PROFESSIONAL BROKING

PB

Business intelligence for broker managers

June 2010
www.broking.co.uk

Chartered crusader

Stuart Williams of Cowens Survival Capability believes in the power of the CII's marque

Sports clubs

Navigating 19 million injuries each year

Trade credit

Coface's MD promises a market shake-up

World Cup fever

South African drama – in your office

PROFESSIONAL BROKING
PB

Broking.co.uk, the home of *PB* and *Insurance Age* online, offers a weekly blog as well as the latest breaking news, broadcasts from *PB* On Air and a comprehensive archive of the magazine's content.

CONTACTS

Editor – Andrew Tjaardstra
Tel: 020 7316 9316
andrew.tjaardstra@incisivemedia.com
Reporter – Emmanuel Kenning
Tel: 020 7316 9653
emmanuel.kenning@incisivemedia.com
Production editor – Laurence Gunn
Art editor – Nicky Brown
Group production editor – Dan Parker
Group editor-in-chief, insurance division – Anthony Gould
anthony.gould@incisivemedia.com
Sales manager – Oli Henry
Tel: 020 7316 9071
oli.henry@incisivemedia.com
Sales executive – Oliver Nevill
Tel: 020 7316 9405
oliver.nevill@incisivemedia.com
Head of key accounts – Sajeeda Merali
Tel: 020 7316 9765
sajeeda.merali@incisivemedia.com
Head of events – Simone Broadhurst
Tel: 020 7316 9055
simone.broadhurst@incisivemedia.com
Commercial director – Phil Davison
Group production manager – Lorna Graham
Production controller – Matt Parle
Marketing manager – Ro Osborne
Circulation manager – Sarah Smith
Publisher – Alex Broad
Tel: 020 7316 9382
alex.broad@incisivemedia.com
Group publishing director, insurance division – Derek Peck
Managing director, insurance division – Graham Harman
Insurance 360 Principal – Peter Joy
020 7316 9814
peter.joy@incisivemedia.com
Research assistant – Chris Wade
020 7316 9106
chris.wade@incisivemedia.com

Subscriptions and enquiries
Incisive Media, c/o WDIS, Units 12–13, Cranleigh Gardens Industrial Estate, Southall, Middlesex UB1 2DB
tel: 0845 155 1846
fax: 020 8606 7303
incisivemedia@optimabiz.co.uk
Subscriptions: £150pa
ISSN: 1355 N/0519

Incorporating Policy Market
32-34 Broadwick Street, London, W1A 2HG

www.incisivemedia.com

Cover photography: Fiona Compton

Reprints and e-prints enquiries to Alex Hall, Sales and marketing manager, The Reprint & Licensing Centre, 4 Ingate Place, London, SW8 3NS
Tel: 020 7501 1085, e-mail alex@rl-centre.com
incisive@rl-centre.com www.rl-centre.com

Printing BGP, Bicester.

An incisive*media* publication

Published by Incisive Financial Publishing Limited

ABC
Average net circulation from 1 July 2008 to 30 June 2009 is 11,664

PPA

First cuts unlikely to be the deepest

Chancellor George Osborne wasted little time in announcing £6.2bn of public sector cuts, yet in the uncertain global context it is hard to judge what their impact will be on the UK economy, writes **Andrew Tjaardstra**

WHERE THE electorate did not give a clear mandate, the respective leaders of the Conservatives and Liberal Democrats managed an impressive quick-fire coalition agreement to provide the country with some stable government, at least for now.

A raft of measures was announced in the Queen's Speech on 25 May, in the same week that £6.2bn of public sector cuts were introduced. The Liberal Democrats had argued that cuts would hurt growth but party leader and Deputy Prime Minister Nick Clegg appeared later to amend this view, stating that the Greek debt crisis meant that work needed to start sooner rather than later on the UK's deficit.

This continuing debt crisis has now raised awareness of deficits in countries such as Portugal and Spain, with governments across the eurozone rushing to implement their own cost-cutting measures.

Almost every UK government department will be required to make savings in information technology, travel costs and property costs, with a freeze on non-frontline civil service recruitment also being implemented and £600m taken away from quangos.

An efficiency and reform group led by treasury minister David Laws will oversee the cuts programme announced by Chancellor George Osborne. The cuts come despite borrowing being revised downwards to £156bn (10.9% of gross domestic product) from an expected £167bn for the year ending 31 March.

The business department was the biggest loser in the cuts, having to slash £836m from its budget. In the firing line as a result are two regional development agencies, the South East Economic Development Agency and the East of England Development Agency.

Departmental breakdown

Local governments will feel the squeeze thanks to a £1.2bn reduction in local authority grants, while £362m will come from the communities department, £311m from education and £309m from transport. The pain for Scotland, Wales and Northern Ireland has been postponed for a year, with £704m currently earmarked from the devolved administrations. The measures imposed could cause pain for brokers that do plenty of business on public sector projects.

Osborne: urgent action

Osborne said: "We need to take urgent action to keep our interest rates lower for longer, boost confidence in the economy, protect jobs and show the world we can live within our means and tackle debt repayments."

The move was widely welcomed by economic forums and, unusually, by the governor at the Bank of England, Mervyn King, who is (supposed to be) politically neutral.

Charles Davis, senior economist at the Centre for Economics and Business Research, highlighted that the public sector had been growing in the last two years as the economy declined by 6% and therefore arguably it should have its own recession, despite the inevitable job losses. He added that the cuts would not necessarily stop the private sector from growing.

Union action

Other economists warned that the proposed savings represent only around 10% of what the government needs to deliver over the next five years. So far, trade unions have been muted in their response, though the British Airways cabin crew strike and talks of a walkout at BT over a 2% pay rise could indicate some of the pitfalls ahead for the new government.

The new administration has brought a breath of fresh air with its quick action and sober appraisals of the state of the economy. Now, we must hope that it can both cut the deficit and keep the UK on the path to economic growth, although a recent rise in inflation to over the 3% target has raised fears of an interest rate rise.

Peter Cullum, executive chairman at Towergate, warned at the British Insurance Brokers' Association conference in May that the economy was going to "go through years of unbelievable changes". The emergency Budget on 22 June will bring more detail to the Conservative-led coalition's austerity plans, which could include big tax increases.

With global market uncertainty in recent weeks and signs that growth in China is overheating, other storms on the horizon could yet blow the coalition's plans off track. **PB**

The Queen's speech – brief highlights

Financial Reform Bill: The Bank of England will oversee the macro and micro-prudential responsibilities of financial regulation. It is still unclear what role the Financial Services Authority will have.

Equitable Life Bill: Compensation still needs to be clarified for policyholders who lost out in 2000 from Equitable Life's demise.

National Insurance Contributions Bill: Employees – not employers – will pay an increased amount of National Insurance from next April, the aim of which is to help reduce or remove personal income tax on the first £10,000 of people's earnings.

Airport Economic Regulation Bill: No new runways in south-east England, such as the mooted third strip at Heathrow. A new, high-speed rail line is planned.

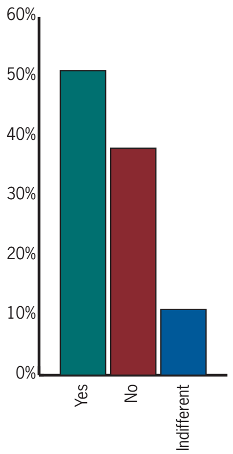
Employee stress costing UK plc

With businesses losing billions of pounds in productivity, **Emmanuel Kenning** reports on effective steps that broker managers can take to combat the problem of mental ill health in the workplace

A report by mental health charity Mind has shown that 10% of UK workers have visited a general practitioner to seek support as a result of recessionary pressures in their workplace, with 7% starting a course of medical treatment for depression since the start of the recession.

www.broking.co.uk poll and results – May 2010

Is the coalition government right to keep the Financial Services Authority?



This month's question: **Will a rise in capital gains tax increase broker acquisitions?** To vote in this month's poll, go to **www.broking.co.uk**

With staff facing longer working hours, morale under constant pressure and estimates that mental health problems cost UK businesses £26bn a year, this is not an issue that broker managers can afford to ignore.

According to the charity, the poll of more than 2,000 workers supports previous findings that mental health problems are the second-biggest cause of absence due to sickness at work, being experienced by one-sixth of people of working age each year.

Spotting the problem

Paul Cann, human resources director at Groupama, agrees that it is a serious problem. He says: "Managers should be aware that people have different stress tolerance levels. Educating them for signs of stress and how to help an employee is key."

Cann said that broker managers should not overlook steps such as a regular support meeting or tips on health, diet and exercise, all of which can be achieved at low cost. He also believes that good lines of communication, including information on how the business is doing and what its plans are help employees to feel they are more in control, reducing uncertainty and stress levels.

Allianz has a team of 42 wellbeing champions across its offices, with the volunteers developing their skills at an annual conference focused on the year's key topics. Banu Gajendran, occupational health and safety wellbeing manager at Allianz, believes that the size of a company's budget should not be an issue in staff wellbeing.

She explained: "The perception is that it costs a lot of money, yet it could be as simple as getting a scheme in place to enable access to something such as massage or reflexology to give staff a boost." She also points out that it can be a positive recruitment tool: "Showing that we have policies in place helps us when graduates ask about such benefits."

Many human resources departments have shrunk, with some smaller businesses relying on only one person to control staff wellbeing, as well as being charged with other tasks. Helplines might be useful in any situation. Matthew Judge, director of the large corporate health care division at Jelf Employee Benefits, has noted an increase in the number of employee assistance programmes offering counselling and therapy benefits.

He said: "Outsourcing a helpline facility to discuss stress confidentially with a counsellor is fairly low cost and one of the simplest steps to take." He added that you could hire them for as little as £10 a year per employee – depending on the size of the company – and that it is common to have the option of face-to-face sessions built into the package.

Wide cover

Judge also pointed out that stress is not just about work – it can be caused by debt or personal relationship problems – and so many policies as such cover not only employees but their dependants as well. He added: "Every pound is being scrutinised at the moment but clients see employee care programmes as valuable in these more stressful times. Those clients that have a helpline have seen increased usage and those who don't are thinking about [introducing] it."

Whatever approach broker managers take, Cann pointed out that the downside of not dealing with stress is increased sickness levels, equalling decreased productivity. He concluded: "It absolutely hits the bottom line: doing nothing is a false economy." **PB**

Centor scoops workplace award, RWA teams up with Aviva and first-quarter results are good and bad for insurers

Ace appointment and product launch

Ace announced at the British Insurance Brokers' Association conference 2010 the appointment of John Houghton to head the southern region covering London, Reading, Watford and Maidstone. Houghton will report to director of corporate risks, Pat Drinan. The insurer has introduced a suite of products targeting companies with one or more overseas branches, retailers, hotel groups and machinery manufacturers.

Ace head: Pat Drinan

Q1 results are a mixed bag

In the first quarter of 2010 RSA saw premiums rise in personal and commercial lines with net premiums up 7% in the UK to £697m. Hiscox also reported a good start to 2010 with a 6.4% rise in gross written premiums to £504.1m in local currencies. Similarly, Markel International reported a 13% increase for GWP to $208.2m for the first three months of the year. However not all insurers fared so well over Q1. Allianz had a near 5% increase in GWP to £411.3m and reported a combined ratio of 96.5% but still saw pre-tax profits slump more than 10% to £36.7m. Brit reported a 13.3% drop in GWP to £483.5m and Fortis UK announced it lost £1.8m along with a non-life combined ratio of 110.2% (2009: £4m profit and combined ratio of 108.9%).

Towergate reveals pre-tax loss

The recession and loss of investment income contributed to Towergate making a pre-tax loss of £28m in 2009 up from £18m the year before. The broking and underwriting group revealed earnings before interest, tax, depreciation and amortisation climbed to £117.7m from £112.4m in 2008 and that turnover also rose to £321m from £308.6m. Executive chairman, Peter Cullum, commented: "Resilience remains the watchword for 2010. As pleased as I am with our solid performance in 2009 I know this year will be just as tough." The group also confirmed that plans to raise £665m on the corporate debt market had been delayed after market volatility saw costs increase and that the situation would be reviewed in June.

