks they face through access to suitable insurance. Insurance cover is complex, and brokers can help customers to understand and manage their risks and often provide a choice of options and the peace of mind of being financially protected.

## Insurance brokers can give customers:

- > Professional advice
- > Help on how to identify and manage risk
- > Access to a range of insurance products and services
- > Access to cover for unusual or challenging risks and situations
- > Advice on suitability of insurance products and tailoring to their needs
- > Value for money
- > Support at the time of a claim
- > Provision of clear documents and information including details on the costs of insurance and any fees charged
- > Confidence from regulation by the FCA and brokers' own professional indemnity insurance
- > Free and easy-to-use complaints service via the Financial Ombudsman Service (FOS)
- > Security for eligible classes of insurance provided by the Financial Services Compensation Scheme (FSCS)

# Managing Risk – the 2022 BIBA Manifesto

Insurance brokers work with their clients to help them manage risk by identifying, reducing and removing it where possible. They then transfer much of the financial risk by means of a suitable insurance policy with insurers in the UK and with reinsurance markets across the globe, so reducing their clients' exposure to financial loss.

BIBA and our members also work closely with Government to help manage risk in areas where there may be a severe lack of capacity or 'market failure' meaning Government on occasion needs to step in and share the risk with industry. Pool Re is a good example of this type of intervention on terrorism insurance.

BIBA continues to improve access to insurance through our signposting services and working with the Government's new Contingent Liability Central Capability unit which oversees Government insurance interventions.

**Regulation** is also a theme running through our 2022 Manifesto. The balance between the creation of new rules versus the existing requirements when giving new authorisations and permissions seems out of kilter as firms wait for excessive amounts of time for what should be a standard procedural matter.

In this year's Manifesto we call for a rethink of how the regulator approaches supervision and an examination of how BIBA, Government and the regulator can work together to manage risk effectively and fairly.

Her Majesty's Treasury's (HMT) Regulatory Framework Review consultation is a not to be missed opportunity to drive meaningful change.

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**JONATHAN EVANS**  
BIBA Chair



## Viewpoint



Insurance brokers make a significant economic contribution, arranging over £74bn of insurance per year, and help to drive the UK's reputation as a global leader in insurance. With over 2,500 offices around the UK and many regional centres of excellence across our major towns and cities, insurance brokers can help improve outcomes for consumers and businesses across the United Kingdom by helping customers manage their risks and create new opportunities.

I am delighted that BIBA has signed up to the UN's Principles for Sustainable Insurance and is committed to working with their members to support and progress the development of sustainable insurance delivery. The work BIBA and brokers do to help improve access to insurance for people with different challenging circumstances is also to be commended, whether it is a client with a serious medical condition or for a property at risk of flooding.

I look forward to continuing to see the important work of the sector in strengthening the financial resilience of individuals and businesses.



**JOHN GLEN MP**  
Economic Secretary  
to the Treasury

# The importance of managing changing risks

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BIBA member Aon conducts a [Global Risk Management Survey](#) among more than 2,300 risk decision-makers from 16 industries, representing small, medium and large-sized companies across 60 countries/territories. The resulting report details the leading risks and provides guidance on addressing them.

## Top 10 risks

### 1. Cyber-attack/data breach

Cyber-attacks and data breaches are epidemic. Cyber criminals were quick to capitalise on the move to remote work and online business during the pandemic. For example, ransomware attacks grew dramatically, increasing 400% from the first quarter of 2018 to the fourth quarter of 2020. Business costs associated with ransomware attacks could reach \$20 billion this year.

The spike in losses resulted in reduced cyber insurance capacity. However, cyber insurance is just part of the solution. Businesses must strive to keep pace with hackers and those initiating ransomware attacks, investing in cyber-security, and continually assessing potential exposures.

## 2. Business interruption

Business interruption can be systemic, not just arising from local events.

As the business interruption threat evolves, organisations should strive to better understand how they might be affected. Then, they must build solutions to address the changing risk, including appropriate risk transfer and resilience.

## 3. Economic slowdown/slow recovery

The global economy contracted 3.2% in 2020 due to the impact of the pandemic, and, while a recovery is underway, troubling signs of volatility remain.

Faced with economic uncertainty, businesses should look for ways to maintain and increase revenue, control expenses and take steps to build resilient operations and workforces. A sound risk management programme can contribute to resilience and help improve businesses' competitiveness and agility.

## 4. Commodity price risk/scarcity of materials

The disruptions to manufacturing and consumer activity, along with transportation interruptions and port closures in the pandemic's early days, led to scarcities of materials and commodities. Now, as businesses look to return to normal levels of activity, many commodity producers are unable to keep up with surging demand.

As businesses wait for commodity supply to rebalance with demand, there is uncertainty about whether the global economy has experienced fundamental changes that will lead to permanent increases in the prices of some commodities and materials, fuelling inflation.

## 5. Damage to reputation/brand

The threat is still significant. A joint Aon-Pentland Analytics study found that a major reputational crisis causes a company's shareholders to lose an average of 26% of value at some point during the post-crisis year.

## 6. Regulatory/legislative changes

The global regulatory landscape for businesses grows ever more challenging. With governments around the world looking to increase their authority in such areas as public health, financial markets, climate change, taxation and technology, regulatory complexity will likely grow.

As laws and regulations become both more far-reaching and detailed, the risk of non-compliance becomes more severe.

## 7. Pandemic risk/health crises

This risk made a massive leap in this year's survey, after being ranked 60th in 2019.

The nature of the current crisis is testing business leaders in new ways. Both countries and businesses will be changed by this pandemic as consumer behaviours change, supply chains are reshaped, business models rewritten and expectations of governments shift.



## 8. Supply chain or distribution failure

Beyond the impact of the COVID-19 pandemic on supply chains, additional disruptions have resulted from climate change, natural catastrophes and even a container ship wedged in the Suez Canal.

Other perils can also threaten supply chains, including cyber-attacks, political unrest, credit failure and product recalls. With consumers and governments increasing their focus on environmental, social and governance (ESG) issues, ESG risk could pose a future supply chain threat.





### 9. Increasing competition

A number of factors can influence an organisation's competitive position. Its comparative resilience, new competitors, changing consumer trends, technological advances, regulatory changes, economic trends and changing competitor strategies can all play a part.

### 10. Failure to innovate/meet customer needs

Innovation is critical to future business success and businesses clearly recognise the threat posed by a failure to innovate or keep up with customer needs.



## Succeeding in a world of interconnected risks

The world is a more volatile place and the importance of better decision making has never been greater. Long-term risks are not single events. They're innately interconnected, as we've seen with the COVID-19 pandemic fundamentally changing the way the world works, revealing new risks and re-ordering priorities in the C-suite.

A preoccupation with managing these immediate risks may be compromising firms' ability to invest in the risks of tomorrow.

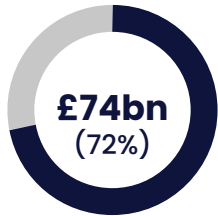
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**LAMBROS LAMBROU**

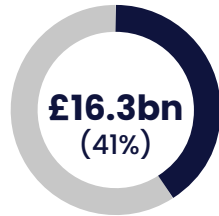
Aon's CEO of Commercial Risk Solutions

**Total market statistics written through insurance brokers<sup>1</sup>**

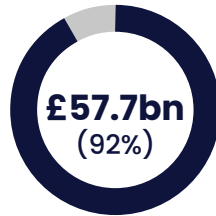
(including Lloyd's, ABI and non-ABI members, 'home-foreign'<sup>2</sup>, MAT<sup>3</sup> & reinsurance)



Total GWP written across ALL lines through brokers



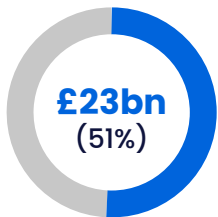
Personal lines GWP written through brokers



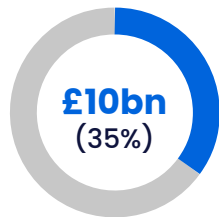
Commercial lines GWP written through brokers (including MAT & reinsurance)

**ABI member only basis**

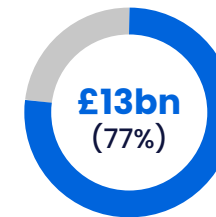
(excludes MAT<sup>3</sup> & reinsurance, includes 'home-foreign')



Total GWP written through brokers



Personal lines GWP written through brokers



Commercial lines GWP written through brokers

Approximate figures by the Association of British Insurers (ABI) and BIBA – all figures in gross written premium (GWP).

<sup>1</sup> Includes an estimate of the Lloyd's business that is attributed to personal lines.

<sup>2</sup> Home foreign is insurance written in one country on property or risks located in another country. Premium and losses are usually payable in the country where the insurance is written.

<sup>3</sup> Marine Aviation and Transport insurance





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# 1 Sharing the risk



**BIBA brokers place insurance for some of the most complex and difficult risks from around the world. However, there are some fundamental risks which no insurer can accommodate. In these circumstances we aim to work constructively with Government to find shared solutions.**

Of course, we would rather not have to do this, but, particularly in a hard market, it is necessary in certain circumstances. BIBA will work with the Government's Contingent Liability Central Capability unit to help find a path forward, whether it be for risk sharing proposals on COVID, terrorism or cladded buildings.

