

2016 BIBA Conference – CEO address

Thank you Heather, and David, for your kind words.

Before I start, I would like you to take a look at this.

Liz Liversedge video plays

That is why we are here, it's what insurance brokers do and its why me and the BIBA team are proud to be your trade association.

Good morning everyone and welcome to BIBA 2016 – The Go To Place.

We give considerable thought each year to our conference theme.

As you have just seen, insurance brokers are the go to place for advice, choice and expertise when seeking insurance protection.

Insurance brokers and intermediaries are responsible for 54% of all general insurances in the UK and 78% of commercial business.

And as you have heard me say before, but it is well worth repeating, insurance brokers and intermediaries contribute 1% to UK GDP.

The UK's insurance market and the London Market and Lloyd's are world renowned – the go to place for business across the globe.

The London insurance market employs 48,000 people, it generates £60 billion pounds of exports and in the last 5 years has paid out £140 billion pounds in claims.

And BIBA is becoming more and more the go to place for Government, the regulator, policymakers and the press for informed opinion on general insurance matters, as I will demonstrate later.

So our theme will clearly resonate with you all.

A big thank you at this time to our principal conference sponsors – Ageas, Aviva and Axa.

Your support for this conference is gratefully received and helps ensure it remains the premier insurance event in Europe.

Our delegates today have come from far and wide.

I am delighted to welcome our good friend Nic De Maesschalck, director of the European Federation of Insurance Intermediaries, BIPAR who has flown in from Brussels.

I am also particularly pleased to welcome attendees from Australia, Belgium, Bulgaria, Canada, France, Germany, Gibraltar, Hungary, Ireland, Luxembourg, Malta, Nigeria, Romania, South Africa and the USA.

Welcome to you all.

PAUSE

When you sat down this morning, I hope you noticed the green and red double-sided card on your seat.

We are going to indulge in a little audience participation now, so please play along with me.

Apparently I've borrowed the concept from a well known TV show, courtesy of Lord Sugar.

What I would like you to do is to hold up the card with the green side facing forward, if insurance was your career of choice when you left school.

If on the other hand you fell into insurance as a career, please hold up the card with the red side facing forward.

Please hold up the card now.

PAUSE

Thank you! – Ad Lib.

If I had a card, it would have been a green one – mine was a positive decision to come into insurance.

My father was a Norwich Union (Aviva) inspector throughout my childhood, working out of their offices in Romford, Enfield, Hendon and then London.

I can clearly remember being taken by Dad as a child one Saturday morning to a fire-damaged shop and two things stuck in mind that day.

Firstly the extent of the damage and lingering smell of smoke.

I'd never smelt anything like it before, that was for sure.

And the damage – the shopkeeper had done his best to start clearing up but I recall thinking it was going to take a while!

But secondly how happy the shopkeeper was as Dad went through some papers and handed over a claims cheque.

That interest in the positive impact that insurance can have remained through my time at senior school and I spent the summers of 1975, '76 and '77 in what was Norwich Union's Mansion House branch office before joining them fulltime on completion of A Levels in October 1977.

So whilst my peers were discovering the Sex Pistols and the Clash, I was discovering the Norwich Union's filing system!

That interest in insurance soon turned into a passion and I still have it to this day.

It's that passion for insurance broking that gets me out of bed at 5am every weekday.

A passion for what our sector does – the happiness we create, the peace of mind we bring to many by identifying and mitigating their risks and for those unfortunate enough to suffer a loss, the help we can provide in putting them back in business or repairing or placing lost or damaged property.

We do something for the customer that they cannot do for themselves, as we saw with Mr and Mrs Liversedge earlier.

We can change lives.

PAUSE

My life changed 3 years ago when I fulfilled a long held ambition by becoming BIBA's Chief Executive.

And the first person I told was my Dad and needless to say he was chuffed for me.

At my first Conference as CEO in 2013 I spelt out for you 3 commitments – promises about how me and the BIBA team would raise our game to give you the peace of mind knowing that BIBA is looking after your interests.

Firstly, I committed to greater visibility of the BIBA Executive.

Our annual autumn tour of the regions plus the various speaking engagements we undertake demonstrates the delivery of this commitment, because in spite of the new technologies, the best method of communication is still face-to-face.

Secondly, I committed the association to be better at sitting down and listening to you, our members.