Brokers expand

Liverpool-based Butterworth Spengler has appointed three new account executives who join the firm from Oval. They will work out of the company's new city centre corporate office with 15 further staff expected to join within the next year. Henderson Insurance Brokers also announced expansion plans, as it hired Ron Brander to win new business and Gayle Connolly as servicing broker. Director, Keith Swain, said: "We see expansion possibilities in the North." In last month's round-up *PB* reported on Henderson Insurance Brokers and HSBC Insurance Brokers. To clarify, Peter Mellor was an employee of the latter when it was taken over by Marsh.

Centor takes small workplace award

Independent insurance broker Centor has been announced as winner of the first ever Best Small Workplaces Award 2010 by the Great Place to Work Institute. Neil Walton, CEO at the broker, said: "Being shortlisted in the Top 10 was a fantastic achievement but to actually win is something that will take some time to sink in."

Aquisition trail

Peter Cullum's CCV acquired the GI portfolio of Bury and Manchester-based DTE Risk & Financial Management. Bluefin completed its first acquisition of 2010 by buying the £5m GWP GI book of Peterborough based G M Towns & Partners. Bristol-based broker Brightside also confirmed that it was raising £9m to part fund the acquisition of eCar and eBike.

Prize guy: Neil Walton

RWA signs with BIG

Compliance consultant RWA has signed with Aviva's Broker Independence Group and Club 110 members to provide compliance products and advice from 1 June. RWA will offer access to health checks and audits, a telephone helpline and compliance documents. Ian Ritchie, director at RWA, said: "Aviva will offer incentives to brokers signing up before 30 September. We have already signed up 10 brokers before our official launch and will be attending regional Aviva BIG workshops to promote it." **PB**

Most read stories online in May 2010

Quinn to quit UK professional indemnity business
www.broking.co.uk/1636265

Aviva issues volcano insurance advice to customers
www.broking.co.uk/1601657

US insurance giant Liberty Mutual expresses Quinn interest
www.broking.co.uk/1649742

Ferrari crash lands insurer with a bill for £245,000
www.broking.co.uk/1648488

Coalition government compromise over NI and capital gains tax
www.broking.co.uk/1635972

Brokers swarm ExCeL at Biba 2010

Emmanuel Kenning reviews a successful Biba conference at which brokers networked with insurance leaders and debated what the future holds under the new Conservative-Liberal Democrat coalition government

A RECORD-breaking 3,600 people attended this year's British Insurance Brokers' Association conference at London's ExCeL on 19-20 May.

In his opening address Eric Galbraith, Biba's chief executive officer, announced the launch of a major lobbying campaign – focused initially on regulation and signposting – designed to promote the role of the broker to the new government. He called on intermediaries to support the initiative to make sure the government introduced "the right regulation and the right supervision at the right cost".

Joe Plumeri, chairman and CEO at Willis, used the first keynote speech of the conference to urge Prime Minister David Cameron to clarify the current position regarding the Bank of England and the Financial Services Authority, as well as to question the FSA's role in the regulation of Quinn Insurance. He said: "Financial fortunes like Quinn's are built over decades but can blow up in months. Quinn was profitable and expanding in the UK but its connection to the wider Quinn Group has brought it to this unfortunate point."

Plumeri also took the opportunity to list the top-ten current business risks and the insurance issues they raise (see box).

Plumeri: called on David Cameron for clarity over the FSA

Joe Plumeri's top risks for 2010

1) Climate change
2) Terrorism
3) Pandemics
4) Market capitalisation risk
5) Regulation and compliance
6) Cost and availability of credit
7) Globalisation
8) Cyber-security
9) Piracy
10) Reputation

Shared reputation

BBC journalist John Simpson took to the stand in the main hall on the first afternoon to give a speech on "the consistent dynamics of a changing world". During his presentation, which concluded with a question and answer session with the audience, he highlighted that the UK's insurance and media entities are both highly respected around the world.

Three seminar sessions rounded off Wednesday's conference, with attendees able to choose from seminars on helping brokers to create a web presence, business recovery from a claims perspective with Cunningham Lindsey, and motor claims.

The latter featured television motor journalist Quentin Wilson, who told the audience that the topic of credit hire risked becoming "cancerous" and could ruin the insurance industry's reputation. In an energetic session, entitled Claims Wars!, Wilson said: "One thing is for sure, the government is not going to do anything about it. It is your problem and you will have to resolve it yourselves. So accident management companies, insurers and brokers have to get together to do something to self-regulate this."

The following day's sessions focused on key management information and skills. Retired soldier Chris Hunter, formerly the British Army's most experienced counter-terrorist bomb disposal specialist in Iraq, told delegates about the importance of strength under pressure. The Chartered Insurance Institute also hosted a panel discussion highlighting the need to invest in professionalism, while Pancentric Digital's James Prebble and Bryan Bosak led a session on the importance of having a co-ordinated social marketing policy to strengthen broker businesses. Bosak stated that, with 400 million users "if Facebook were a country, it would be the third most populated in the world".

Stars shine

Broking stars were also recognised at the conference, with Biba naming Victoria Parry of Hugh J Boswell as its Young Broker of the Year and Mike Cowburn of Towergate as winner of the Francis Perkins Award. Galbraith said: "I was delighted by the high calibre of the entries that we received for the two awards and I'm honoured to be able to recognise both an experienced and valued member alongside tomorrow's stars of insurance broking."

The winners were, however, not the only stars at the action-packed conference, with Olympic rowing legend Steve Redgrave greeting guests at the Allianz stand. Also in attendance with Lorega was ex-England rugby union international Jeremy Guscott and QBE hosted three rugby players from Guinness Premiership team Saracens: South African international, Derick Hougaard and England internationals Alex Goode and Hugh Vyvyan.

Meanwhile, six-time world snooker champion Steve Davis took on all comers at pool at the CII's stall and, despite playing 100 games over the two days, the player – known as both The Nugget and Romford Slim – lost only 12 matches.

Not to be confused with a lookalike who was doing the rounds for Markel International, the real Joanna Lumley gave an inspirational keynote speech on Thursday. A Barbara Windsor impersonator was also present and could be found pulling pints at DAS' pub-themed stall.


Steve Davis took to the CII's pool table at Biba 2010

Governing views

With so many high-ranking members of the broking community all gathered under one roof www.broking.co.uk took the opportunity to canvass opinion on the new coalition government and the effect that it might have on the industry. Respected figures such as Andrew Torrance (CEO, Allianz), Paul Donaldson (UK commercial managing director, RSA) and Terry Whittaker (UK managing director, QBE) raised concerns ranging from insurance premium tax, capital gains tax and regulatory uncertainty through to the Jackson Review.

Phil Bunker, LV Broker's managing director, said: "In terms of taxes, we can expect rises and I think IPT is something that no-one has spoken about. I wouldn't be at all surprised to see an increase [in IPT] along with one in VAT." Janice Deakin, intermediary and partnerships director at Aviva, added: "There is no doubt that we have to make some tough decisions and it is going to take some time to recover from the debt that we are in as a country."

After a successful conference Biba's chairman, Patrick Smith, announced in his closing address that next year's event will keep to the new two-day format, this time at Manchester Central on 11-12 May 2011. It has a tough act to follow. **PB**

For more interviews with industry leaders on the new coalition government
www.broking.co.uk/1649818

Commercial e-trading starts to come of age at Biba 2010

Emmanuel Kenning reports on the excitement at this year's industry conference at London ExCeL, where brokers beat a path to access the cost-saving, revenue generating technology on offer from software exhibitors

OPEN GI USED this year's conference to launch Ebroker, a quote-and-buy program enabling brokers to sell products for small and medium-sized enterprises to clients using the internet.

The firm's full-cycle offering provides comparative quotes from a range of insurers for property owners and tradesman products, with further category launches scheduled throughout the year. For a one-off fee of under £10,000 and an ongoing licence charge of around £2,000, brokers receive back-office integration, web design, corporate branding and secure online payment processing, allowing consumers to purchase cover instantly.

Simon Hughes, sales and marketing director at Open GI, said: "It should be no more difficult for a broker to trade commoditised products than private motor. Around 85% of new motor business comes from the internet, principally price comparison websites, so why should it be any different for commoditised packaged commercial?"

Hughes added that the software house, which deals with 18 price comparison sites, believes aggregators are increasingly looking at SME opportunities, predicting that the market will mature by the first quarter of 2011.

> "Lots of insurers are very excited about the possibilities for integrating with other databases to clean up data..."
>
> Ray Vincent, Transactor

SME-focused technology was also the order of the day for Acturis, which provided a visual demonstration of the flow of e-trade commercial business. A real-time graph linked to the company's database was on display to show the number of e-quotes the firm was handling that day for lines such as commercial combined, property owners', shops and tradesman.

Live feed

Simon Ronaldson, sales and marketing director at Acturis, commented: "[The graph] will get to about 10,000 before the day is out. A lot of people are saying e-trade is going to happen in the commercial space but this is tangible proof that it is already happening. A lot of the insurers have been blown away by how much volume is now going through."

Ronaldson also pointed out that, six months ago, e-traded packaged commercial combined offerings did not really exist but that it is now becoming prominent, with premiums often up to £4,000. The next area to receive Acturis' attention is mini-fleets: two insurers are signed up already and a third is on the way. Ronaldson said: "Once we have it to sit alongside our small commercial combined package it means, for most businesses, that they can trade all aspects of their basic insurance needs on an e-trade basis."

High activity

Ronaldson highlighted that the Biba conference was the busiest he could recall, an impression shared by Ray Vincent, managing director at Transactor, who remarked: "We are getting what you might call a second-generation of internet broker who knows what they want and is being more careful about where they buy it."

Vincent believed the conference proved this is an interesting time for insurance technology: "There is a lot of exciting stuff going on around personal lines, mostly to do with calling out to other databases during the quote process, whether it be credit checking or claims verification. Lots of insurers are very excited about the possibilities for integrating with other databases to clean up the data and get a more accurate picture of the risk they are taking on."

As well as insurers showing increasing interest in technology, according to Phil Ashton, sales director at SSP, brokers also proved that their technological knowledge was "far superior to what it was only a few years ago". He explained: "We've had a lot of interest in changing systems to meet today's business requirements from people with old systems that have not been updated for quite some time. Nowadays, people are seeing a lot of efficiency wins on new systems and technology."

In Ashton's view, since the last conference the tide has changed, particularly in SME. He concluded: "The efficiencies of doing small-package SME business through a single system with one point of entry and multiple insurers quoting is what a lot of people are interested in. It bodes well for the future." **PB**

Editor's comment

Brace yourself for the Budget


Andrew Tjaardstra

GROSS DOMESTIC product figures were revised upwards to 0.3% growth for the first quarter, suggesting that the UK is on its way back to steady growth. Yet, despite politicians sorting out a coalition government in fast-forward compared to many of our European peers, there are many uncertainties for business managers as they look into the future.

The cuts announced by Chancellor George Osborne are the start of many, inflation appears on the high side, the eurozone debt crisis has still to be resolved and there are doubts over the sustainability of the rapid rise in property prices in China. The economy is still heavily reliant on confidence in the banking system and the uptake of loans, while if there is another crisis such as in Greece then borrowing costs could rise further and appetite for debt could dwindle.

If you are a broker and dealing heavily with public-private partnerships then it is time to start thinking about alternative growth prospects and to examine closely which projects could be affected. Economists say that the Chancellor's recent cuts represent just one-tenth of what is needed and there is bound to be an impact on the private sector as outsourcing companies take a hit.

Emergency Budget

The government's emergency Budget on 22 June is going to prove another defining moment for the economy, especially with the possibility of capital gains tax and VAT both rising. These are strange times as we slowly and painfully try to reassert fiscal responsibility across our public finances, so now is the time to stay even closer to your clients and make sure that you are first on their contact list for when they need a trusted, professional adviser. **PB**

• *Don't forget that the deadline for entries for the UK Broker Awards is 18 June at 17:00. This year's awards include Business Owner of the Year, Network Member of the Year and Broker Manager of the Year. If you have something to shout about then log on to www.ukbrokerawards.com for more details.*

Viewpoint

Can there be a claims coalition?


Tim Crossley

WITH THE UK seeing its first coalition government for half a century, are there lessons to be learned for the insurance industry when it comes to collaboration for the collective good?