BIBA responded to the Cabinet Office's National Resilience Strategy consultation in late 2021.

We emphasised the critical role played by the insurance industry in building resilience at the individual, community, national and international level, and highlighted:

- ▶ The need for the insurance industry and Government to work together to address systemic and emerging risk where a public/private approach is required. For example, to address another pandemic.
- ▶ The need for Government promotion of insurance for difficult risks where there are numerous commercial solutions in the market. For example, BIBA members have access to a scheme for commercial businesses at risk of flood which recognises property flood resilience measures taken by customers that will improve the chances of accessing insurance. This and others should be visible on the Gov.uk website.
- ▶ Greater uptake of insurance increases the UK's resilience. BIBA's Find Insurance Service at [www.biba.org.uk/find-insurance](http://www.biba.org.uk/find-insurance) or 0370 950 1790 helps people and businesses access cover. We recommend wider promotion of this service across various other areas of Gov.uk and by other parties.

## 1.1

### Navigating the hard market

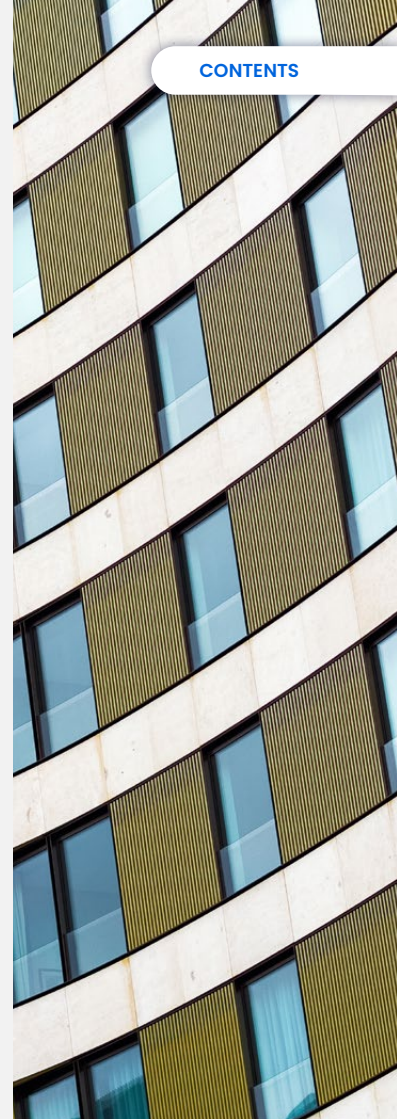
The commercial lines insurance market has gone through a period of prolonged rate hardening and coverage restrictions, causing shortages in the supply of adequate and affordable cover in some areas.

Challenging sectors include professional indemnity insurance (PII) as well as particular geographic regions such as Northern Ireland. Other sectors like travel insurance have also seen a lot of capacity leaving the market.



#### **BIBA COMMITMENT**

To work with our members, insurers and Government to find solutions to unblock insurance supply to ensure individuals and businesses have access to the insurance protection they need.



## 1.2

### Cladded buildings

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There is a severe problem with the availability of adequate PII cover in respect of fire safety risks for those responsible for designing and constructing the built environment. We welcome the forthcoming intervention by Government to provide PII to professionals completing the Royal Institution of Chartered Surveyors (RICS) External Wall Survey report (EWS1 form). However, there is a wider PII problem which is having a serious effect on the ability for the construction industry to remediate dangerous buildings. Today, the lack of cover for fire safety and fire engineering work is acting as a brake on the pace of remediation and is dissuading firms from taking on this vital work.

One consequence has been a sharp rise in the cost of buildings insurance, usually paid for by leaseholders. Combined with the delay and uncertainty around who will perform (and pay for) the work required to make their homes safe, this is causing very significant stress to hundreds of thousands of people up and down the country.

While we welcome the broad aims of the forthcoming Building Safety Bill and the creation of the new Building Safety Regulator, we have concerns about the availability of PII for some of the new roles created, notably Duty Holders in Construction and in Occupation and the Building Safety Manager.

## 1.2

Cladded buildings continued

**BIBA CALLS FOR ACTION**

- › Early launch of the planned PII intervention for professionals completing the RICS EWS1 form.
- › Greater collaboration between insurers and Government on a wider intervention to provide PII to those professionals involved in remediation work, to encourage more firms to tender and hence speed up the process of making buildings safe. At the same time, Government could further revise the PII requirements demanded for work that is paid for by the Building Safety Fund to a more realistic level, as well as improving the broader conditions attached to this work, which make it difficult for firms to undertake without exposing themselves to significant and often uninsured liabilities.
- › Forbearance by insurers on the cost of property premiums for buildings that await or are undergoing remediation, and a commitment by insurers to reduce premiums once a remediation work is complete.
- › For Government to investigate and report on the commercial, legal and broader environmental factors for those professionals involved in the construction industry so that imbalances in risk and reward that have, in part, led to the current crisis can be corrected. Government could consider:
  - recommendations on how construction work is procured by both public and private sectors;
  - how contractual risk and reward are allocated and adequately insured, having regard to international norms;
  - how regulation of materials suppliers can be improved; and
  - whether the law on joint and several liability should be changed to ensure fairer outcomes.



### **BIBA COMMITMENTS**

- › To work with insurers and reinsurers to improve the availability and affordability of property insurance for impaired high-rise residential buildings.
- › To continue to work with Government and insurers on the insurance implications of the Building Safety Bill and to anticipate the need for solutions for the supply of adequate PII should market appetite not exist.
- › To continue to work with Government on the broader problems of the availability and cost of PII cover for those involved in designing and constructing our built environment.



Aviva recognises the difficulties in obtaining adequate and affordable buildings insurance for leaseholders who are living in high-rise buildings that require remediation to remove dangerous cladding. We want to help insurance brokers have access to insurance solutions that are fair and sustainable for leaseholders. This is why we developed a proposition aimed at Residents' Associations which manage their block or complex of flats. We are offering cover for properties up to £50m sum insured per block of flats, where there is a remediation plan in place, including how the work will be funded.

**Adam Winslow**

CEO, UK & Ireland General Insurance, Aviva



## 1.3

### COVID insurance interventions

Government has helped share the risk presented by COVID-19 in several key sectors during the pandemic and BIBA is calling for these to be maintained and built upon until such time as market capacity returns.



#### BIBA CALLS FOR ACTION

##### Film & TV restart scheme

- › This intervention has been key in helping this sector get back on its feet early in the pandemic and we are very pleased that it has been extended until 30 April 2022. We ask Government to keep an open mind on a further extension assuming the private market remains unable to re-assume the risk.

##### Live events reinsurance scheme

- › This initiative, which provides Government-backed reinsurance for COVID cancellation cover for ticketed live events in the face of a future lockdown, is due to run until 30 September 2022. We ask Government to consider an extension should insurer appetite not return, while also contemplating widening the scheme to include non-appearance because of COVID.

### Care sector

- › The designated settings intervention whereby care homes, that accept patients from hospital who have tested positive for COVID, are provided an indemnity from Government has been extended to 31 March 2022 which is good news. BIBA is, however, concerned that most care providers now face exclusions for COVID-19 and other communicable disease cover on their public liability policies.

BIBA asks that temporary Government-backed indemnity for claims against care homes and domiciliary care providers for civil liability claims from third parties arising from the pandemic is considered. We believe this would stabilise premiums and significantly mitigate the lack of capacity in the sector. The insurance support could be reviewed every six months to assess whether appetite is returning to the private insurance sector.

### Pandemic Re

- › Longer term, BIBA asks Government to work with us and the industry to develop shared solutions addressing the threat posed by a future public health emergency. Research by the Federation of Small Businesses' Insurance Service shows that 75% of SMEs are interested in purchasing set amounts of cover delivered via a parametric triggered policy should a future lockdown be declared.

The absence of any cover under traditional business interruption policies makes finding a shared solution even more pressing. A blueprint is Pool Re, which was created to provide a pooling solution to enable the UK insurance market to underwrite terrorism risk on commercial property. The current five-year review of Pool Re provides an opportunity for Government and the insurance sector to reflect on the new and significant threats beyond terrorism that require collaboration to combat in the future.

A shared pooling solution for terrorism and pandemic risks, backed by Government, deserves full consideration.

## 1.4

### Flood insurance, resilience and Flood Re changes

#### 1.4.1 Evolution of Flood Re

BIBA welcomes proposals for Flood Re to work with insurers to 'build back better' when repairing a home after a flood, allowing for the payment of claims to include an additional amount for resilient or resistant repair, above and beyond making good the original damage.