The Advisory Board structure that we put in place to represent members has allowed us to fine tune our listening to the different issues that arise across the broad church of BIBA's membership.

Thirdly I committed the Association to be better at standing up and speaking out on the issues that matter to you.

And let me tell you, in the last 3 years we have done an awful lot of sitting down and standing up.

This has led us to better targeted lobbying and exerting more influence where and when it matters.

The best example of this came at last year's Conservative Party Conference in Manchester.

During the business day event, Graeme Trudgill and I caught up with the Secretary of State for Business, Innovation and Skills – Sajid Javid, just prior to him going on stage.

We asked him about the Enterprise Bill and the list of regulators who would be subject to new requirements.

The Bill will force these regulators to be more accountable for the economic effect of their regulations.

We asked Sajid whether the FCA would be on the list.

When he answered "Yes", we asked him to confirm again and he said:

"They are on the list. Job done boys, I know its important to you so you can probably go home now."

We didn't go home but we did High 5 at the first opportunity!

[PAUSE]

A key part of our lobbying is the BIBA Manifesto – there should be one on each seat.

This year's Manifesto is, in my opinion, our best yet.

It looks good, the content is what you told us was important and it has been well received by politicians.

Don't just take my word for that – this is what Craig Tracey MP thinks.

[Craig Tracey MP video]

The BIBA 2016 Manifesto, #Fairness For All, has been created following engagement with over 600 of our member firms and so to those members present today who contributed their time and effort, a very big thank you.

It sets out 30 campaigning issues across 9 broad headings, it contains 14 commitments – areas where we at BIBA will help to achieve fairness for our members and their customers.

There are 17 endorsements from senior stakeholders, including 3 Ministers and a Select Committee chairman – the first time we have had such senior Government backing in our manifesto – evidence that we are becoming the go to place for Government.

Whilst now is not the time or place to go through the Manifesto in detail, what I will do is pick out just a few key issues and update you with the latest position.

Starting with the Insurance Act.

At BIBA 2015, we launched, in conjunction with MacTavish, an Introductory Guide to the Act.

During our autumn tour of the regions last year, it became crystal clear from the feedback we received that our members had a real need for support on how to comply with the new legislation and its implementation.

So we re-engaged MacTavish to build with us an implementation guide, addressing key issues such as what might be a reasonable search and a fair presentation of the risk.

That implementation guide is released today so if you don't have one, you'll find them on the MacTavish and BIBA stands in the exhibition hall and on the BIBA website.

And a big thank you to the sponsors of the guide – Ageas and RSA.

At noon today, there is a seminar session dedicated to the Insurance Act with a panel that includes the ex-law commissioner, the man who wrote the legislation, David Hertzell and Bruce Hepburn of MacTavish.

Now the guide has been published, let us all unite behind the content for the benefit of our customers.

PAUSE

Our autumn tour also showed us the weight of member interest in underinsurance, so I am delighted with the underinsurance guide we issued last month.

Let me take this opportunity to thank the guide's sponsors – Chubb and Hiscox

This is an important document as it is our direct response to the FCA's thematic review of SME claims, and copies are available on the BIBA stand.

I have had many members and insurers say to me recently that in light of the difficulty in getting planning consent granted in 12 months, the days of having 12 month indemnity periods on business interruption should be drawing to an end.

Lets all use this guide as a driver to move to a minimum of 24 month indemnity periods in most cases.

PAUSE

Our support for Flood Re is well known and we were pleased when the legislation was finalised late last autumn.

Our efforts, for sometime now, have been focussed on two specific areas.

Firstly, encouraging Government to invest at the required level in strategic flood defences across the country.

Secondly, working with stakeholders and members on a commercial property scheme for BIBA members that will provide flood cover for most businesses.

We were contacted by number 9 Downing Street and met with the Chancellor of the Duchy of Lancaster, Oliver Letwin MP.

We had a very positive discussion regarding access to flood insurance for SME businesses.

Ever since insurance brokers first started meeting in Lloyd's Coffee House in 1688, we have identified our customers' risks and sought solutions from insurers.

That is what BIBA has been doing these past few months.

So I am therefore delighted to advise today that we are well on track with the development of the new scheme.

We have an MGA ready to go, our member Guy Carpenter is arranging A rated or better capacity, we have approved the policy wording and Landmark will provide a state of the art mapping and risk assessment facility.