There seems to be an eternal conflict of interest between brokers and insurers, fighting for the ownership of the client, with one side trying to gain the upper hand however much either side will dismiss the charge.

Insurers sometimes question the value that brokers bring to the transaction in the face of perceived excessive commission costs, while brokers are ever more nervous of any perceived attempts to cut them out of the loop. Nowhere is this conflict more concentrated than when a claim arises: it is the broker that the client turns to for updates on progress and their chances of receiving payment. Then there is the matter of venting spleen over any perceived delays.

The client sees the intermediary as the point of contact, so in their eyes it is the responsibility of the broker to ensure that insurers are doing the best job in terms of delivering. This leads to a chain of pressure with policyholders pushing brokers, which in turn press underwriters for progress and updates to meet the demands of their clients.

Modern technology brings with it streamlining of the process, delivering real choice for the broker when it comes to how claims are handled. They can decide to take on more of the claims processing or hand over the claim's management to the underwriter, then make certain that the insurer has the best possible information to settle the claim. Technology also allows brokers to give their clients direct access to the status of the claim, improving client service still further.

Uneasy bedfellows as they are, can the Liberal-Conservative coalition set a precedent for brokers and insurers? Will we come together for the benefit of the client and ultimately the market? Certainly, the technology available to us now makes this more achievable than ever before. **PB**

Tim Crossley, sales manager, Fineos Corporation

Sponsored by ABBEY LEGAL PROTECTION

Protection for rainy days

Limitation-of-liability clauses are tricky and carry great risk if not handled carefully but, drafted correctly, can provide significantly improved risk management, writes **Emma Bate**

JUST AS TAKING an umbrella on a sunny day seems to ensure that the rain stays away, brokers should consider using a limitation-of-liability clause to improve their risk management and protect them against the costly consequences of unfortunate events.

Traditionally, there has been some resistance by brokers and other professionals to including these clauses in their terms of business, the principle being that professionals should accept full responsibility for their actions.

Today, limitation-of-liability clauses are now common in lawyers' and accountants' terms of business, seen as a useful tool in allocating risks fairly in business relationships. Without a sensible limitation-of-liability clause, a job worth a few hundred pounds in fees, for example, could bankrupt a business if a small mistake were made.

The perception is that insurance brokers have been reluctant to introduce limitation-of-liability clauses into their terms of engagement. Whether this is because brokers do not think they need these clauses or are unsure how to use them is unclear. Either way, the British Insurance Brokers' Association has stepped in to assist with the fourth in its series of Professional Indemnity Initiative publications, entitled *Facts about Limitation-of-Liability Clauses*. Now brokers have a useful source of the key issues to consider.

One of the most important points is Biba's recommendation that brokers should seek specific legal advice before using a limitation-of-liability clause. You might think 'you would argue that as a lawyer', though it is mentioned in the knowledge that these are possibly the most perilous clauses to draft; even the most minor error in the drafting can cause the whole clause to have no legal effect.

For example, if the drafting is not absolutely clear then the clause will be interpreted against you when you try to rely on it. Also, if the clause accidentally excludes liability that cannot be limited by statute then the whole clause could be struck out. Further, in standard terms of business and consumer contracts, you must ensure that the allocation of risk is objectively fair. Also, for consumer contracts, you should use formal legal terms with caution, even if they are used to ensure precision in the drafting, because if consumers do not understand those terms then your clause will fail.

Brokers should not be put off adding in a limitation-of-liability clause into their terms of business. Having a clause drawn up professionally can be money well spent, just as a decent umbrella will not blow inside-out at the first gust but protect you from the rain for years to come. **PB**

Emma Bate, commercial partner, financial institutions group, Beachcroft

Illness on leave

Q An employee recently returned after a two-week holiday complained of sickness for a period of three days during their leave. Are they able to claim the holiday entitlement back due to the sickness?

THE LAW regarding claims of sickness during statutory annual leave has recently been modified. The European Court of Justice has ruled that a period of illness while on holiday does not count towards the entitlement to annual leave and, as such, any employee who is ill during their holiday can request replacement leave to cover the period of ill health. In the event of this request, you cannot refuse to allow them to convert this time. If you do not believe that this was genuine sickness then you can challenge it in exactly the same way as under normal circumstances.

There are a few factors that you can consider when dealing with the request. You should give reasonable consideration to the fact that your employee did not notify you of a period of sickness during their annual leave. For example, if they were in a remote location and struggled to find a way of communicating with you, it is understandable that they could not contact the office.

Even under less extreme circumstances, though, it would not generally be considered necessary for your employee to contact the office during this time; it would be acceptable for them to inform you of the sickness period upon their return. You would expect them to tell you immediately upon their return to work and not wait a few days before saying anything. You should update your holiday and sickness policies to set out what steps you expect your employees to take in these circumstances. Make sure that you monitor this to ensure it is not abused.

While your employees are in most cases able to request that the time lost through illness be given back to them, they are only able to recover the period of time during which they were actually ill, so the remaining period of holiday will stay as annual leave. Make sure your staff are aware that if they will want to convert a period of holiday into sick leave then they will need to comply with the company sickness policy as far as is practicable. If the period of ill health will last beyond seven days then they will need to provide medical evidence to recover this time as sickness, although in this case they would be able to self-certify themselves for this three-day period.

If holiday is converted to sick leave then your employees will only be paid in accordance with your company's sick pay rules and they need to understand that this could reduce their income over this time, particularly if you only pay SSP and do not pay for the waiting days. If you have any bonus schemes that are calculated by considering sickness absence then this converted period of leave will be counted. Similarly, if targets were adjusted to allow for a period of annual leave then they will have to be recalculated to take into account that the leave period is shorter.

You might want to look at your absence management procedures in relation to periods of sickness during holiday leave. Putting in place a policy stating that periods of sickness cannot be covered with holiday may make it easier for you to manage absence. **PB**

Peter Done, managing director, Peninsula

Securing the stamp of approval

Q We have the opportunity to expand into Europe but, after all the bad publicity about passporting surrounding an Irish insurer recently, is it a good idea?

LET US BE clear what we mean about passporting and how your situation might differ from that of a foreign insurer seeking to trade in the UK.

In essence, passporting allows you as an intermediary firm to offer financial advice to clients that are based in any of the states that make up the European Economic Area. In addition, a UK intermediary providing advice to a client located in another EEA state must satisfy the legal requirements of that state. In other words, your regulatory approval is UK-based through the Financial Services Authority but, in respect of all other laws that could be relevant to operating a business in another country, you must observe the laws of the land.

The thinking behind this approach is that if your firm has satisfied the requirements of its home state regulator then it avoids the process of starting again from scratch when expanding abroad.

Passporting is not an issue to be taken lightly. If a firm trades in an EEA state without permission, it could face criminal prosecution by that state and would also potentially suffer a serious blow to its UK regulatory status. It could bring into question the firm's ability to manage its affairs in accordance with FSA principles and also whether the firm's approved persons were exercising sufficient controls or not. The FSA would be less than impressed if it found that a regulated firm had set up in another country without either passporting or obtaining permission from the other country's regulator.

If your firm is operating only in general insurance then you will need only the *Insurance Mediation Directive* passport. Under this process, the FSA has one month to inform the host state's regulator of the firm's intention to passport; the UK watchdog will at the same time inform the firm that it has made the necessary notification.

The firm may start business one month after the date it was informed by the FSA of the notification referred to above.

It is worth bearing in mind that, while applying for passporting is a straightforward process and does not cost, once given, a firm must then abide by the regulatory rules of the state in which it trades. For instance, in Ireland, you must abide by the Irish financial services code, which is an extensive and complicated set of rules to say the least. So, while you are able to trade by means of approval by your home state, you must do so within the rules of the host country.

You can apply for an all-states passport or just a passport for individual states. There is plenty of information on the FSA website.

One important point to remember is that any broker arranging insurance cover for UK clients' overseas holiday homes need not worry. Although the insured property is overseas, if you are arranging cover through a UK-based provider, you are not trading in that country. It is only when you are trading in an EEA-listed country (for example by setting up an office, having staff there or having the ability to place cover in that country) that passporting becomes a requirement. **PB**

Ian Ritchie, director, RWA Group

For more on passporting, go to www.fsa.gov.uk/Pages/Doing/Regulated/Notify/apply/faqs/index.shtml

In the face of adversity

Emmanuel Kenning meets the founders of Baker Jayne, who set up their brokerage in the teeth of the worst recession since World War II and managed to make a profit in its inaugural year


Alan Jayne (left) and Adam Baker

SETTING UP AN insurance brokerage at the nadir of the recession would strike some people as crazy but it was a challenge that co-founders Adam Baker and Alan Jayne could not wait to face. They had been in discussions since mid-2008 and believed the economic downturn to be the ideal time to fly in the face of received wisdom, proceeding to start trading in January 2009. Baker says: "Even though it was the recession, we felt the timing was good because it is when brokers really should be earning their money for their clients."

With saving money undoubtedly a major motivator for clients, Baker Jayne generated opportunities relatively quickly. Baker continues: "Our initial experience is that there is complacency out there from brokers. I've found that cover isn't always right and there is a distinct lack of understanding of clients' risks."

Baker started his career at The AA in 1992 and has since worked at Independent Insurance, premium finance companies and, most recently, he was business development manager for commercial lines at Evolution Underwriting. Jayne has been in broking for 23 years at companies including Marsh and THB Clowes.

The co-founders purposefully chose office space in the top floor of a converted barn a few miles outside of Kenilworth. The loft location, with views of green pastures and Kenilworth Castle in the distance, is not only competitively priced compared with a city-centre location but also offers good motorway access for Birmingham and London. The co-founders believe that the local presence of consolidators such as Towergate, Bluefin, Oval and Giles in the area has been a benefit.

Baker explains: "People are now looking at their current broker – due for retirement or sold to a consolidator – and they are not getting the personal touch that they had. People like to see the people ultimately dealing with their insurances. It's a cliché but we are offering a personal service." To achieve personal service, both men attend meetings together with clients, offering both the insurer's and the broker's view.

The pair stress that setting up was not done with any plans to sell out. Jayne says: "Our game plan when we sat down was to have 200 clients paying on average £4,000-£5,000 in commission fee income."

Independent pride

At the start, maintaining cash flow and becoming profitable were the orders of the day and the company was happy to spread its wings for business. One of the most important actions it took was joining a network. Jayne says: "We couldn't just jump in and get all the agencies we expected just like that. We felt we needed support and we wanted to start off as something small but part of something bigger. We looked at all the options but Broker Network listened to our story and gave us the best package."

Baker Jayne
Sales manager: Alan Jayne
Director: Adam Baker
Established: 2009
Number of staff: four
Main lines of business: commercial
Location: Kenilworth (Warwickshire)
GWP: £1.65m

He adds: "We have taken on every agency we feel necessary to survive. We've got some weird and wonderful obscure agencies and we might have one or two policies with them. We'll whittle that down over the next six or seven months to a core that we know we can

Photograph: Fiona Compton

> "I think insurers are all realising that claims is where they are judged by their customers. If they want to retain them then they have to be better at it." **Adam Baker, Baker Jayne**

work and have a great relationship with."

The brokers insist that this means there is no interference with how they run the business and being independent is clearly a source of pride. Baker says: "We sleep very well at night. We don't have any issues in terms of commissions or where we place risks."

A substantial proportion of the company's initial business came through an introducer in north London and Jayne accepts they are yet to fully hit their target of going for local clients. However, with 550 clients, gross written premium of £1.65m in the first year – and a profit – they are doing something right.

Baker believes their value-adding approach is part of the reason for their business' success: "We are trying to give risk management and health and safety advice to make sure clients comply with the warranties on their policies. We are very much about networking with and for our clients and have providers that can help them, for instance for electrical inspections."

Baker cites the guidance he gave to a large motor fleet client with £1m of claims over three years, without the previous broker seemingly trying to stop the flow. Baker asked the client: "I presume you don't enjoy all these claims? What about driver training, tracking, instant reports after the accidents? There are all sorts of things you could be doing to help yourself."

Long-term relationships

Baker Jayne is also upfront with its fees and commission levels. Baker feels that the firm's openness is a strength: "People will only reward us and appoint us as their broker if we do the right job, not just for the premium but for cover, for our approach and service in dealing with them properly."