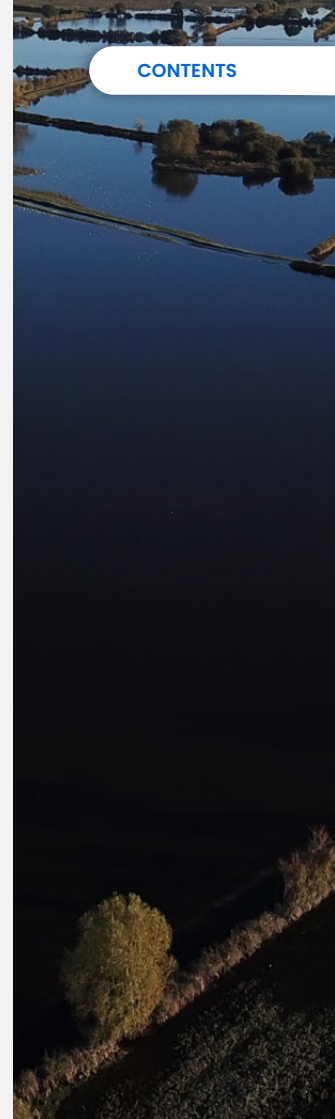
We also welcome proposals under research to reward householders who proactively install flood resilience measures with discounted premiums on their home insurance policies when they are ceded to Flood Re.

Taken together, these proposals will help incentivise the take-up of property level flood resilience measures by householders, support the insurance industry, increase availability of resilience products and reduce the costs and disruption of future flooding when it occurs.



#### BIBA CALL FOR ACTION

For legislation to be enacted to enable the changes to Flood Re allowing 'build back better' and discounted premiums for resilience measures to be implemented during 2022.



### 1.4.2

#### Access to Flood Re

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This remains a challenge for some intermediaries and BIBA will continue to work closely with Flood Re and insurance software houses to improve the situation.



#### **BIBA CALL FOR ACTION**

For all participants to help increase the availability of Flood Re-ceded insurance to householders via brokers.

### 1.4.3

#### Managing UK flood risks

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The principle of insurance is that it covers the unexpected. Therefore, building in inappropriate flood risk areas remains a concern. It must be remembered that Flood Re only insures properties built prior to 2009 and therefore there is a responsibility on national and local Government to better understand flood risks and make responsible planning decisions.



#### **BIBA CALL FOR ACTION**

For measures to be taken by Government to tighten the rules and regulations around building properties in flood risk areas.



#### 1.4.4

##### Surface water

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BIBA welcomes Government's commitment in the October 2021 Budget to commission a new National Infrastructure Study, on the effective management and reducing the risks of surface water flooding in England and consider the role of a range of interventions including both traditional built infrastructure and nature-based solutions.

#### 1.4.5

##### Flood insurance wider commitments

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- › BIBA will participate in the Insurance and Investment Advisory Group, subject to Environment Agency project approval, and provide input on the potential investment value and benefits that flood defence schemes create in regard to potential financing and funding mechanisms.
- › BIBA will also work on the 'business adaption pathway' exploring emerging issues including how the responsibility between landlord and tenant should work for property flood resilience. This will help to give greater understanding on who should be responsible for assessing flood risk and formulating the resilience plan, paying for works, how it could be introduced into tenancy agreements and building back resiliently.



##### **BIBA CALLS FOR ACTION**

- › For Government to press ahead with the study for effective management of surface water flooding and to improve how responsible bodies can better manage and mitigate surface water flooding.
- › To expand Environment Agency Flood Alerts to include the risk of surface water flooding.
- › To improve the availability and functionality of the Environment Agency Northern Ireland surface water flood mapping that is available to the public.

## 1.5

### Government intervention only when necessary

Government interventions on insurance should only occur where there is genuine market failure. However, in November 2021 the Department for Education (DfE) conducted a consultation on their proposal to extend the remit of the Risk Protection Arrangement (RPA) for schools to provide motor vehicle cover. The outcome is unknown at the time of publication, but BIBA is adamant that this proposal is ill-conceived and unwarranted. There exists a healthy, functioning insurance market for school vehicles, including minibuses.

For other interventions, Government has rightly set the bar very high, demanding unambiguous evidence of market failure.

This is not the case here and we also have concerns that the RPA will not have the claims data to quantify and price the risks it would be accepting, bringing uncertainty to both schools and taxpayers.

There could be significant exposure to taxpayers for multiple personal injury claims (amplified by the changes to the personal injury discount rate) and schools would lose vital risk management advice.



#### BIBA CALL FOR ACTION

For this proposal to be shelved. BIBA intends to work with the DfE and HMT to make the case for leaving motor cover for schools with the private market.



## 1.6

### Managing terrorism insurance

Pool Re protection is not currently available to home insurance customers facing chemical, biological, radiological and nuclear (CBRN) risks which are typically excluded in home insurance policies. Businesses, though, can be covered against these perils through the Government backed Pool Re. This is a potential systemic shock risk both for UK mortgage providers and homeowners. How this gap in cover could be closed using Pool Re's existing structure should be examined.

Pool Re cover is not currently limited, and BIBA members are concerned about proposals to cap or limit it, which could leave businesses with uninsured exposures.



#### **BIBA CALLS FOR ACTION**

- › Government should consider closing the CBRN cover gap in home insurance by extending the remit of Pool Re.
- › To ensure financial resilience from terrorism Government must retain the existing successful model and not impose restrictive caps or limits on Pool Re.

# 1.7

## Growth, and international competitiveness of the regulator

BIBA very much welcomes the [HMT November 2021 consultation: \*Financial Services Future Regulatory Framework Review: Proposals for Reform\*](#) which has a proposal for Government to introduce a new growth and international competitiveness objective on the FCA. BIBA has campaigned on this issue for the past four years.

If adopted, the FCA will be required to act in a way that facilitates the long-term growth and international competitiveness of the UK economy, including the financial services sector.





Regulation of financial services needs to be firm but fair. I am concerned to see the number of UK insurance brokers continuing to reduce, while the cost of compliance with FCA requirements continues to increase exponentially, making it particularly hard for small regional brokers.

The proposed growth and competitiveness objective for the regulator from HMT is an important development and I urge HMT to progress this legislation at pace.

**CRAIG TRACEY MP**



### **BIBA CALL FOR ACTION**

For Government to introduce the new growth and international competitiveness objective and reporting requirements as soon as possible. This is central to keeping the UK's leadership position in the global insurance market and attracting new capital to absorb and manage the risks faced by the UK economy. We also support Government's proposal that the FCA report on their performance against their new objectives on an annual basis.







## 1.8

### Bringing down trade barriers to spread risk globally

Insurance is a global business and London must remain its centre for risk sharing, which is a key reason to welcome the proposed growth and international competitiveness objective. In a post-Brexit world, there is an associated need for the UK insurance market to be able to continue sharing and diversifying risk with international markets. Trade barriers that work to hinder this activity and threaten London's pre-eminence need to be addressed.



#### **BIBA CALL FOR ACTION**

While maintaining its key aim of consumer protection, the UK Government should review the unintended consequences of trade barriers and competition law and ensure they are not acting as a brake on the placement of international risks in London or the sharing of UK risks with the global insurance market. In particular, the long-established practice of co-insurance where the same risk is shared between multiple insurers – often internationally – must be preserved.

## 1.9

### Cyber insurance

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Despite the increasing risk of cyber-attack, the take-up of specific cyber insurance remains low: [DCMS Cyber Security Breaches Survey 2021](#) reported that only 6% of firms had a standalone cyber policy while 37% of firms surveyed had cyber cover as part of a wider insurance policy.

BIBA continues to raise awareness with SMEs about the need to purchase a robust, standalone cyber policy to complement their traditional insurance policies, working with a professional insurance broker.

The ongoing move by many insurers to remove all cyber cover from property, liability and professional lines policies, makes the need for a comprehensive cyber policy even more important. At the same time, BIBA is concerned about some of the unintended consequences of such moves.

First party property damage which is caused directly or indirectly from a cyber incident or attack is now commonly excluded from property policies and not picked up by the cyber policy. To illustrate, a paint manufacturer suffers an explosion because an operator programmes a mixing machine incorrectly. This would be deemed a cyber incident caused by operator error and the subsequent damage would be excluded.



### **BIBA CALL FOR ACTION**

For insurers to work with BIBA members to close the gap in cover in commercial policies and some personal lines insurance. To support this, BIBA will work with insurers to review the impact of cyber exclusions in a standard property policy and aim to develop a suitable endorsement so that first party losses that stem from cyber incidents are not left uninsured.



### **BIBA COMMITMENTS**

- › As Government positions its new National Cyber Strategy, BIBA will continue to promote the broking sector as a key influencer helping to manage the risk of cyber-attack through wider uptake of dedicated standalone cyber insurance with its active threat warning tools and post-loss mitigation services.
- › BIBA will produce updated guidance for SMEs to raise awareness of their cyber exposures and how to manage them. This guidance will also describe what to look for in a comprehensive cyber policy and why using a broker to advise on this purchase is important.

# 2 Managing compensation



# 2.1

## **Reform of the Financial Services Compensation Scheme**

BIBA supports the FSCS and the important reasons behind its existence. We believe our members should pay their fair contribution and, as a part of the wider financial services sector, we understand there may be exceptional occasions where our members are called upon to fund a wider part of this community too.

However, in recent times where pressure has been applied to the system it has exposed some serious flaws which we seek to resolve.