The web platform is well under development and we hope to roll the scheme out before the Autumn.

PAUSE

Europe continues to exercise our minds from a regulatory perspective.

Commissioner Hill's Green Paper on retail and financial services points the way towards more of a single market.

My team has balanced its response between being supportive of the concept and asking for suggestions on how to overcome barriers such as language, currency, taxation and legal jurisdiction.

After 8 years of trekking off to Brussels to lobby for a level playing field for the Insurance Distribution Directive, I am pleased with the results.

David Sparkes, BIBA's Head of Compliance, is keeping a watchful eye on how the European Insurance Supervisor – EIOPA – handles the delegated acts granted to it under the Directive.

Put simply, making sure that the prescribed documents – the Key Information Document, the KID and the Product Information Document, the PID – are developed in a way that does not over-burden the recipient – the customer – or the firms that have to produce and deliver them.

And that the new requirements on product oversight and governance do not create an administrative nightmare for the majority of brokers that do not design products.

Now, I cannot let the subject of information disclosure pass without making reference to behavioural economics.

Brokers have understood for a while now that the more information you give to a customer, the less inclined they are to do anything with it.

I'm sure the people at the FCA understand this but they only seem to take heed of the results of behavioural economic studies when it suits them.

Their work on smarter communications is to be applauded but there is plenty left to do in this space.

The Insurance Council of Australia recently published a report with the aim of enhancing general insurance disclosure.

Australians have a reputation for saying it how it is.

The report's title sums up the problem perfectly – it is called "Too long; Didn't Read"

PAUSE

Finally on European policy, Graeme Trudgill and BIBA's Motor Panel have been wrestling with the European Court of Justice's decision on the Vnuk case now for many months.

The potential implications of the CJEU decision in this case are far reaching, to say the least.

It brings into the scope of motor insurance some 43 different types of vehicle that previously didn't need insurance – kids electric cars, golf buggies, mobility scooters, ride on lawnmowers and even robot vacuum cleaners!

It also has the potential to have a catastrophic effect on motor sport.

So Graeme has been coordinating efforts with the Department For Transport, our European federation BIPAR and Commissioner Hill's office to seek a surgical amendment to the Motor Insurance Directive.

PAUSE

The Manifesto forms the basis of our lobbying activities for the year.

One issue involves our armed forces.

We were contacted a while ago by number 10 Downing Street and the offices of the Prime Minister in relation to our armed forces.

The Armed Forces Covenant was developed to allow our armed forces personnel to serve overseas without being penalised for doing so – for example, not facing short period cancellation charges or finding their no claims bonus invalidated when they return.

BIBA has a number of members who are able to help our armed services personnel in this way.

10 Downing Street has also been working with us to develop solutions for the sharing economy.

PAUSE

I am pleased to say that BIBA will shortly be launching a free to use facility for its members to allow them to conduct due diligence on a list of nearly 60 unrated insurers.

Using data from A M Best, Litmus Analysis has designed for us an online tool that will give sufficient information for members to decide whether the insurer's financial standing is sufficiently robust or not.

This tool, smartly named the BIBA Litmus Test Report will be available to members via the BIBA website.

We will be launching this facility in response to overwhelming interest from members.

A question I am regularly asked on my travels is what is the regulator doing about unrated insurers and my answer is a simple one – they will ask why you are using them.

The fact is, there is no legal or regulatory requirement for an insurer to have a rating, nor is there a legal or regulatory requirement for an insurance broker only to use rated carriers.

Where the insurer is rated then due diligence might very well be ascertaining and monitoring that rating.

However, when dealing with an unrated insurer, there is no recognised due diligence method other than pouring over the insurer's report and accounts.

This is where the BIBA Litmus Test Report will help and you can find more details on the BIBA stand.

PAUSE

The latest Government figures on cyber security breaches are a cause for concern.

65% of large firms detected a cyber security breach or attack in the last year.

25% of these experience a breach at least once a month.

The most costly breach identified amounted to £3m and the average cost of a breach to large businesses is £36,500.

The Manifesto sets out the commitments we made in terms of cyber insurance.

These include:

acting as a sponsor for those members who wish to join the Cyber Security Information Sharing Partnership – CISP,

promoting the use of the Government's Cyber Essentials scheme – in fact we at BIBA are in the process of signing up ourselves.

Helping to improve recognition of the value, awareness and take up of cyber insurance protection.