Although it is still early days, the start-up is yet to lose a client; Baker enjoys the challenge of maintaining its 100% retention rate. Despite having achieved some dramatic cost savings for some clients, this does not mean the firm chases the lowest price. Baker says: "Most clients want consistency of insurer and we don't want to chop and change for the sake of it. It's important to build up a long-term plan with the insurers that we deal with and we want clients involved in the decision-making process."

Baker also believes that insurers have learnt the lessons of the recent past when it comes to keeping clients satisfied: "I think insurers are all realising that claims is where they are judged by their customers. If they want to retain them then they have to be better at it. I'd say 80% of claims are decent, they are dealt with very well and the clients are happy."

With the first year completed, the brokerage is now looking to grow by £1.5m GWP each year. Jayne says: "The one thing we don't want to lose sight of is smothering our clients with servicing. We are saying up to £8m is good because we don't want to overstretch."

The brokers started off by themselves but are already looking to appoint a fifth team member in September; they believe that there are not only customers but also staff available from the consolidators. Baker says: "We have a number of conversations on the go with unhappy account executives who have been acquired and taken over by some of the consolidators. They don't have the same restrictive covenants in place and are not happy being part of the new regime."

The firm is planning to go for chartered status and the founders are fans of the Chartered Insurance Institute. Baker says: "[Membership] is added value for our clients: it gives credibility and shows professionalism."

The firm is also trying to make use of technology by having its own server and hosting clients' documents in a password-protected area on its website. Baker says: "We are quite surprised to be ahead of many of our competitors on this. A lot of people said it's pointless but actually it's been a selling point and we won a very large client because of it."

The future seems bright for a company that has managed to combine being young and energetic with an experienced and thoughtful approach. Jayne has great affection for a local competitor that has been sold on and is working to emulate its success: "As a salesperson, trying to get business away from that particular rival was nigh-on impossible. You'd cringe when you heard the firm's name. That is the footprint we want to follow." **PB**

Outsourcing for profit

From IT to human resources by way of claims management, recession-affected margins could be improved by outsourcing – no matter what the size of your company, writes **Sam Barrett**

AS THE ECONOMY starts to recover, UK brokers are checking themselves over for recessionary damage. Reduced headcounts, tighter margins and tougher business conditions mean that many are looking at their business strategies, with outsourcing regarded as an increasingly popular option.

This can be seen in figures from the National Outsourcing Association. In its quarterly Outsourcing Confidence Index, which was released in April, it found that over half of the UK's outsourcing end users were more confident about using outsourcing to support their businesses' objectives this year. The survey also found that 60% of respondents were looking to transfer services externally this year that they had not previously.

Further, the sector most positive about outsourcing was financial services, in which 71% of respondents said that they were more confident about this approach than last year.

This renewed confidence is something that's been seen by many of the outsourcing companies. Kevin Child, a divisional director at information technology house SSP, says that he has seen a big upturn in interest in the last few months. "A lot of companies are revisiting their technology, with many considering a much more radical approach to their requirements," he says. "Businesses may be leaner now and outsourcing enables them to concentrate on being a broker."

Claims handling and accident management specialist WNS Assistance has also seen a renewed interest from brokers, claiming to trace this trend back over the past year. "Brokers used to turn to outsourcing to generate as much risk-free income as possible. This thinking has matured now and they are predominately focusing on the experience on offer to drive customer satisfaction and retention," explains Tim Rankin, managing director at WNS Assistance.

On top of this, Rankin says that brokers are realising they need to build stronger partnerships with insurers to help preserve business: "It is the end of the gravy train as far as motor insurance goes. Now, to get the best rates, brokers must offer insurers a better deal and help to protect their costs. Outsourcing the claims process can help to achieve this because insurers know that the third party will look to indemnify its costs too."

Reasons to consider

As well as cost pressures, another incentive to look outside your business comes from the regulatory environment. The Financial Services Authority has signalled its concerns regarding client money accounting, sending letters to brokers warning about properly segregating client money.

Philip Grant, chairman at consultancy Ambant, says: "The FSA is going to be more intrusive around areas such as client write-backs. It's looking for proper controls and risk mitigation but, when this is in legacy business, it isn't necessarily a high enough priority to put the right controls in place. Outsourcing can ensure compliance while allowing the broker to focus on the more pressing areas of business."

One area that can seriously eat into the revenue generated by a broker business is technology and, because of this, many choose to leave the responsibility for maintaining and troubleshooting with another party. For instance, SSP looks after the technology requirements of 5,000 users in close to 400 broker firms, ranging in size from sole traders through to a group of around 800. "We can provide everything they need through our managed service, from the broker software through to the standard office packages such as Word and Excel. All they need is an internet connection," says Child.

While taking this option might make a significant difference to a firm, Child says that the area growing most dramatically is online sales: "We've seen 60% growth in this area with requests from brokers to build web products covering motor and household through to hotels and holiday homes. We can have a motor product online in 14 days."

Child believes that this growth has been driven by a wider acceptance of the internet as a distribution channel: "Consumers have more confidence in buying online now but brokers also recognise that it's an important distribution channel. As everything is taken care of from the initial quote through to document delivery, employees can focus on other areas of the business."

As mentioned, another key area is the claims process. Rankin says that, although some brokers are keen to keep internal as much of this as possible, three areas are predominantly outsourced. These are first response, which is usually white labelled as a broker service; credit services; and accidental damage repair management. "Accidental damage repair management is a new-ish area for brokers but it's an important one. It means brokers can offer their customers a one-stop shop, sorting out all their needs with just one call," says Rankin.

New movement

Perhaps as a result of the shift towards outsourcing in the motor claims arena, a wide range of organisations are being invited to tender for broker contracts. These include specialist claims management companies, car hire organisations and repair networks. Rankin adds: "Some insurers are resisting the move because they don't want the broker to have control over the claims management side but it is really beneficial to both parties."

Another outsourced service that is seeing growth is legacy portfolio management, in part because of the FSA's focus on this area. This is one of the areas in which Ambant specialises, reconciling legacy claims and paperwork so that brokers can concentrate on live business. Grant says: "It could be business that no longer earns the broker an income but, from a compliance perspective, it's vital that some time is dedicated to it otherwise they risk damaging their reputations."

His company can take on legacy portfolios, scan documents so that everything is held electronically and then ensure all is in order from a compliance angle. Typically, the service will be a one-off exercise to reconcile existing paperwork, followed by a periodic review to ensure everything is still in order. "This is a classic area of outsourcing for small to medium-size brokers that

Case study – Bluefin

When the Bluefin brand was born, every business process and policy had to be assessed to determine how it should be harmonised across the company. Among these processes was the outsourcing of motor claims, as Dick Tucker, claims director at Bluefin, explains: "Two of the five broker businesses that make up Bluefin were already outsourcing their motor claims and we felt that it made business sense for this approach to be adopted across the company. As brokers, we add very little to the client experience by having claims handling in-house and we knew there were companies out there that did it all the time that could enhance the client experience."

Work to find an outsourcing partner started in late February 2009, with Tucker pulling together a team from across the business and employing a procurement person with knowledge of the motor market. "The team was made up of a variety of people, some in favour of outsourcing accident management, others that doubted its viability. This gave us varied views on the companies we were looking at but also meant we got good buy-in from our employees," he says.

They put together a questionnaire, containing 84 questions, which was sent electronically to 27 accident management companies. Twenty-four replies were received. "We'd decided what was important and, based on this, we marked the responses out of 100, giving us a top seven that we then visited," says Tucker, adding that by collecting the questionnaires electronically it was much easier to compare responses.

A week was set aside for company visits and Tucker and his team went on the road. "I would definitely recommend visiting all the potential candidates in a short space of time," he says. "We really got into the zone and were able to eliminate a couple of companies almost instantly because the fit wasn't right. We marked them all immediately after visiting and came up with a final shortlist of two companies."

These finalists were visited again, this time with Tucker taking several of Bluefin's managing directors with him. "We were able to get a really in-depth look at how the two companies operated and how we could work together. As a result of this we decided unanimously to go with WNS Assistance," he says.

After three months of agreeing the contract and a couple more months of implementation, the claims management service was ready to go live in December 2009. Initially, personal lines business was rolled out office by office but Tucker intends to extend the service to commercial fleet at some point. Tucker comments: "We're outsourcing our reputation, so we had to make sure we got it right."

want to separate live and legacy business administration," Grant adds.

Training has also become a commonly outsourced service, with brokers using a variety of different models to satisfy their company's training requirements. For larger brokers, it can be more appropriate to outsource the entire function to a training company that then places one of its own employees, an implant, within the organisation to manage and arrange employees' training requirements.

A variation of this can work for medium-size companies, with the implant coming into the organisation perhaps once a week or once a month depending on demand.

Ian Jerrum, managing director at training company Searchlight, says: "Companies can also outsource part of their training cycles. As an example, if a broker is looking at moving into another market, it might want someone to provide a training requirements analysis to identify the skills gap and training needs. The broker can then source the training from other providers or do it internally."

Consultancy

Another option for smaller organisations, or where it is not viable to fund a full-time member of staff, is to outsource a training resource; someone who comes into the organisation once a week or so to liaise with human resources and line managers and provide advice on what training is available to suit the company's needs.

Jerrum says that he has noticed several market trends here: "In part, it depends what the FSA is focusing on. It hasn't pushed training in itself but if it's looking at a topic such as treating customers fairly then we'll see an increase in demand for related training."

It is not always reactive though. "In the last 12 months we've had many more enquiries about management training for first-line supervisors as well as higher-level managers," says Jerrum. "This could be a reaction to coming out of the recession and needing to increase employees' skills but it's often something as simple as people talking and creating interest."

As we have come out of the recession, there's also been a shift away from the e-learning options, which peaked in popularity in 2006-07, to more traditional face-to-face training. This may be a cost-saving strategy as Jerrum explains: "E-learning looks cheap and ticks all the FSA boxes but, if an organisation has 100 employees at £100 each for an annual licence for its e-learning programme, this can attract the attention of a finance director keen to cut costs. With its more variable costs, face to face has become more popular again."

Keen to squeeze as much out of their businesses as possible, brokers are also looking outside of the core insurance services for outsourcing opportunities. Just about anything can be outsourced, from your IT and HR functions through to your travel arrangements and marketing.

IT is a good example of this. For smaller organisations, it might make sense to have an outsourced support service to pick up the occasional IT query rather than employ someone; a larger organisation might have sufficient work to make a full-time employee more cost-effective.

Externalising your IT requirements also sidesteps the cost of investing in hardware, which can be particularly important given the speed and regularity with which systems can become outmoded. As an example, the latest big thing in the IT arena is cloud computing, a concept for which servers outside the organisation are used, meaning that the company's IT infrastructure then operates something like a private internet. "This approach allows you to share your infrastructure across your own organisation as well as with your customers and other organisations," says Kevin Rayner, head of client services for outsourcing at Unisys, which launched a secure cloud offering in August 2009.

Nationwide Building Society has worked with Unisys to replace 500 internal servers with a virtual solution. This, it estimates, will save the company more than £8m over the course of the programme in reduced operational and energy costs.

Although few brokers can replicate the scale of Nationwide, as with any technology this will filter down to smaller organisations. Rayner comments:

Outsourcing expense claims

Drilling down into expense claim data held by a specialist expense claims management company can highlight any anomalies within your own organisation's claims. Here are some averages from GlobalExpense's 2010 Employee Expenses Benchmark Report, based on more than 7.7 million individual expenses claimed over the last three years.

- Average number of claims in 2009 per employee – 30
- Average claim value – £55.50
- Percentage of claims that are out of policy approved by managers – 11%

In the financial services sector, the average value of approved individual claims was:

- Business travel – £55.94
- Entertaining – £124.11
- Subsistence – £22.91
- Accommodation – £219.49

“There’s a huge reputational risk for companies if they’re seen to be paying excessive expense claims and this is heightened for those regulated by the FSA.” David Vine, GlobalExpense

“At the moment it’s the larger companies that are moving to this technology but everyone’s talking about it.”