## 2.1

## Reform of FSCS continued

The FCA's discussion paper [DP21/5 Compensation Framework Review](#) highlighted that: *'the average cost to firms contributing to the General Insurance Distribution class, for example, is expected to have increased by 466% over that period [the four years up to 2022/23], primarily as it is expected to be required to contribute to the Retail Pool in respect of costs arising from the Life Distribution & Investment Intermediation class in 2022/23.'*

To the best of our knowledge, there is no other regulatory regime in the world that exposes general insurance intermediaries to the risk of paying for failures elsewhere in the financial services sector to the extent that we have now in the UK.

The regulatory framework should never allow for a demand of many hundreds of percent of their actual levy requirement to be made on firms that are well managed, low risk and are not connected to the 'polluting' sector.

We welcome the FCA discussion paper and share the same aim as the regulator of ensuring the future framework will provide appropriate and proportionate consumer protection and that costs are distributed across industry levy payers in a fair and sensible way.



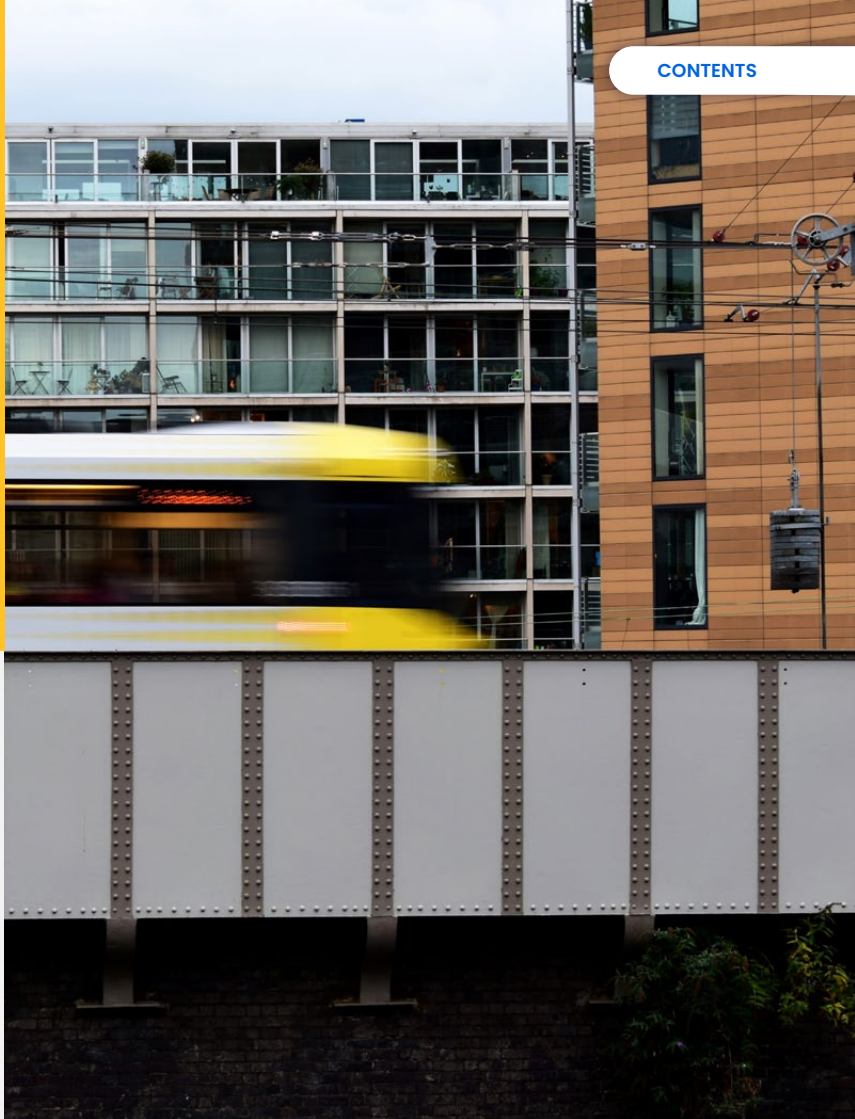
### **BIBA CALL FOR ACTION**

For a fairer system, with sub-class maximums that reflect the scheme's exposure to that sector and that has caps which limit a sector's exposure to other class shortfalls. To manage volatility better, consideration should be given to insuring or reinsuring the scheme.



### **BIBA COMMITMENT**

To conduct a major study into a fairer compensation system for financial services.



# 3 Innovation, regulation & change



**Insurance brokers need to continually adapt and evolve to best serve the changing needs of their customers. BIBA's new Insurance Technology and Innovation Committee helps to progress the interests of our members and their clients in this area.**

The constantly changing regulatory environment adds additional challenges to the sector putting pressure on resource and finances.

Major initiatives like Open Insurance will require careful and detailed consideration.

## 3.1

### **FCA - why regulation must not stifle innovation**

The UK insurance broking market is one of the most innovative in the world, however our ability to innovate has been affected by an avalanche of new FCA regulations and requirements.

The sheer volume causes resources to be focused on building compliance and affects our attractiveness on the global stage and impacts upon the likelihood of new capital coming to the UK.



#### **BIBA CALL FOR ACTION**

For the FCA to allow longer periods between rule changes to allow embedding of new requirements and not impair innovation.

## 3.2

### **FCA regulation – getting on with the day job**

As the regulatory framework review continues, BIBA is calling for the right balance and focus. For a world leading productive and effective insurance market we need a regulator that responds much more quickly to requests for new permissions, given that adding an appointed representative can take six months.

BIBA members want appropriate regulation, but, in the last 24 months the FCA's focus has been on creating a continual flow of new rules and requirements, increasing pressures on firms, causing them to spend less time serving customers.

The number of FCA surveys in the last year has been excessive. There appears not to be a 'helicopter view' of the pressures on firms following a variety of requests from different parts of the FCA.

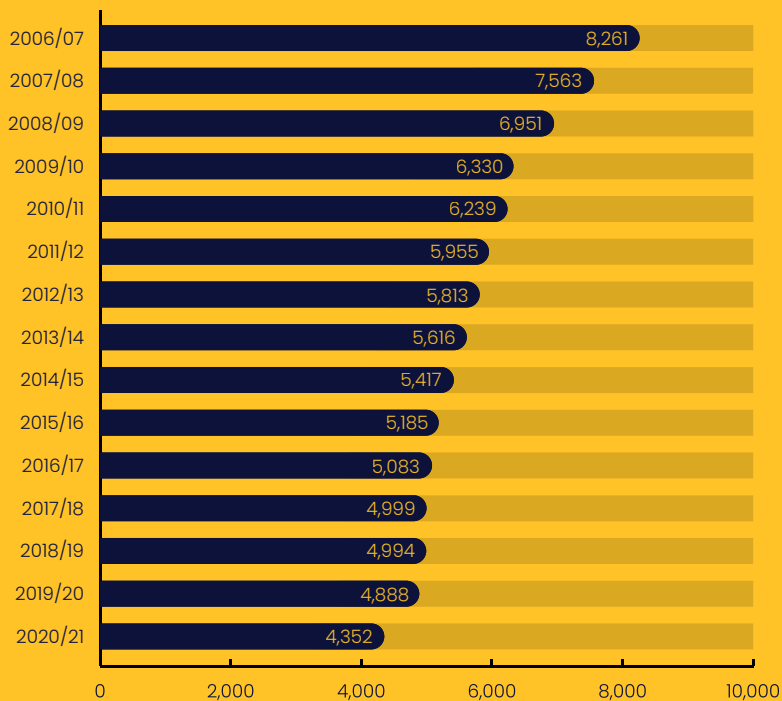
The regulator needs a more co-ordinated approach, but as it moves to an increasingly data led way of working there is a risk that this issue becomes compounded.

As the FCA's own statistics show in the table, the number of FCA authorised general insurance intermediaries reduced by more than 500 between 2019 and 2020 as firms struggle to cope with the disproportionate influx of inappropriate regulation in our low-risk sector.

Many businesses are choosing to sell-up to a bigger firm, particularly as it is not economical to employ numerous full time regulatory people in a small business. This reduces customer choice and competition.



## General Insurance Intermediaries



Source: 'FCA Data Bulletins'



### BIBA CALL FOR ACTION

For the regulator to focus its resources (including within their authorisations area) on its main objective to make markets work well by responding within a reasonable time to matters like changes of permissions and to be mindful of the importance of proportionality due to the negative effect on firms and reduction in choice for customers.

### 3.3

#### e-scooters

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The Department for Transport (DfT) report ['Public attitudes to the use of e-scooters in the UK'](#) stated that many people considered mandatory insurance to be an effective way to ensure riders are accountable.

Introducing accountability measures emerged as a key theme and was a critical condition for people to accept the legalisation of e-scooters in the UK. A requirement for insurance was often welcomed primarily to protect others through third-party cover but also to cover theft.

If legalised, BIBA members advise that there is insurance capacity available to the broking sector to provide a competitively priced low-level compulsory public liability insurance of £5m for privately owned e-scooters for someone over 16, wearing a helmet who has taken a relevant theory test.



This would provide a lower priced solution than Road Traffic Act (RTA) compliant cover on a moped, giving financial protection for both accident victim and user.

Compulsory RTA motor insurance would lead to premiums similar to a motorcycle and could be a disincentive to more sustainable transport.