And finally highlighting ways to build resilience, including protection against cyber business interruption and cyber crime risks.

To help us with these last two commitments, I am pleased to announce that we are forming a BIBA Cyber technical group, made up of technical experts from some of our expert member firms.

If you would like to be involved, please let us know.

BIBA already has technical groups looking at motor, property, liability and accident, and trade credit risks.

These groups play a key role for us on technical insurance matters.

PAUSE

Government's interest in technology is not restricted just to cyber insurance.

It has a very keen interest in FinTech – one ambition is for the UK to be seen as the undisputed global centre of sustainable financial services and technological innovation – a magnet for investment and a launch pad for international expansion.

Government recognises the entrepreneurial spirit of the insurance broking sector.

It is looking for brokers to play their part in delivering new products and services to increasingly tech-savvy modern day consumers.

We are engaging with Government, the regulator, the European Commission and members on this broad subject.

We will keep you abreast of developments.

I felt encouraged recently when one of our members launched a sharing economy patch - a great example of innovation, rather than disruption, from a broker, enabling customers to access the cover they need.

Completing our hat trick of calls from Downing Street, Number 11 Downing Street has been in touch more than once regarding FinTech.

PAUSE

And whilst on the subject of Number 11 Downing Street, I feel I cannot let the Chancellor's assault on Insurance Premium Tax go without commenting.

Since my address on this stage last year, we have seen an unprecedented 66% year on year increase in IPT – the first time the tax has been increased in consecutive budgets.

This is particularly worrying for buyers of motor insurance, where premiums in the BIBA Acturis Price Index have leapt by more than 10% by the time insurance premium tax is factored in, compared to the same time last year.

Let's be clear about a couple of things – firstly, insurance is not a luxury item, for many it's a necessity and for all it is a wise precaution.

And secondly, whilst IPT is a tax collected and remitted by insurers, it is a tax on premiums paid by policyholders – motorists, householders, and businesses large and small.

We understand the pressures facing the Chancellor to balance the books and to stick to his Manifesto commitments.

However - PAUSE – in a bid to combat rising admission prices, football supporters up and down the land have united behind a ticketing policy for away fans called Twenty is Plenty.

When it comes to IPT, our message is clear –Ten and never again!

PAUSE

There was some good news in the Budget.

BIBA has lobbied long and hard for the regulation of claims management companies to be brought under the scope of the FCA.

We were very pleased the Chancellor announced that this would happen – another tick in the box against a BIBA members' manifesto lobbying point.

PAUSE

Finally when considering the future, let me say something about BIBA's Young Broker Initiative.

Of all the changes at BIBA over the last 3 years, the work we have instigated with our young brokers has been one of the most rewarding.

The Young Broker Day, which ran so successfully for the very first time at last year's conference is running here again tomorrow and has been oversubscribed.

Let me take this opportunity to thank the sponsor of Young Broker Day, Axa.

We are seeing more and more younger brokers getting involved with our Regional Committees – it feels more like a revolution than evolution and we are delighted about that.

So to the young brokers in this audience this morning, especially those who held up that green card for me earlier, if you are not already involved with BIBA but would like to be, please come and track me down or any of the BIBA team and we can put the wheels in motion.

Or email me – CEO@biba.org.uk

Our aspiration is to be the go to place for you, Government, politicians, civil servants, regulators and the press, as you are the go to place for your customers.

OUTRO

Looking ahead to the next couple of days, I believe we have a programme of headline speakers that equals, if not beats, anything we have done previously.

Coming up in a few moments is Stay In, Get Out, our Referendum debate, chaired by journalist and television presenter Kirsty Wark and featuring 4 senior business leaders.

This afternoon we are honoured to have our Chairman back on stage when he will be joined in conversation by former Prime Minister and the longest serving Chancellor in modern history, Gordon Brown.

Tomorrow morning's keynote session, 'When The Future Begins' with futurologist Magnus Lindkvist is going to be fascinating, as will our closing keynote, when Kirsty will chair the 'Facing New Threats to Western Civilisation' panel debate and a very distinguished panel it is too.

In between the keynotes are a number of seminar sessions, including 'London's Challenges In The Global Market', the Insurance Act and the problems of underinsurance, to name but three.

So Ladies and Gentlemen, please visit the exhibition hall, do some business, come and say hello to me and the BIBA team and most importantly, enjoy the conference!