Human resources

Another area that is not directly involved in the business of broking is HR, for which a range of functions can be outsourced. “It’s a broad church,” says David O’Connor, marketing and commercial services director at Ceridian, “but you can outsource anything from your payroll and HR administration through to recruitment, employment law and employee benefits.”

O’Connor says that, by outsourcing HR functions, you not only free yourself to focus on the profitable areas of your business but you benefit from best practice. Smaller companies also tap into the knowledge of the big players.

As an example he points to salary sacrifice for pensions. This is growing in popularity as employees and employers become aware of the possible savings. O’Connor says: “Employees can save tax and National Insurance while the employer saves on their NI contribution. To achieve this, your salary sacrifice arrangement has to be compliant but, rather than become an expert yourself, it makes sense to get someone to do this for you.”

Another trend in the HR outsourcing arena is for self-service delivery. This builds on the flexible benefit platforms that have grown in popularity over the last decade and allows employees to carry out other HR-related tasks such as booking holiday, sourcing a payslip and recording absences.

Currently, this type of service sits best with large organisations where, by bundling in other areas such as voluntary benefits and employee assistance programmes, O’Connor estimates that employees will realise a net pay rise of between £500 and £700. As the technology matures, it is anticipated that it will become suitable for smaller companies in much the same way that flexible benefits platforms became more widely available.

The state of the economy is also affecting HR outsourcing trends. While business is picking up after the recession, O’Connor has noted that more companies are taking standardised HR offerings rather than customising them. He highlights: “In the current environment, more companies are willing to go for standard application because this enables them to realise the benefits quicker.”

It is also possible to outsource your expenses, which can further help to drive down costs. David Vine, chief executive officer at GlobalExpense, explains: “All expense claims are processed by us in accordance with the company’s policy. Anything abnormal will be queried.”

Proven case

Given the furore over MPs’ expenses and the ensuing focus on this area across all sectors, there is a demonstrable need to ensure that expenses claims are valid. As an example, among the expenses claims that GlobalExpense vetoed in 2009 for failing to comply with company policy were a claim for more than £8,000 for mobile phones classified as building works; a claim in excess of £20,000 for a stay at a luxury resort hotel; and a claim for more than £11,000 for first-class air fares. Vine comments: “There’s a huge reputational risk for companies if they’re seen to be paying excessive expense claims and this is heightened for those regulated by the FSA.”

Once a system is in place, interrogating data can then produce further savings. For example, by focusing on travel costs, instances can be identified in which employees could have saved by booking train tickets in advance or where it might be more cost effective to hire a car rather than travel by public transport.

In addition to helping to weed out unacceptable claims, using an external offering for processing expenses can also ensure greater levels of compliance from a VAT and income tax perspective. “It also wins favour with employees,” adds Vine. “If a claim is put in and approved today it will be in the employee’s bank account tomorrow. This is a big carrot for companies.”

Systems can be designed for any size of company and can be running in a matter of weeks. Fees are generally based around an initial set-up cost followed by a user fee and receipt handling fee whenever an expenses claim is processed.

There are myriad attractive outsourcing options to add expertise and to save time and money. The only problem could be finding the time to weigh them all up. **PB**

"We put everybody through exams if at all possible. All relevant people are members of the Chartered Insurance Institute...we decided that we wanted our customer-facing staff to be ACIIs at minimum."

Stuart Williams, Cowens Survival Capability

New model broker

Andrew Tjaardstra meets Stuart Williams, a director at Nottinghamshire-based broker Cowens Survival Capability, who is passionate about brokers promoting their professionalism to clients and wants to charge his clients fees for his services

AS THE Chartered Insurance Institute attempts to further its professionalism drive with the release of the *Aldermanbury Declaration*, the directors at Cowens Survival Capability have been sold on the ideas behind it for years and are determined to have fellow broker managers follow their lead.

Stuart Williams' colleague, associate director Grant Scott, is president at the Insurance Institute of Leicester and has been seen in print over the last month attacking fellow brokers for only paying lip service to promoting chartered status; he even argues that further complacency in this respect could contribute to the future of the CII being in the balance. Cowens was one of the first to take up the CII's Chartered Status offering and now has the gold-standard label proudly displayed on its website homepage.

Only 60 brokers so far have the badge. Scott is upset with those that have chartered status but do not push it and those that haven't yet engaged with obtaining it. He says: "There are a number of businesses that pay lip service to the standard and are happy to have the CII chartered status badge but do not get involved in ensuring the continuity of quality.

"Obtaining the standard shows that organisations are committed to the highest professional standards and with it comes a responsibility to maintain those standards. While many smaller firms get involved in membership activities, there are those who do very little. I'd like to see the larger outfits getting involved because, without their contributions, the future of the CII could well be under threat."

It seems that many brokers feel that they themselves are not doing enough. In *PB*'s May 2010 Sentiment Survey, 32% of respondents said that they were not investing enough in talent and learning and development. Only three weeks after its publication, 39% had read the *Aldmermanbury Declaration*: many brokers had an opinion on the issue, with 66% believing that the initiative would have a positive effect.

Right moment

The CII has a challenge on its hands to engage more with brokers facing an uncertain economic environment. Although much of the uncertainty results from catastrophic failures within the wider financial services community – predominantly banking – those in insurance think that now is the time to promote and ingrain its professionalism.

The task is large. As Ed Murray wrote in April's *PB*, according to YouGov research, public trust in insurance brokers is lower than in banks, which must be galling (www.broking.co.uk/1600761). Another survey by QBE published in January revealed that only 11% of small and medium-sized enterprises would look to brokers for advice on the financial crisis in 2010; one-third of SMEs also said that they would be happy to reduce the cost of insurance by going direct to an insurer. These results are likely to do nothing to quell tension between brokers and insurers over new business and renewal pricing, which many brokers feel demonstrates a lack of professionalism in itself.

Stuart Williams, deputy president at the Peterborough Insurance Institute, has experience of training that has made him a passionate believer in investing in staff to ensure that they are equipped with the relevant exams from the CII. Cowens Survival Capability was one of the first brokers to take up chartered status: over half the board and all customer-facing staff are members of the CII and there is a professional development programme in place. Staff members are given a half-day each week to work on studies and there is also a mentoring process underway.

Training benefits

Williams comments: "If you have a training programme and the right culture, you will attract the right people, especially in Mansfield, which is not exactly a hotbed of insurance talent." Cowens is also ensuring that its managers gain National Vocational Qualifications in management.

Some of the broker's best recruitment success came by taking on five youngsters at school for training. Three of them are still at the broker, one achieving their ACII last year and one becoming a manager at the company's small business unit. Attitude is all-important in recruiting at Cowens: it uses profile analysis, including psychometric and psychological tests from Thomas International, to try to understand the motivators of their recruits.

Williams is coy about how much its training regime costs the business but is adamant that it generates return on

investment, describing the advantages it brings to the business as "immeasurable".

He says that the investment in professionalism makes a difference when talking to customers – helping to divert the conversation from price – and that the term 'chartered' is better understood than abbreviations such as ACII. Though only 60 brokers have chartered status, Williams is adamant that the marque is worth having. He comments: "If you want to leverage your offering, do something different. Brokers need to get involved and start banging the drum to give something back. The *Aldermanbury Declaration* will be brought into forward-thinking brokers but many are slow on the uptake."

Williams has strong aims for his staff: "We put everybody through exams if at all possible. All relevant people are members of the CII. If you look at the levels of qualifications that the life side needs to adopt, we decided that we wanted our customer-facing staff to be ACIIs at minimum."

Change

Williams joined Cowens from school in 1985, admitting to "stumbling into insurance" on his way to becoming an account handler for fellow senior director Paul Chaplin. Today, the two share the same office in Mansfield. Under the guidance of original partners and founders Bob Cowen and Slavimir Kachta, Williams was able to complete a diploma in business studies with one day a week of leave, then going on to complete his ACII exams by the age of 21.

In 2002, Paul Chaplin and Williams became joint managing directors as Kachta stepped back from the business; they share the same office and are proud of their team unity. In 2004, they opened an office 70 miles away in Peterborough, described by Williams as a "cold site" and "virgin territory".

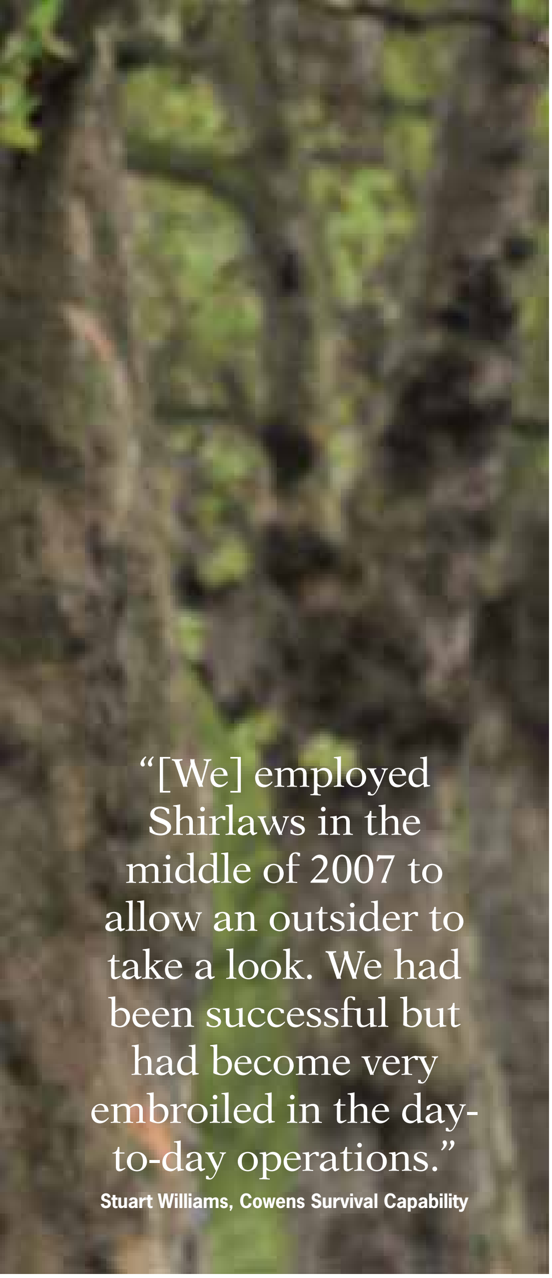
Williams explains the changes that they have made to business: "It was predominantly an insurance broking business, covering lifestyle. It was growing but not to a structured plan. We tool control, wanting to make our mark. Paul and I took the business apart, put it back together and placed our stamp on it. Several years later, we set about increasing turnover and were successful at it, though we lost our focus somewhat so employed business coaching firm Shirlaws in the middle of 2007 to allow an outsider to take a look. We had been successful but had become very embroiled in the day-to-day operations."

The business coaches challenged Chaplin's and Williams' viewpoints to make sure that they found a clearer understanding of their market proposition and how they engaged with customers. The results saw the pair focus on professional standards, concentrating the sales force and introducing a more robust company structure.

The mix of business at Cowens includes haulage, motor trade, manufacturing, food and high-risk liability. The broker also has a Lloyd's facility with RL Davison. Altogether, there is £15m of gross written premium.

Cowens' SME business unit, headed in Mansfield by Juliet Marke, has an exclusive deal with Allianz to use software platform Acturis for premiums of up to about £10,000. Allianz has embarked on a number of similar long-term deals with brokers across the UK and Chris Hanks, head of commercial at Allianz, argued to *PB* in August 2007 that without such deals he would struggle to achieve the right margin for SME business.

Williams is eager to double Cowens' client base over the next five years through emphasis on good working



"[We] employed Shirlaws in the middle of 2007 to allow an outsider to take a look. We had been successful but had become very embroiled in the day-to-day operations."

Stuart Williams, Cowens Survival Capability

Investing in the Profession

PB and sister title *Post* are running a campaign this year to encourage greater investment in professionalism. All the campaign content – including videos, features and blogs – can be found by typing 'Investing in the profession' into the search box at the top of the page at both www.broking.co.uk and www.postonline.co.uk. We welcome any feedback on the campaign and your efforts to increase professionalism, as well as any concerns that you might have about the professional bodies promoting your business. Send your e-mails to pbeditorial@incisivemedia.com.

culture and service. He is also working on a project to make the firm's entire business model fee based and is using the Alphatec time box (see www.broking.co.uk/1561176) to help with understanding more about how this works. Williams argues that fees give greater control over income and can potentially provide more pricing stability.