If insurance was optional, there would be insufficient take-up to provide suitable protection, to keep premiums low and to fund a compensation scheme.



### **BIBA CALLS FOR ACTION**

**For Government to legalise private e-scooters in a responsible way that will lead to them being insurable by:**

- › introducing a new system of identification for both the e-scooter and its insurance
- › requiring a basic system of compulsory online training
- › determining where e-scooter use is permitted as this will impact insurance costs and we ask that they should not be used on pavements
- › binding rental, fleet and private e-scooters by identical laws and regulations
- › making policies Insurance Premium Tax (IPT) exempt to keep premiums low
- › making a requirement for e-scooters to have lights, alerting devices, brakes, minimum wheel sizes and a maximum speed of 15.5mph, and
- › for a basic level of public liability insurance to be compulsory.



### 3.4

#### Motor insurance evolution

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The Government's [Future of Transport Regulatory Review](#) is a welcome step. A transport revolution is taking place. In addition to our manifesto points on e-scooters, Vnuk and data, BIBA also encourages a review of certain aspects of the RTA following our departure from the European Union. Further discussion is needed about the definition of a public place and where the public have access along with new fair and clearer parameters around the definition of use. For autonomous vehicles, consideration is needed about how the RTA should address injuries to the user in charge if an accident occurs when the automated driving system is engaged.



#### **BIBA COMMITMENT**

To help navigate new and evolving risks, and work with our members and Government to help provide insurance solutions.

### 3.4.1

#### Modernising vehicle standards

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We welcome the proposal for a new framework to allow for ‘tomorrow’s vehicles’ – regulating safety, security and environmental performance. We agree there needs to be an approval scheme in place to set requirements for new automated vehicle systems which need to cover software, cyber security, road vehicles and non-road vehicles. In addition, relevant parties will require access to pertinent data.

We agree that there should be rules around tampering with autonomous vehicle software to prevent dangerous accidents. More routine adaptations such as a disability step, winter tyres, tow-bars etc do need to be permissible without criminalising anyone. We also agree that Government should have the power to recall unsafe vehicles.



#### **BIBA CALL FOR ACTION**

For Government to introduce an approval scheme for new vehicles in a proportionate and balanced way that allows certain vehicle adaptations or modifications and makes provision for access to data.



### 3.4.2

#### Future transport regulatory sandbox

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A 'surface transport sandbox' could be a constructive way to expedite new road transport innovations including automated vehicle technology.



#### **BIBA CALL FOR ACTION**

For Government to proceed in a prudent fashion to ensure there is balance between providing protection to the public and allowing new technology to be tested on public roads and be certain of the insurability of these risks.

### 3.4.3

#### Road Collision Investigation Branch

We support the creation of a new Road Collision Investigation Branch that could help identify the underlying causes of road traffic accidents nationally to ultimately prevent reoccurrence.



### 3.4.4

#### Changing the Road Traffic Act following Brexit

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We need to advance legislation to remove the pernicious impact of the EU's Vnuk motor insurance law from our own domestic law. The Transport Secretary announced the Government's intention to do this in February 2021: *"We have always disagreed with this over-the-top law that would only do one thing – hit the pockets of hard-working people up and down the country with an unnecessary hike in their car insurance. I am delighted to announce that we no longer need to implement it. Scrapping this rule would save the country billions of pounds and is part of a new and prosperous future for the UK outside the EU – a future in which we set our own rules and regulations"*.

However, at the time of writing only a Private Members' Presentation Bill is being put forward to amend the law. BIBA is concerned that there will not be sufficient time provided for this important Bill to proceed.

The EU is addressing the Vnuk situation, which they described as "absurd over-regulation", and has agreed a way forward. It would be a missed opportunity for the UK Government to benefit from a Brexit dividend because the EU acts more quickly than us.



#### **BIBA CALL FOR ACTION**

For Parliament to support the Private Members' Bill and for Government to follow through with appropriate legislation, which, as itself has spelled out, will provide a potential £50 per head saving for every motor insurance policyholder in the UK.



## 3.5

### Lender Interest Agreements

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Commercial lending agreements that can be as insignificant as photocopier leases can require brokers to agree insurance clauses and make commitments beyond their capacity; for example, by waiving the insured's right to manage their own claims by making the lender the first loss payee, limiting insurers' subrogation rights and more.

Many lenders use a standard 'broker letter' requiring brokers to agree terms on behalf of their clients and insurers. Our first step will be to support an 'insurer' letter version to ensure suitable parties are contracting. This will benefit all parties by minimising the liability attaching to brokers, while reducing administrative inefficiencies and helping secure effective insurance coverage of assets - a good outcome.



#### **BIBA CALL FOR ACTION**

For leading real estate insurers and lender trade bodies to work with BIBA to introduce new guidance standards in 2022.



## 3.6

### New Protect Duty on terrorism

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In the autumn of 2021, the Home Office consulted on a new 'Protect Duty' that places widened accountabilities to prevent terrorism on those who manage publicly accessible spaces. These spaces are defined as ones that can accommodate more than 100 people and so would include shops, bars, restaurants, places of worship and stadia.

Businesses which have more than 250 employees are also potentially affected. The expected new legislation that will follow will place a legal requirement on such people or businesses to prepare for a terrorist attack and evidence that they have taken reasonable, practical and appropriate steps to mitigate such an attack. Though we welcome the intent we flagged our concern about proportionality and the possible unintended consequences.



#### BIBA CALLS FOR ACTION

- › For Government to consider a phased approach to the introduction of the new Duty, starting with the largest operators to allow those affected sufficient time to prepare.
- › For Government to consider a higher capacity threshold of 500 employees for the Duty to apply.
- › For Pool Re to be authorised to absorb the new exposures created, should insurers seek to exclude or reduce cover in current liability policies.

## 3.7

### Business interruption insurance clarity and reform

Firms making claims during the pandemic spoke about business ‘disruption’ or business ‘recovery’ insurance rather than ‘interruption’. The expectations of such terms are quite distinct technically and we support initiatives such as the Chartered Insurance Institute’s (CII) Transparency Forum and Lloyd’s of London’s product simplification tool.

Business interruption (BI) insurance is complex. There are many options and extensions such as, sub-limits, variable indemnity periods, non-damage BI, which mean products are flexible but have different claims triggers.

We will work with members on new guidance about business interruption insurance to help make things clear to our customers.

BIBA’s Property Committee is working across the insurance community to best ensure products meet customer expectation. New parametric style policies may assist with some of these new solutions.

Members have also flagged how a 12 months’ indemnity period is potentially not enough for many clients.



### BIBA CALLS FOR ACTION

- › For collaboration across the insurance sector in order to help progress innovation in business interruption insurance so that it can continue to remain accessible and relevant in these changing times.
- › Wherever possible for the sector to make policies with 24 months' indemnity periods available and to make customers aware of the importance of this length of cover.

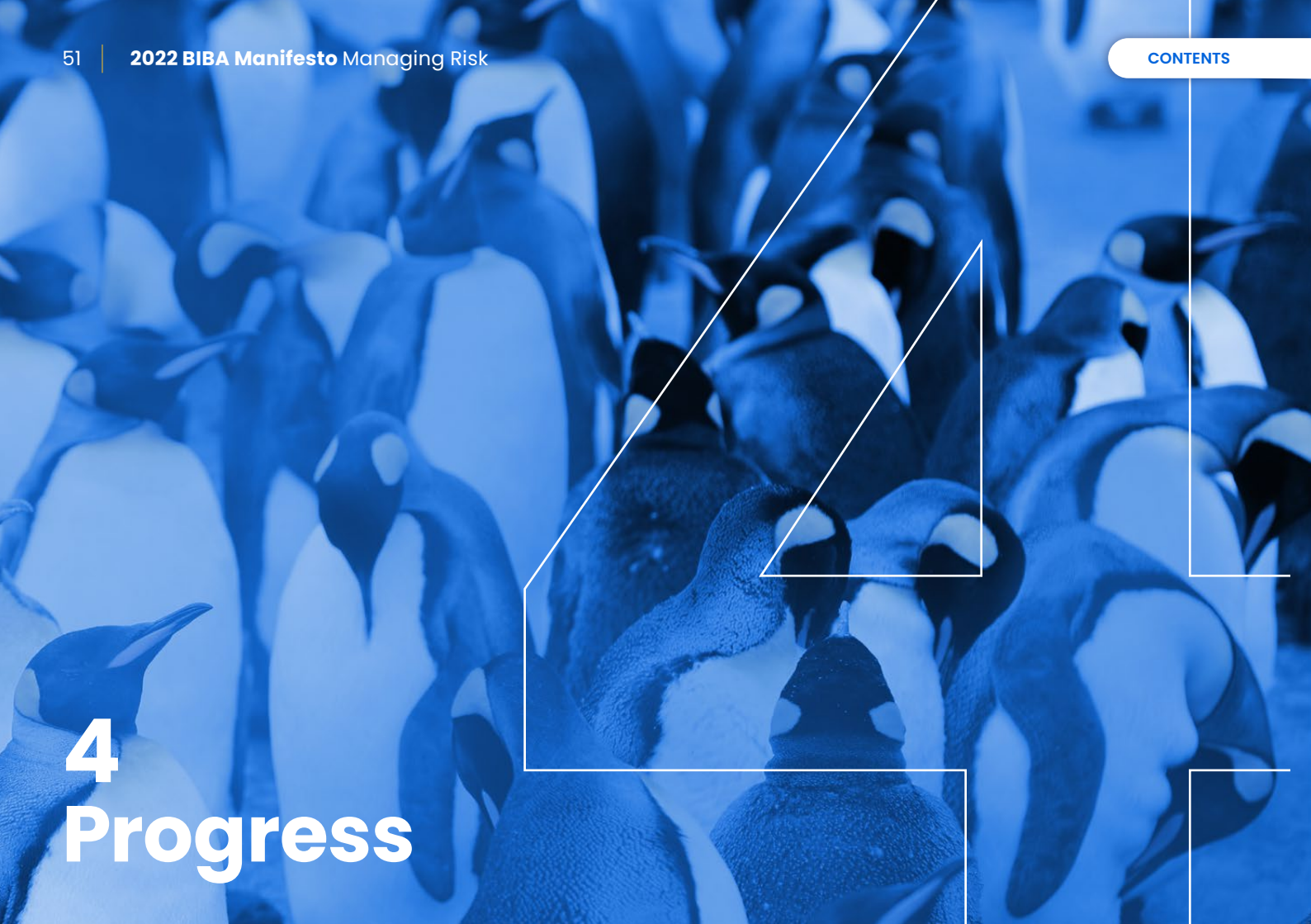


### BIBA COMMITMENT

To launch new guidance about business interruption insurance.



# 4 Progress



## 4.1 Sustainability

Like many firms BIBA followed the progress of COP 26 and believes in a sustainable future. We will support members' delivery of insurance solutions in an increasingly more sustainable way. This could include green repair, green finance and modern sustainable methods of construction.

We will help member brokers to help their clients manage risks that are evolving because of climate change and adapt to new sustainable methods.



We were delighted with the response when we pushed the accelerator on our use of green parts in motor claims with a high level of buy-in from our repair network. As a sector we are incredibly well-placed to play our part in delivering sustainable policies and actions on environmental, social and governance issues.

**ANT MIDDLE**  
CEO Ageas



### BIBA COMMITMENTS

- ▶ To support the development of sustainable insurance delivery.
- ▶ To engage with relevant bodies with the aim of helping members to assimilate and adopt the requirements of the likes of the [UN's Principles for Sustainable Insurance](#); the International Sustainability Standards Board, and incoming FCA rules in so far as they are relevant to them.
- ▶ To publish relevant content to assist members navigate new Environmental Social and Governance (ESG) trends and regulations.



## 4.2

### Inclusivity

BIBA aims to create a diverse and inclusive environment and to help its members attract and employ broking talent made up from all areas of society with the necessary skills to respond to the varying needs of the individuals and businesses they serve.

BIBA is committed to guiding its members towards creating and maintaining an inclusive working environment where all employees feel empowered to express their views, fulfil their potential and help shape their organisation for the future.

BIBA agrees with the FCA's and other regulators' assessment of the correlation between diversity and inclusion and positive outcomes in risk management, good conduct, healthy working cultures, and innovation which was expressed in the discussion paper '*Diversity and inclusion in the financial sector – working together to drive change*'. BIBA is supportive of those outcomes and recognises the shared interest between firms and regulators to move towards a more diverse financial services industry.

BIBA has seen progress in improving inclusivity by working collectively through various industry initiatives such as the HM Treasury-led Women in Finance Charter; Insuring Women's Futures; Dive In; Inclusion@Lloyd's; the Inclusive Behaviours Pledge; and the Flexible Working Pledge. We also support the Armed Forces Covenant and the Insurance Charities.



### **BIBA CALL FOR ACTION**

For the FCA to progress the discussion paper *'Diversity and inclusion in the financial sector - working together to drive change'* in a way that recognises that the proportionality of any requirements in relation to a firm's size and complexity is vital for the success of any future proposals.



### **BIBA COMMITMENTS**

- › To create an inclusivity hub of timely information and resources on our new website.
- › To introduce specialist careers agencies to members to widen their search for talent.
- › To work with the Group for Autism, Insurance and Neurodiversity (GAIN), to better inform, educate and create community and jobs for the neurodivergent in the insurance sector.

## 4.3

### Careers in insurance broking

BIBA is eager to help the next generation of insurance brokers start and progress their careers and has produced a digital presentation for use by anyone talking to young people about a career in insurance broking.

For the sake of simplicity and consistency of message, we encourage everyone to use the BIBA digital presentation.



#### **BIBA COMMITMENTS**

- › To work with the CII to promote apprenticeships in insurance broking.
- › To work with our regional members, BIBA's National Young Brokers' Committee, the CII and the Careers and Enterprise Company to encourage new and diverse talent into the insurance broking sector.
- › To support the technical training of insurance brokers via the Broker Assess online training and competency programme.



We will be hosting a young broker day at the BIBA Conference and working across the BIBA regions all year round to encourage new and diverse talent into our insurance community.

**STEVE WHITE**  
BIBA CEO



## 4.4

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### Wellbeing

We are committed to supporting our members and are providing training and webinars to assist their employees with mental wellbeing especially given the challenges arising from the pandemic and changing working and social practices.



#### **BIBA COMMITMENT**

To continue to develop tools to assist members with their wellbeing. This will include working with [Mental Health in Business](#) and [R;pple](#), the suicide prevention charity.



# 5 Helping customers





**BIBA is committed to improving access to insurance, including more customer signposting.**

We work closely with the Ministry of Defence, the ex-prisoner group in Northern Ireland, charities, the Insurance Industry Disability Champion, Government, the regulator, the Association of British Insurers (ABI) and others to help people more easily access insurance. Our work includes help with access to insurance for young haulage drivers where a shortage has put pressure on the supply chain.



People with serious medical conditions like Aortic Dissection often find it difficult to access insurance, therefore I welcome BIBA's commitment to help people have a smoother journey when seeking important insurance solutions.

**PAULINE LATHAM MP, OBE**  
Trustee of [The Aortic Dissection Charitable Trust](#)



# 5.1

## FCA Consumer Duty and vulnerable customers

The FCA's consultation paper [CP21/36](#), *A new Consumer Duty* proposes a new principle requiring firms to act to deliver good outcomes for 'retail clients' (which includes SMEs in its definition).

BIBA supports the delivery of good outcomes for customers and prospective customers, which includes not just turning a customer away if the firm cannot help them, without guiding them on a possible next step.



### **BIBA CALL FOR ACTION**

Signposting is in the best interests of both customers and insurance providers and helps to ensure good outcomes. We encourage firms to adopt 'total signposting' where, if it is unable to cover a customer, to direct them to firms that can help, or to a central signposting service like the BIBA Find Insurance Service.

## 5.2

### Financial Ombudsman Service

BIBA members continue to report an unacceptable backlog at the Financial Ombudsman Service (FOS) with some cases being delayed by more than six months. The [FOS 2021 Periodic Review](#) highlighted that: 'It is now, on average, 5 months before a case is allocated to an investigator and there are more than 1,800 cases that are more than 3 years old.'



#### **BIBA CALL FOR ACTION**

For the Financial Ombudsman Service to accelerate the resolution of long-standing complaints and to seek a way to reduce case handling time.



I welcome the collaborative work BIBA has taken forward with industry following the Independent Review of Flood Insurance in Doncaster. This new joint-industry Flood Insurance Directory will play a key role in helping increase accessibility of flood insurance for properties at flood risk.

**REBECCA POW MP**

Flood Minister



### 5.3

#### Flood Insurance Directory

BIBA, the ABI and Flood Re have created a [Flood Insurance Directory](#) following recommendations in the Government's 2020 Independent Review of Flood Insurance in Doncaster. They are asking the industry to signpost consumers of home insurance to the directory if they are unable to provide flood insurance.

The directory aims to help people access flood insurance by matching them with relevant firms which will work with the customer to arrange cover either for homes eligible for Flood Re or that are outside Flood Re's criteria eg. those built from 2009 onwards.



### **BIBA CALL FOR ACTION**

For all firms to easily fulfil their regulatory obligations and help consumers with serious medical conditions better find essential specialist travel insurance by signposting to the BIBA Travel Medical Insurance Directory.

## **5.4**

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### **Travel Medical Directory**

The FCA has confirmed that [BIBA's Travel Medical Insurance Directory](#) meets its criteria for a 'medical cover firm directory'. The directory can enable firms to fulfil their regulatory obligations in place since 26 April 2021, by easily signposting consumers with a serious medical condition to a service that can help them find suitable travel insurance.



## 5.5

### Social housing – access to contents insurance

The HMT's Financial Inclusion Policy Forum Access to Contents Insurance Working Group made a number of recommendations to the Financial Inclusion Taskforce to help enable greater take-up of contents insurance. Such cover is valuable, as alongside possessions it includes for example, the costs of alternative accommodation if there is a flood or a fire.

There is a very low uptake of contents insurance protection by people in social housing.