Cowens has also been working with business continuity firm Crisis Survivor to help clients plan for disaster recovery, selling its risk management and business continuity planning services. Cowens is spreading the message across multiple media that 67% of companies go out of business within two years if they suffer a major loss, while 80% are gone within five years. They want to address this by ensuring the right protection and disaster planning is in place for their clients and have a created a 126-point checklist to provide cover.

Slowly but surely

It remains to be seen how many brokers take up chartered status – it has been painfully slow even among broker members of the Insurance Broking Faculty – but the campaign for greater focus on professionalism by brokers is stepping up a gear. Many will say that Scott's assertion that the future of the CII is at stake is mere hyperbole, while some will disagree with the CII's own offerings and attitudes. However, as insurance broking becomes more competitive, those brokers serious about promoting the benefits of professional advice may want to consider where they fit.

As Lynn Richards-Cole, associate director at Perkins Slade, takes up the role at the CII's Insurance Broking Faculty as its first female chairman, she knows that the likes of Grant Scott and Stuart Williams are on her side. Whether or not they can persuade even one-quarter of all brokers that the best route to professionalism is through chartered status remains to be seen.

Meanwhile, Williams will continue his drive towards fees, growing his book and banging the drum for chartered status. Local rivals, you have been warned. **PB**

Sporting chance

With the 2012 Olympics looming large on the horizon, **Emmanuel Kenning** delves into the many and varied risks surrounding the insurance of sports clubs

WHEN PABLO Picasso was asked 'what is art', he replied: "What isn't?" Ask anyone in insurance a similar question about cover for sports clubs and you risk a similarly philosophical response.

Phil Grace, liability risk manager at Aviva, points out the impossibility of creating any kind of spectrum: "At one end you could have parachuting and scuba diving and perhaps at the other end badminton with everything else in between. There is no single sports product because of these differences."

Grace's is a viewpoint endorsed by David Griffiths, managing director at Kerry London's sport and leisure division. He says: "No two are the same. It is very difficult to say how big the market is by size or premium. There are many clubs in key sports but where do you stop for minority ones?"

Each case has to be judged on its merits. The list of elements to consider is incredibly long. Among others, the list can include: property, business interruption, cash, legal expenses, employment and public liability, directors' and officers' and personal accident.

Official involvement

Kerry London, which has a sports team of eight, is responsible for an approved scheme with the English Cricket Board. Griffiths says that it gives the governing body the reassurance of knowing that all its members have insurance in place. For small clubs with low premiums, it is often the case that a standard scheme product is the most viable way forward.

The company has a managing general agent relationship with Fortis, which Griffiths explains allows the broker to create its own policy wording. The value-adding element for any broker, though, is its ability to think beyond a standardised approach when necessary. Griffiths uses the example of golf to show that valuations are important when dealing with a club that is different from normal. Along with machinery and plant cover, it might also have member boards and trophy cabinets to consider. He highlights: "Where it is a sports club with a great tradition, it is worthwhile getting things valued. Take photos because people forget and you cannot remake them without copies. If it has burnt down, it equals a great loss of history."

Cobra is another broker affiliated with a governing body. It began its sports offering in 1991, dealing in public liability cover for Sunday league teams playing on local authority pitches that needed insurance on a cost-effective basis. Phil Truman, managing director at Cobra Corporate Solutions, points out that there are around 40,000 such clubs in the UK and, in dealing with such vast numbers, dealing with counties is a prudent step. Cobra runs one of two approved schemes with the Football Association and works with approximately 35% of the UK's counties.

Truman identifies two elements in particular as being crucial for brokers to consider if faced with insuring any sports club that deals with contact sport: the timing and level of public liability cover.

Public liability insurance can be written on a claims-made or claims-occurring basis. Any policy written on the former basis relies on the policy being in force at the time of the claim. What is significant to bear in mind is that, with the statue of limitations being three years for adults, it is feasible that claims could come after a club has disbanded. Truman explains: "The problem is that teams and clubs come and go. If you faced a claim [years later], you'd be on your own. All our policies are on a claims-occurring basis."

For youth team players, it is an even more important consideration because the three-year limitation applies only once the person has turned 18. In effect, a nine-year old could still bring a claim a decade later. Truman comments:

“It has been fought and won that it is the club’s responsibility to ensure that its players are playing in a fair and honest way. Litigation claims are starting to come through.” **Paul Nicholson, Towergate TLC**

“After a bad break and with a reasonable recovery, it might be five years later that there are problems with a joint.”

For the level of cover there are two options: member-to-member and player-to-player. In the first instance, if a centre forward at a football club accidentally clashed heads in training with a club mate defender then they would be covered, yet if the same happened during any game involving an opposition player then they would not be. Only in the latter would the player be covered.

Truman says: “Our scheme can offer both [levels] to provide the broadest cover. We feel it is very valuable but it does add to the cost. In addition, personal accident cover is becoming more and more popular.”

Truman’s final point is supported by Grace, who points out that, for schemes perhaps set up by a governing body to use its buying power that offer only member-to-member insurance, personal accident cover can be a good workaround.

Complete awareness

Grace also points out that clubs must be aware of the insurance needs of referees as well, not just their players. Citing examples of issues surrounding rugby scrums, he says: “Clubs should check that professional indemnity insurance is in place. An accredited person should have cover because they have professional duties in the same way as an architect, lawyer or insurance broker has.” Grace notes that the complications do not stop there: “Some clubs are no different from many other non-sporting businesses; they need fire, theft, products and public liability cover. It is also common for them to have fundraising events.”

The most common examples of extra events at sports clubs are fêtes, barbeques and firework displays. Grace says that the insurer “would normally expect them to hold events” and as such small gatherings would be covered. Concerning higher-risk events with greater attendance, he adds: “We might require notification and would expect them to use a contracted professional display organiser with its own insurance.”

The difficulty for brokers and sports clubs is in knowing where the grey area lies. Towergate TLC works with many national governing bodies and the firm’s sports executive, Paul Nicholson, points out that brokers must ensure that the small print is reviewed. He says: “The first question is over what types of sports need insurance for participation. A village might have a mixed sports club offering football, cricket and running, for instance. Then it is about property and fittings and making sure that the policy covers fundraising and volunteer activities. Bouncy castles and fireworks are the age-old exclusions.”

One area that Nicholson also highlights is the growing presence of litigation in sport. His approach is to “advise sports clubs to take out personal accident cover” but he adds that a recent Court of Appeal ruling could make matters even more complicated, describing it as “one of the most contentious issues that affects sport”.

In a 2005, rugby union club Redruth’s second-row forward Richard Carroll punched rival team Halifax’s prop Andrew Gravil, breaking his eye socket. Gravil sued both Richard Carroll and Redruth. In June 2008, the Court of Appeal ruled that it was “fair and just” to hold the club liable, overturning an earlier High Court ruling that had distinguished between employment contracts for full and semi-professional clubs.

Collective responsibility

Nicholson says: “It has been fought and won that it is the club’s responsibility to ensure that its players are playing in a fair and honest way. Litigation claims are starting to come through.”

Although sports clubs might not be everyone’s raison d’être, Nicholson believes that the 2012 Olympics could make such clubs even more popular and raise the potential for more business and claims to land on brokers’ desks: “There is a boom happening in sport in general, with more money going into grassroots, especially for Olympic sports.” It is a conclusion that Grace supports: “A lot of people have been working towards the Olympics and those people watching might become inspired.” **PB**

Attributing liability

Steven Aitken, senior associate at law firm Reynolds Porter Chamberlain, highlights issues surrounding liability of sports clubs for injuries on the field of play.

In the UK, there are 19 million sports injuries each year. This figure, in light of better general awareness of litigation, means an increasing number of claims.

The threshold for action is high but does exist. A claimant would need to establish an act of foul play that amounts to a reckless disregard for safety and falls well below what is expected by participants in the sport.

The person who caused the injury cannot avoid liability by virtue of their membership of a club, nor is the club automatically liable for the actions of its members. The club will not become liable simply because the individual responsible has no insurance or money to settle a claim. Consider also the referee, who has their own personal duty of care to players and can as such be liable.

Most clubs are unincorporated associations, for example a not-for-profit or charitable collection of individual members. Such an organisation itself is not a legal entity and cannot be sued, though actions can be brought against individual committee members in certain circumstances. Liability might arise, for example, where there is knowledge of previous dangerous conduct and failure to prevent participation, such as by allowing children of different ages or sizes to compete or otherwise failing to provide a safe environment.

If the club is not liable, this leaves the individual member exposed to a direct claim. Clubs might wish to protect their members against this by taking out insurance.

A note of caution: even dubious claims need to be defended. This requires legal representation that must be paid for even if no insurance has been taken by anyone.

PROFESSIONAL BROKING

PB

MANAGEMENT EVENT 2010

Informing

"Education is the most powerful weapon which you can use to change the world."

Nelson Mandela

PB Management Event 2010 | 6 October
Marriott Grosvenor Square | London

Insurance broking is evolving rapidly, creating a constant stream of new challenges for broker managers.

The PB Management Event provides a central forum in which to debate these challenges and work together to define solutions.

An incisive*media* event
incisive-events.com

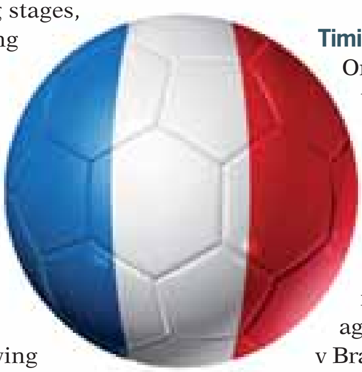

Inspiring
Informing
Challenging

Looking for extra time

Without doubt, many employees will want to watch this year's World Cup. **Andrew Tjaardstra** examines how different businesses are reacting and what to think about when setting a staff policy for the tournament in South Africa

AS THE WORLD becomes smaller with the advent of new technologies, the football World Cup grows ever bigger. This summer's tournament in South Africa, kicking off on 11 June, is set to raise billions of dollars for the South African economy, although less than originally anticipated as the recession takes its toll on fans' pockets. Football's world governing body, Fifa, is anticipating over £1bn in profits from sales and lucrative marketing rights.

The teams bring with them to the competition the hopes and dreams of 32 nations and after the disappointment of missing out on Euro 2008, England has sailed through the qualifying stages, culminating in an exhilarating 5-1 defeat of Croatia at Wembley Stadium. As a result, England is bristling with excitement as a month of non-stop, world-class football promises to keep many fans on the edge of their seats. Meanwhile, many brokers' employees and clients will support rival countries, growing just as excited as England's fans. Those fans of Wales, Scotland, Ireland and Northern Ireland will once again have to decide whether to support England or their opponents.



Although the World Cup should put many in a good mood, at least temporarily, there are challenges for employers to ensure that they have the right balance between 'business as usual' and celebrating the occasion. As the BBC spends millions of pounds of license fee money on covering the tournament, us mere mortals left behind will try to focus on the day job, though clearly the distraction of the world's second-biggest sporting occasion is potentially a huge disruption to the working day.

Timing clash

One of the key areas to note is that some attractive matches for fans will take place during work hours, such as the opening fixture (South Africa v Mexico), England's final group game against Slovenia, Portugal v Brazil and two quarter-finals, all of which games start at 15:00 BST (see box). Already there have been warnings from the likes of Deloitte that failure to tap into the spirit of the World Cup could lead to extended sick leave and high levels of absenteeism, costing employers millions of pounds. Making it clear that staff should take holiday if they want to watch a game could help.

David Grant, deputy underwriter and director of distribution at Equity Insurance Group, told *PB* that his company is very much embracing the festivities. He says: "When the World Cup comes along, people get very excited, especially as we didn't make the Euro championship last time. This is a chance for staff to enjoy themselves, especially on the back of a recession."

Equity sees the tournament as a great marketing opportunity, with football screenings and broker events featuring ex-footballers at the stadiums of such teams as Aston Villa, Chelsea and Manchester City. Signed England shirts, staff competitions and a more flexible World Cup work agenda are part of the mix. (There is also a competition in conjunction with our website, more details for which are at the end of this article.) Grant

One of the key areas to note is that some attractive matches for fans will take place during work hours, such as the opening fixture of South Africa v Mexico.

warns, though, that there is a responsibility to control any parties properly, especially where alcohol is flowing. He also advises managers to remember those staff with little interest in football; Equity, for instance, has already made plans for an away day for those wanting to escape the World Cup.

Richard Simpkins, law phone supervisor at Allianz Legal Protection, says that any World Cup screening at work should be viewed in the same way as Christmas parties. He explains: "It is sensible to ration alcohol and if you have staff that are under 18 you need to keep an eye on it."

He also thinks that a World Cup policy is a good idea to allow people to make plans, especially if they want to take time off to watch the games. He feels that, whatever precautions an employer takes, illness could go up anyway.

Simpkins comments: "As there is self-certification for seven days, you often can't plan for illness but you can try to actively manage your way around it. Perhaps you can introduce flexible working hours or allow people to work from home." Staff could be encouraged to come to work an hour and a half early or to work later into the evening so they can relax during the game. Simpkins adds that you cannot discriminate against staff from other countries and that, if England's followers can watch, fans of other nations should be allowed time to watch their teams. Dress codes should also be taken into account, such as whether to allow replica team shirts in the office.

Iain McMath, managing director at Sodexo employee benefits, is adopting a pragmatic approach to the World Cup. He believes that people are going to want to watch the games and is putting up screens in the office – make sure you have a television licence if you do this – and has also introduced a table football game to the workplace. With the advent of television being available online, some staff might try to watch games at their desks, so it is worth ensuring that they know whether or not this is permitted.

Competition options

McMath, who is an advocate of non-financial incentives, is dividing the staff into four teams among their departments to compete in a World Cup competition. He is not, however, allowing alcohol into the office, citing moral and legal problems in doing so. For those who don't like football, he has opted to install an Olympics game on a Nintendo Wii and Wii Fit in the office, although there are no alternatives for those who don't like sport altogether.

Employers should also be wary that absenteeism could increase as countries progress in the tournament, the situation becoming even more exciting for some staff, especially for those countries that nobody expected to do well before the tournament. For the record, David Grant at Equity predicts a strong challenge from Spain and Brazil.

Whatever your office policy for this World Cup, it is essential to be fair to all employees, ensuring that everybody is aware of the rules. Adopting the right approach can generate good will among employees, which will help make them more likely to be around at your firm for the 2014 World Cup in Brazil. **PB**

• *For details of our spectacular World Cup competition in conjunction with Equity Red Star, go to www.broking.co.uk/competition. On offer are fantastic prizes, including South African wines, Euro Championship qualifier tickets and even an Apple iPad.*

Top employer's considerations for the World Cup

- Are you allowing your staff to watch the games and how? Do you have a television licence?
- Do you have alternative activities planned for those not interested in football?
- How will you make sure staff entertainment is monitored closely?
- Will you have enough staff to keep on top of business during key games?
- If some people are watching the game and others are not, what can you do to ensure that distractions are kept to a minimum?

Key dates and games most likely to affect your business

11 June Opening game: South Africa v Mexico (15:00 BST)
23 June Slovenia v England (15:00)
25 June Portugal v Brazil (15:00)
28-29 June Two knockout games among the last sixteen kick off at 15:00 on Monday and Tuesday
2 July A quarter-final match (15:00)
NB After the group stages, England, assuming they go through, will avoid any further games during work hours, though remember that England is not the only team your staff will be interested in.

Trading ahead

Emmanuel Kenning questions Xavier Denecker, managing director of Coface UK and Ireland, about what the future holds for the multi-billion pound trade credit insurance industry

SINCE THE credit crunch, it has been all hands on deck for Denecker, who is at the forefront of changing the UK's trade credit insurance model. He admits that the events surrounding the failure of Lehman Brothers in September 2008 were remarkable: "Within weeks, we were faced with a dramatic increase in the cost of risk. From one moment to another, companies that were rated as investment grade moved to non-investment grade."

Trade credit insurers were stuck with a structure based on fixed pricing over the duration of the contract and based on the turnover of clients. The consequence was that they acted on the flexible parameter that was at their disposal: credit limits. Some clients felt their cover was being indiscriminately withdrawn and, as Denecker accepts, became "frustrated".

In the UK, the government tried to step in and, while he applauds the effort as "wise and useful" during a time of "freefall", Denecker also feels it was not a problem of capacity, more "one of correct pricing of a risk the cost of which was rising extremely high".

At its conference in January, Coface's chief executive officer, Jérômes Cazes, stated that credit insurance was still only insuring part of what it could and that a different business model was needed to increase the target population.

Denecker explains: "We consider that if we want credit insurance to remain a valid solution for companies and to have more of them using it then we need to have more flexibility and transparency.

"We are now displaying, along with the credit limit, the score of each buyer, which is to say the value that we are prepared to cover for this buyer and the probability of default." He accepts that clients may disagree with some ratings and knows the insurer will have to be open to discussion and revision.

Challenging task

This added transparency is expected to be completed shortly. Denecker admits that the second stage of adding flexibility, creating the ability to match ongoing cover to fluctuating risks of default, is further off because of the information technology issues that it raises.

He says: "We will have this kind of tunnel of risk-weighted exposure defined policy by policy. If we move a buyer from a good category to a very bad one, the risk weighted exposure goes up. In the future, we will say to our clients 'your exposure is no longer what it should have been in the contract, so let us talk again about the price. Do you prefer to either stay with a very low limit or pay a bit more to have this limit partly or totally reinstalled?'"

This second step is due to be launched, client by client, by the end of this year. In theory, a client moving outside its 'tunnel' due to changes in the rating of its buyers could find its premiums being reduced as readily as increased.

With the economy still in flux, Denecker refutes the allegation that some companies cannot purchase trade credit insurance because of their sector. He says: "There are good, sound companies in very bad sectors and there are horrible companies in sectors that normally are good."

French-owned Coface – which has more than 100 UK brokers on its books – announced in 2009 its first ever group operating loss: €249m. Denecker is confident that last year's result will not be repeated, saying that those clients that left the company in 2009 through moving to self-insurance, going under or joining a competitor, have been replaced and that 18 months of restructuring prices means that the company is profitable.

Denecker declines to be drawn on the rumours circulating that its investment bank owner, Natixis, is planning to divest itself of the company by selling it or partially floating it on the French stock exchange. He stresses that, despite the tough market, the future is bright.

He comments: "We do think that, with this [new] system, we will really avoid repetition of the problems we had during the crisis." **PB**

"...if we want credit insurance to remain a valid solution for companies and to have more of them using it then we need to have more flexibility and transparency."

Xavier Denecker, Coface UK and Ireland

The British Insurance Summit 2010

BROKER, INSURER AND EARLY BIRD DISCOUNTS AVAILABLE

Contact **Adrian McSwiggan** at **adrian.mcswiggan@incisivemedia.com** or call **020 7004 7454**

The **British Insurance Summit** 2010

22nd & 23rd September
Grange City Hotel, London

Strategic thinking in a changing world

The recent election, with its potentially dramatic implications for financial services markets, has become the most complex and tightly-fought political contest in decades. Already rocked by recession, the insurance industry now faces further uncertainty, and will need to respond nimbly to change as it happens.

To ensure your company is as prepared as possible, make sure you sign up now for The British Insurance Summit 2010. This unique conference has been developed to offer a comprehensive, practical briefing on the key strategic issues facing your industry over the next 12 months. From regulation and economic issues to branding and innovative distribution models, The British Insurance Summit 2010 will leave you fully equipped to manage change and face the future with confidence.

Agenda highlights

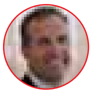
This brand new senior level summit includes:

- An in-depth roundtable session on regulation and Solvency II so you can check progress and find out how to further embed its structure and principles
- Access to the most senior industry figures who will cover the latest on the economy, the new UK political scene and implications for insurers
- Over 25 case studies and interactive discussions to balance interactive knowledge sharing with best practice learning
- A chance to network in a professional but informal environment

Speakers include:

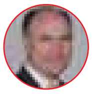
Lex Baugh
president and CEO,
Chartis Europe

Amanda Blanc
deputy chief executive,
Towergate Partnership



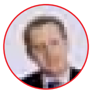
Adrian Brown
UK CEO,
RSA

Stephen Lewis
CEO UK general insurance,
Zurich

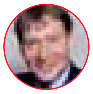


Bronek Masojada,
chief executive,
Hiscox

Professor Douglas McWilliams
chief executive,
Centre for Economic and Business Research



John Neal
chief underwriting officer,
QBE European Operations



Sandy Scott
CEO,
Chartered Insurance Institute

Headline sponsors:

CSC WNS

Associate sponsor:

Total Systems plc

For more information and to book your place, contact **Adrian McSwiggan** on **020 7004 7454 or** email **adrian.mcswiggan@incisivemedia.com**

A limited number of commercial opportunities are available at this exciting event. To find out more about how you could get involved, contact **Rob Richardson** on **020 7316 9800** or **rob.richardson@incisivemedia.com**

An incisive*media* event
incisive-events.com

This event has been accredited by the CII and can be included as part of your CII CPD requirement should you consider it relevant to your professional development needs.

CII CPD Accredited Event

www.britishinsurancesummit.com

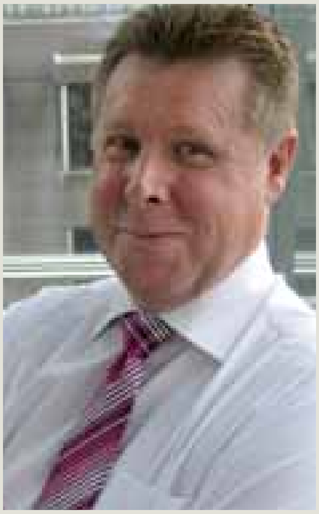
BROKERS AND INTERMEDIARIES

JELF GROUP has promoted Phil Barton to the newly created role of chief executive officer of Jelf Insurance Group from his previous position as commercial director. Since joining the Jelf Group in 2003, Barton has undertaken a number of roles including developing its marketing strategy, leading the compliance function and, more recently, leading the newly acquired businesses. Previously, he worked at Axa and Prudential in a number of senior sales and marketing roles.

MARSH has appointed George Jones to the newly created role of global head of business development for Bowring Marsh, the firm's specialist international placement broker. Reporting to Nick Bacon, chief executive officer of Bowring Marsh, Jones will be responsible for driving Bowring Marsh's sales strategy across its seven operating hubs in Bermuda, Dublin, London, Miami, São Paulo, Singapore and Zurich. Meanwhile, the company has also put in place Martyn Denney and Elizabeth Mills in other newly created roles, those of networks leader and network service and operations leader respectively.

INSURERS AND UNDERWRITERS

AVIVA has announced that Brigid Murphy, director of regional brokers for the firm's UK general insurance business, will leave in June. Her role will now split between two directors of trading, Gareth Hemming and Jon Neill being promoted from within Murphy's team.



CUNNINGHAM LINDSEY has hired Nigel Stothard as its City business development manager for the property owners' and London market sectors. Joining from Teceris, Stothard will work closely with Stephen Raine and Simon Hiscock, London market director and claims manager respectively. He will report to Cunningham Lindsey's director of business development, David Aiston. Nigel has many years' experience in the London property market. He began at Brocklehurst Loss Adjusters in 1973, which was later bought out by Crawford & Company.

HISCOX has hired Bill Guiney as a regional manager for Manchester and also taken on Hannah Hosking in the same role for Scotland and Ireland. Guiney has over 20 years' experience in previous roles at Eagle Star and Zurich. Hosking has eight years' industry experience, beginning her career in broking at Aon and most recently Axa.

NIG has hired six area underwriters across its motor, property and liability lines. Gareth Baxter joins from RSA to become area underwriter for property based at NIG's Maidstone office. David Glover joins from Allianz and will be based in NIG's Leeds office as the area underwriter for motor. Roen Middleton joins NIG's Manchester office from Chartis as the area underwriter for liability. Trevor Southon also joins from Chartis to become area underwriter for liability at the firm's Bristol office. Sarah Hunter has been appointed from RSA as area underwriter for motor at the Bristol office. Neil Fitton will be based at NIG's Watford office as area underwriter for liability, having been TDG's group insurance and environmental manager.