#### **BIBA CALLS FOR ACTION**

To ensure that all social housing tenants and low income renters are able to access home contents insurance, Government should ask the FCA to:

- › explore a carve out for its ban on 'opt-outs' to allow social landlords and housing associations to sell contents insurance as part of a tenant's rent.
- › make cover more accessible by reviewing its affordability testing criteria for payment by instalments via premium financing, and where risk of defaulting on a product will only lead to it being cancelled, consider enabling providers to offer the product on a monthly basis.
- › meet with social landlord representatives for the regulator to better understand more about the regulatory burdens faced by them that prevent higher engagement with contents insurance schemes, and to explore any carve out options for them.

**37%**

Only 37% of low-income households have home contents insurance.<sup>1</sup> This is compared to more than half of renters whose household income is above £25,000 a year having the cover. This is despite the fact that:

**1** One in three (33%) have had a potentially insurable loss in the last five years, rising to nearly half (47%) among 18-34-year-olds.

**2** Renters with low incomes are more likely than other groups to suffer damage or loss of household contents from burglary, fire or flood.

**3** Seven in ten (73%) of low-income renters say they would find it impossible to meet an unexpected bill of £500 without help from an external source.

**4** Replacing belongings after a burglary, fire or flood can jeopardise a person's ability to pay rent or bills or make credit card repayments.

Some people may turn to unscrupulous lenders to help them meet those payments, leading to a spiral of debt that can be almost impossible to get out of.

<sup>1</sup> [www.aviva.com/content/dam/aviva-corporate/documents/newsroom/pdfs/reports/contents-covered-report-by-wpi-economics.pdf](https://www.aviva.com/content/dam/aviva-corporate/documents/newsroom/pdfs/reports/contents-covered-report-by-wpi-economics.pdf)

## 5.6

### Supporting the insurance sector

One of the key elements of the Money and Pensions Service's (MaPS) mission is that it 'aims to help people improve their financial wellbeing and build a better, more confident future'. All FCA regulated intermediaries pay a contribution to the costs of MaPS, however BIBA is concerned that there is not a single mention of insurance within the MaPS £157m corporate plan for 2021/22. There are many challenges concerning access to insurance as well as the penetration of several classes of insurance in various vulnerable customer groups. Leaving general insurance out of such a comprehensive plan is a missed opportunity to manage risk and protect the public.



#### **BIBA CALL FOR ACTION**

For MaPS to make greater efforts to promote the importance of the protection afforded by general insurance to the public and the benefits of seeking advice from a regulated insurance broker.

## 5.7

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### Guides

#### 5.7.1 New cyber insurance guide

Cyber risk has become one of the most significant financially disruptive threats to UK businesses. In 2018 BIBA launched a Cyber Insurance Guide which aimed to help brokers understand and mitigate cyber risks. In 2022 we will be launching an SME Guide to Cyber Insurance to help customers appreciate its vital role.



#### **BIBA COMMITMENT**

To help improve cyber resilience in UK businesses BIBA will work with stakeholders to encourage SMEs to buy suitable cyber cover, through promotion and publication of guides and will work across Government departments, the National Cyber Security Centre and business representative bodies.



## 5.7.2

### New claims guide

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Claims can be stressful, unexpected and extremely serious. Insurance brokers can help customers navigate the experience. The insurance cross-industry Claims Working Group will create new guidance about claims, covering issues including claims notification, mitigating loss and other helpful factors.



### **BIBA COMMITMENT**

To produce simple guidance to help personal and commercial customers understand the claims process and achieve the best possible outcome.



### 5.7.3

#### Valuations and underinsurance

Underinsurance continues to be a challenge, particularly during difficult economic times and because of many SMEs changing their business model to adapt to COVID. Add in a higher than normal rate of inflation and this becomes a significant exposure for a business. In fact, the Chartered Institute of Loss Adjusters estimates underinsurance to be evident on 40%–45% of claims and the degree of underinsurance typically varies by around 35%–40%.

A professional valuation of physical assets can help calculate correct sums insured. We have worked with Allianz to produce a new guide to combat underinsurance, and we will work with loss adjuster Questgates to help assist with understanding insurance valuations.



#### BIBA COMMITMENTS

- › To work with Questgates to produce a new guide on insurance valuations.
- › To promote the new underinsurance guide and highlight the dangers of underinsurance.

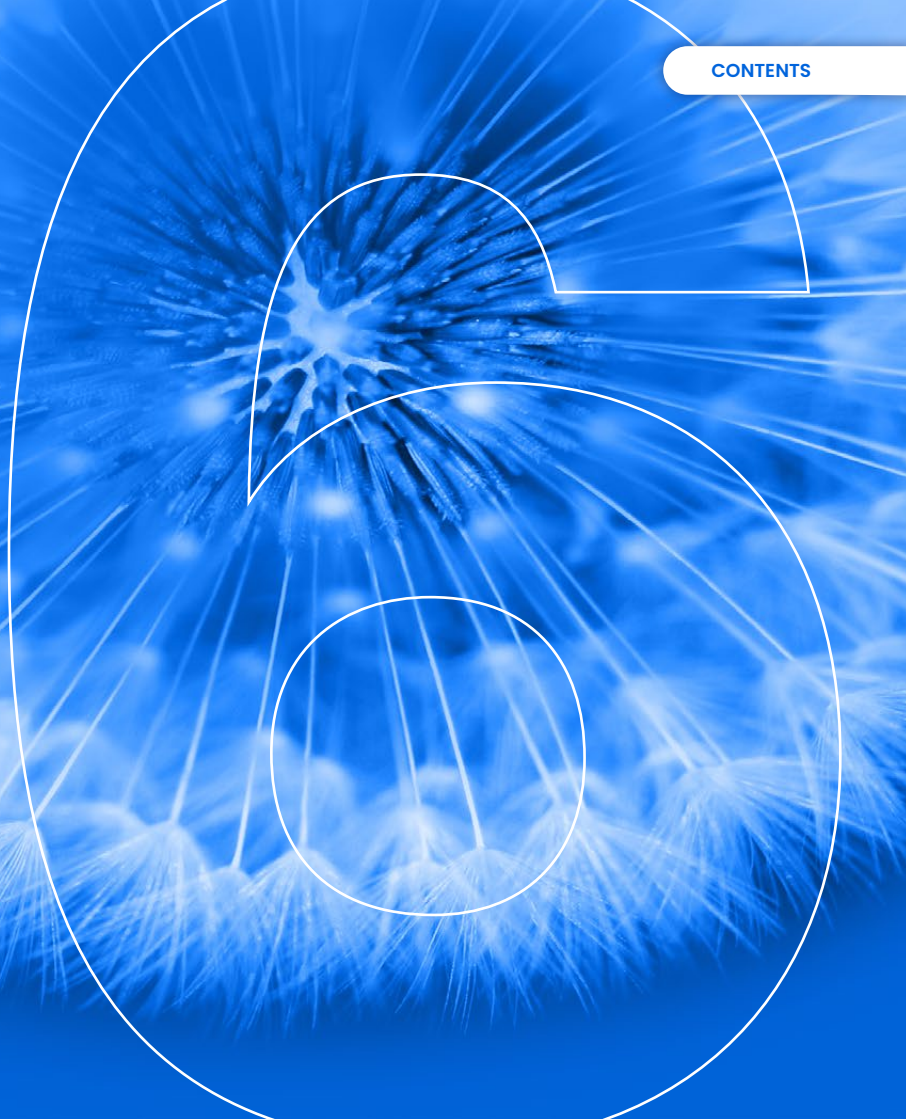


We're committed to working with BIBA to reduce people's exposure to the risk of finding themselves underinsured. Our new joint guide on underinsurance aims to help brokers ensure their clients get as suitable protection as possible.

#### NICK HOBBS

Chief Distribution & Regions  
Officer, Allianz Insurance PLC

# 6 Insurance Premium Tax



## 6.1

### Managing risk by reducing Insurance Premium Tax

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For many years BIBA has highlighted that IPT is a regressive tax that acts as a disincentive to buying adequate insurance. IPT receipts were £6.3bn in the last 12 months, a near record level despite the pandemic and the resultant shock to the economy.

We think the time has come to reduce IPT in order to encourage greater uptake of insurance as an essential means of managing risk and building resilience in businesses and society.



#### **BIBA CALL FOR ACTION**

For Government to reduce the rate of IPT to 10% in the next Budget.



## 6.2

### Targeted relief from IPT

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BIBA calls on Government to grant IPT relief in three key areas: property insurance for high rise residential buildings with cladding that require remediation, telematics led motor insurance policies and cyber insurance.



### **BIBA CALL FOR ACTION**

For Government to grant full IPT relief to those whose buildings qualify for the Building Safety Fund and are either pending or undergoing remediation.

## **6.2.1**

### **Cladded buildings**

The cost of insuring high-rise residential buildings with cladding that need remediation has risen dramatically in the past two years. Applying 12% IPT to a bill that is usually paid by the leaseholder is adding a further financial burden at a time of considerable stress.



## 6.2.2

### Telematics

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Telematics policies have been shown to moderate driving behaviour. BIBA member Marmalade advises that new drivers aged under 25 using a telematics black box are three times less likely to have an accident than the national average.

Additional evidence from BIBA member Adrian Flux demonstrates the benefits telematics can have by offering discounts for people that moderate their speed. There is a clear correlation between that and significant improvement in road safety.

A driver under the age of 24 is four times as likely to be a car driver casualty (as distinct from accidents where no one is hurt or when they are a passenger) than someone in their 50s.

Adrian Flux data showed that telematics can reduce the number of significant and gross speeders by 60% and 70% respectively and importantly achieve the values of 42% and 52% (respectively) within the first 90 days (see diagram).

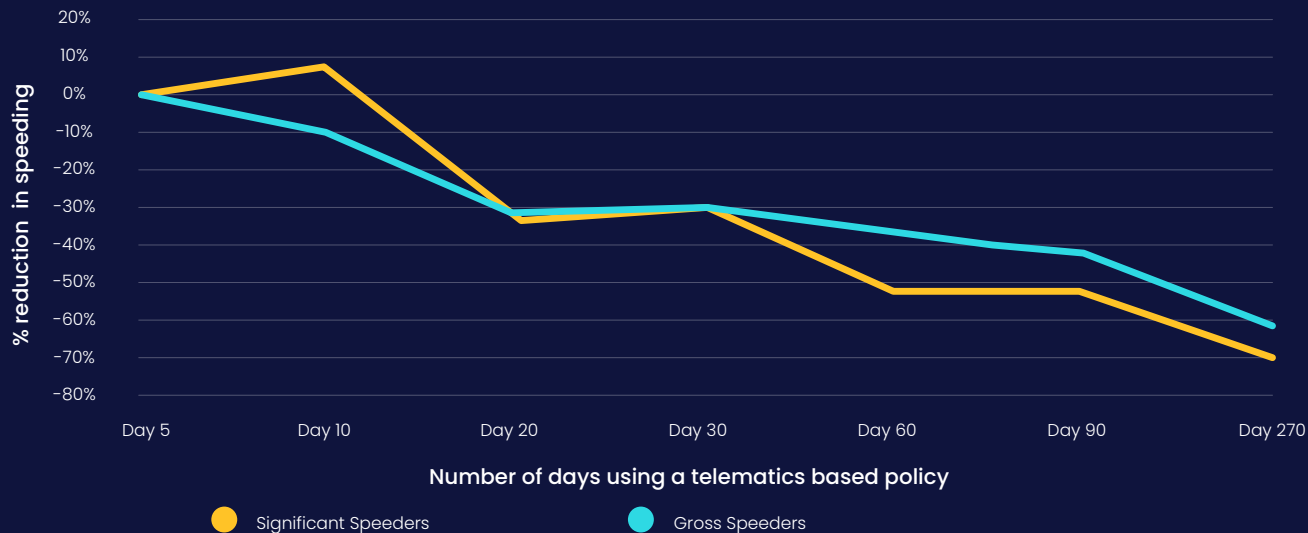
We look forward to analysing the forthcoming DfT research into telematics insurance and road safety.



#### **BIBA CALL FOR ACTION**

For Government to publish the results of their research into young driver telematics and to incentivise more young drivers to buy telematics policies by granting an IPT exemption on these policies.

## FluxScore's Reduction in Speeding Policyholders



Note Significant speeding would be driving 40mph in a 30mph or 73mph in a 60mph speed limit (defined as equal to or in excess of; speed-limit + 10% + 2mph + 5mph). Gross speeders would be driving upwards of 45mph in a 30mph limit and 78mph on a 60mph limit (defined as equal to or in excess of; speed-limit + 10% + 2mph + 10mph).

### 6.2.3

#### Cyber insurance

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According to the Government's annual survey only 6% of all firms and 4% of micro-firms buy dedicated cyber insurance. Meantime, the pandemic has created an enormous reliance on digital solutions making it vital for more UK SMEs to have adequate cyber insurance protection.



#### **BIBA CALL FOR ACTION**

For Government to make cyber insurance more affordable for sectors with limited resources, like SMEs, by making dedicated cyber policies exempt from IPT.

## 6.3

### Travel insurance – IPT rate in need of urgent reform and simplification

Pre-pandemic, UK citizens made more than 50 million trips per year to EU27 countries and we hope this resumes. Any incentive to encourage consumers to buy essential travel insurance cover is therefore important. This sector is subject to an unusually high rate of IPT at 20%. Government could leverage greater uptake of insurance by reducing IPT.

Reducing the travel insurance rate of IPT in line with the rate applicable to other insurances would achieve Government's aim of tax simplification while at the same time giving a critical boost to the travel insurance and travel sector, helping to safeguard jobs.



#### **BIBA CALL FOR ACTION**

For Government to simplify IPT and reduce the rate on travel policies to the rate applicable to other classes of general insurance to encourage uptake and lessen the burden on Foreign, Commonwealth & Development Office consulates.

# Case studies

## CASE STUDY ONE

An 86 year old was refused motor insurance by a number of insurance organisations because of his age. He was repeatedly told by the companies he approached that they could only offer motor insurance to drivers under the age of 80.

He was signposted to BIBA by one of the companies who could not help him. The BIBA telephone Find Insurance Service put him in touch with BIBA member AJ Insurance who were able to provide motor insurance for him.

He commented: *“The service was really good and more than I expected. I’ve been driving for more than 60 years so it really means a lot to me to be able to continue to do so. Not only did AJ Insurance find my motor insurance but they also went above and beyond and helped me with an historical problem I was having with the DVLA.”*



The service was really good and more than I expected.



## CASE STUDY TWO

Mr Lamont (76) was told by his bank that they would no longer offer him travel insurance because of his age and his medical conditions.

He has Chronic Obstructive Pulmonary Disease and his wife has Alzheimer's disease. Mr Lamont contacted an alternative insurance company but was told that they were unable to provide cover for the same reasons. However, they directed him to the BIBA Find Insurance Service for help. Mr Lamont contacted BIBA in May 2021 and after explaining what he needed, he was put through to specialist broker, AllClear Travel Insurance who were able to provide travel insurance for Mr Lamont and his wife.

Mr Lamont said: *"The specialist broker was able to cover everything that we needed, and although travel insurance costs go up as you get older, I am content with the price. The service was all very professional."*



The specialist broker was able to cover everything that we needed.

## Key contacts

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### Chief Executive

**Steve White**  
Chief Executive  
07917 370421  
[whites@biba.org.uk](mailto:whites@biba.org.uk)

### Policy

**Graeme Trudgill**  
Executive Director  
07917 736255  
[trudgillg@biba.org.uk](mailto:trudgillg@biba.org.uk)

**Alastair Blundell**  
Head of General  
Insurance  
07710 883902  
[blundella@biba.org.uk](mailto:blundella@biba.org.uk)

**Beverly Robbins**  
Public Affairs Officer  
020 7397 0238  
[robbinsb@biba.org.uk](mailto:robbinsb@biba.org.uk)

### Press Office

**Pam Quinn**  
Head of Communications  
07789 003180  
[quinnp@biba.org.uk](mailto:quinnp@biba.org.uk)

**Leighann Forsyth**  
Deputy Head  
Communications  
07917 738727  
[forsythl@biba.org.uk](mailto:forsythl@biba.org.uk)

Call us 0344 770 0266  
Find Insurance Service 0370 950 1790  
Web [www.biba.org.uk](http://www.biba.org.uk)

Email [enquiries@biba.org.uk](mailto:enquiries@biba.org.uk)  
Twitter [@bibabroker](https://twitter.com/bibabroker)  
LinkedIn [BIBA](https://www.linkedin.com/company/biba)

## Membership & Commercial

**Nicola Maguire**  
Head of Commercial  
07551 129402  
[maguiren@biba.org.uk](mailto:maguiren@biba.org.uk)

**Neil Jenkinson**  
Area Manager, North  
07904 491534  
[jenkinsonn@biba.org.uk](mailto:jenkinsonn@biba.org.uk)

**Juliet Williams**  
Area Manager, Central  
07593 435058  
[williamsj@biba.org.uk](mailto:williamsj@biba.org.uk)

**Diane Smyllie**  
Membership Manager  
020 7397 0205  
[smyllied@biba.org.uk](mailto:smyllied@biba.org.uk)

**Anna Frackowiak**  
Membership Administrator  
020 7397 0219  
[frackowiaka@biba.org.uk](mailto:frackowiaka@biba.org.uk)

**Jordan Kirby**  
Find Insurance Manager  
07920 577699  
[kirbyj@biba.org.uk](mailto:kirbyj@biba.org.uk)

## Regulation

**David Sparkes**  
Head of Compliance  
& Training  
020 7397 0201  
[sparkesd@biba.org.uk](mailto:sparkesd@biba.org.uk)

**Vannessa Young**  
Compliance & Advisory  
Board Manager  
020 7397 0233  
[youngv@biba.org.uk](mailto:youngv@biba.org.uk)

## Technical

**Mike Hallam**  
Head of Technical Services  
020 7397 0204  
[hallamm@biba.org.uk](mailto:hallamm@biba.org.uk)

**Shaune Worrall**  
Technical Services Manager  
020 7397 0234  
[worralls@biba.org.uk](mailto:worralls@biba.org.uk)

[www.biba.org.uk](http://www.biba.org.uk)

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18 Bevis Marks  
London, EC3A 7JB

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