QBE has taken on Esther Felton as head of legal for its European operations. She joined QBE in 2006 from Norton Rose, where she worked for five years in the non-contentious insurance team. Felton takes over the role from Adrian Williams, who left to join Irish law firm Matheson Ormsby Prentice. Meanwhile, Judy Holt also joins as a broker development manager. Holt has over 20 years' experience and joins from Allianz, where she was most recently a strategic account manager.

MISCELLANEOUS

THE ASSOCIATION OF BRITISH INSURERS has made Tim Breedon, group chief executive at Legal & General, its new chairman. He will be formally appointed at the association's annual general meeting in July. Breedon has been group chief executive of Legal & General since January 2006 and a member of the ABI board since July 2007.

GAB ROBINS has taken on Chris Lee as a counter fraud and investigations service co-ordinator. He was the national fraud investigations manager for Teceris. Prior to joining Teceris in 2003, Lee worked for Cunningham Lindsey as a technical investigations manager. Also, Tom McLeod joins the company as a counter-fraud investigator. He was employed by Teceris as a corporate and complex loss adjuster investigator. Before joining Teceris in 2007, McLeod worked at RBS Insurance Services as a fraud investigator and technical fraud adviser.

GARWYN has made Stewart McCulloch its new chief executive officer. He joins having been international chairman for global sales at Xchanging and, prior to that, CEO of Lockton Companies International. McCulloch has also been CEO at Alexander Forbes and service development director at Willis. He takes over as CEO from Declan Treanor, who left the business earlier this year.

LITTLEJOHN has appointed a new partner. Philip Alexander joins from BDO's financial services group, where he was head of insurance audit and regulatory services. Prior to BDO, Alexander was lead partner of RSM Robson Rhodes' insurance and pensions group.

TOTAL OBJECTS has made Colville Wood managing director of the software company, with Jim Barry moving to the position of group development director. Wood has 15 years' experience in financial services technology, most notably as chief architect for CSC and Cognizant. **PB**

Hot on property

Property owner Marlene Ellicombe had to make a claim on the first day of taking cover, though Wells-based broker Higos took helping her out in its stride. *PB* asks her about the experience


Higos' headquarters in Somerset

What kind of customer are you? I live in Hampshire and was introduced to Higos Insurance Services by my financial advisor Richard Palmer, who works for Fareham-based Certus, which is one of Higos' 9,000 introducers across the country. Richard had previously provided financial advice for my son and daughter-in-law when arranging their mortgage. I had received an insurance renewal invitation from a large, well-known insurer and felt that the premium was too high and so my son introduced me to Richard. I went through Higos Somerton's business enterprise team over the phone and built up a rapport with a couple of the team members there.

Why did you choose Higos? I was impressed with the competitive quotation and high level of service that Higos demonstrated: the company showed that it wanted my business.

What insurances did you choose? My initial insurance requirements from Higos were for cover on a portfolio of nine properties based in Hampshire, a mixture of student-let accommodation and commercial leases. Insurances that I needed included flat and property owners', let property and residential home buildings and contents. After I'd placed the commercial insurances, I then went on to place my household insurance with Higos.

Have you had a claim? Almost immediately after becoming a customer of Higos in January 2009, I needed to make a claim. One of my commercial units, a shop, was left empty because the previous tenant had gone bankrupt as a result of the economic downturn; a car had backed into the front of it, causing damage to the unit. I was very concerned because I was not sure where I stood in terms of making a claim; I had only just taken my policy out and, even more concerning, I knew my payment had not been taken by Higos at this stage. I then phoned the Somerton Higos claims department.

How did your broker deal with the claim? Higos came up trumps. The staff were marvellous throughout the whole claims process, which was resolved incredibly quickly and in a satisfactory manner. Before using Higos, I wasn't sure how a broker could benefit me but I certainly know now.

I have moved my buildings and contents policy to Higos, on which I had to make another claim when I discovered a small leak in my bathroom in December 2009. The broker was fantastic when I needed help: I received a response within 24 hours and I felt informed throughout the whole process. The claim was settled very promptly by Aviva and the insurer responded to repair the leak.

I think it is important that everyone receives proper advice on their insurance requirements and, having experienced the level of service Higos offers, I made a point of passing their details to some friends who have since also become Higos clients. **PB**

• *If you have an interesting client experience you would like to share with PB to be covered in future editions, please contact the editor by email at andrew.tjaardstra@incisivemedia.com.*

Top 20 UK personal motor insurers

Rank 2009	Rank 2008	AMB#	Company name	Rating	Group name	GWP (£000s)	Underwriting result (£000s)*	Combined ratio (%)	Loss ratio (%)
1	1	87316	Direct Line	**NR–5**	Royal Bank of Scotland	1,197,111	–244,221	120.2	105.7
2	2	85250	Aviva UK	**A**	Aviva	785,382	–52,656	114.2	88.6
3	5	87274	Churchill	**NR–5**	Royal Bank of Scotland	601,299	–143,371	123.9	104.9
4	3	86257	RSA	**A**	RSA	579,799	–78,476	114.2	91.3
5	4	87648	UK Insurance	**NR–5**	Royal Bank of Scotland	540,252	–101,724	120.0	93.4
6	8	84803	Esure	**NR–5**	Lloyds	435,183	–84,814	119.0	102.8
7	7	87233	Fortis	**NR–5**	N/A	413,976	–47,555	111.5	91.9
8	9	86160	Great Lakes Reinsurance (UK)	**A+**	Munich Reinsurance	409,197	–142	N/A	N/A
9	10	85203	Axa	**NR–5**	Axa	400,276	–66,676	122.0	91.9
10	12	87864	Liverpool Victoria	**NR–5**	Liverpool Victoria Friendly Society	349,245	–20,720	101.2	65.6
11	11	87479	NIG	**NR–5**	Royal Bank of Scotland	249,771	–141,432	158.8	133.1
12	14	78186	CIS General Insurance	**NR–5**	Co-Operative Group	234,337	–83,970	138.8	98.3
13	13	85012	NFU Mutual	**NR–5**	The National Farmers Union Mutual Insurance Society	197,994	–37,249	120.3	99.5
14	16	84154	Highway	**NR–5**	Liverpool Victoria Friendly Society	195,276	–57,136	131.2	108.7
15	15	87542	Provident	**NR–5**	FIM Holdings	155,672	–30,310	120.2	95.0
16	18	87434	Groupama	**NR–5**	Groupama	136,211	–30,966	123.7	93.8
17	19	86373	Allianz	**A+**	Allianz Societas Europaea	108,633	–20,636	117.9	86.1
18	20	78225	AIOI Motor and General Insurance Company	**NR–5**	Aioi Insurance Company	106,923	–18,341	122.7	88.1
19	22	87571	Sabre	**NR–5**	Binomial Group	89,167	27,709	64.6	45.1
20	23	77104	Admiral	**NR–5**	Admiral Group	87,995	–440	N/A	N/A

* Underwriting result excludes investment income.
Note: Some ratio figures are not available (N/A) because all of these companies' personal motor business is accounted for on an underwriting year basis, for which earned premiums is not disclosed on the FSA return.
Figures in above table are based on FSA returns of financial year 2009 for total personal motor insurance business lines (reporting category 120).
Ratings as of 12 May, 2010.

Rating modifiers

Modifier	Descriptor	Definition
u	Under review	*Best's Rating opinion of the company is under review*
s	Syndicate	*Assigned to syndicates operating at Lloyd's*

Not-rated categories
For companies not assigned a Best's Rating the five categories are:
NR-1: Insufficient data NR-2: Insufficient size or operating experience
NR-3: Rating procedure inapplicable NR-4: Company request
NR-5: Not formally followed

Alarm Companies

sutton
SPECIALISTS TO THE ALARM INDUSTRY...

Tel: 0117 930 0100
Fax: 0117 927 9200

To advertise call 0207 316 9405

Asbestos Removal

DIRECT INSURANCE Group Plc

Exclusive Asbestos Removers Scheme

- Exclusive Scheme
- Quick Turnaround
- A Rated Security
- Wide Wording
- Financial Loss to £500k inc.
- £10m EL, PL and Pollution Limits

Speak to THE Asbestos Experts

T : 01277 844 373
F : 01277 844 399
W: direct-ins.co.uk

Authorised and Regulated by the Financial Services Authority

Cleaning Contractors

sutton
SPECIALISTS TO THE CLEANING INDUSTRY...

Tel: 0117 930 0100
Fax: 0117 927 9200

Events

When it comes to insuring events, you can't afford to do this...

Event Assured is designed to be the best on the market, and is now the best on the web too.

If you want the best cover, with quality underwriters and you want to work with a team of experienced insurance professionals, the choice is clear:

Event Assured
Your event, our risk

+44(0)1376 330624

home:
www.event-assured.com
event insurance:
www.event-insurance-online.com
exhibitor insurance:
www.exhibitor-insurance-online.com

To advertise call Oliver on 0207 316 9405

Fleet

TRIDENT

COURIER AND SUB-BROKING SPECIALISTS

- VAN LIABILITY
- GOODS IN TRANSIT
- EUROPEAN COVER AND BREAKDOWN

ALL RISKS CATERED FOR
✓ Motor
✓ Fleet – Inc Haulage
✓ All Commercial
✓ Road Risks and Motor Trade
✓ Buildings and Contents Inc Distressed

Our Van Scheme;
Has Been Better Choice,
and we now use

TRIDENT INSURANCE SERVICES LTD.

Visit us at www.trident-insurance.co.uk

Immediate cover and fast response
All sub-broking provided for
Immediate facilities available

Call for details and a TOBA
Frank Pace
0800 038 9000
Email: frank pace@aic.uk.net

Gifts

EMC ADVERTISING GIFTS
1064 High Road, London, N20 0YY
1000's of Advertising Gift Ideas with YOUR logo/message
VIEW CATALOGUE ONLINE

emc ADVERTISING GIFTS

Time Keyring
Printed 1 colour
50 @ £2.50 ea.

Giant Desk Calculator
1 colour print
25 @ £7.50 ea.

Metallic Luggage Tag
Printed 1 colour
50 @ £9.95 ea.

Q-Mat Mousemat
Full colour print
500 @ 99p ea.

EMC ADVERTISING GIFTS
Phone fax email for catalogues
tel: 0845 345 1064
fax: 0845 345 1065
sales@emcadgifts.co.uk
VIEW AND BUY ONLINE
www.emcadgifts.co.uk

Household

Exclusive Household Schemes at Discounted prices

- ALL RISKS COVER
- CONTENTS
- BUILDINGS
- RENTED PROPERTIES

FSA

Mayfair

0870 062 7612

Lead Generation

L & B MARKETING
Opening Doors for YOU

P.I

Pi4u
Your Professional Indemnity Partner
www.pi4u.co.uk

To become a pi4u partner and earn up to 20% brokerage via your pi4u on-line system please contact us:

t: 01903 815111
f: 01903 815123
e: help@pi4u.co.uk
w: www.pi4u.co.uk

ON LINE QUOTE

Student Let

Unoccupied Residential Property

- Full Perils Available Including Subsidence Cover
- Short Period Policies Available
- Online Quote/Policy Issue Facility
- £2m Property Owners Liability
- 25% Commission for new business/renewals
- Interest Free Direct Debit Facility

For further details of our products, or to discuss an agency application, please contact Jim Starling on 07917 433074 or james starling@ocaso co uk or visit www.ocaso.co.uk

Ocaso SA UK Branch is authorised by the Financial Services Authority.
Ocaso SA has a rating of A+ (Superior) from rating agency A.M. BEST

OCASO
Peace of mind under the sun

To advertise call Oliver on 0207 316 9405

SPECIAL COMPETITION

We are celebrating the arrival of the World Cup by running an accumulator competition in association with Equity Red Star. Over the next two months, we will pose a series of cunning World Cup-themed questions at www.broking.co.uk, giving you the chance to win prizes including South African wine, a digital camera, tickets to see England in a qualifying game for the 2012 European Championships and the latest piece of technical wizardry from Apple, the iPad. Prizes will be given for the winner of each of the weekly competitions at www.broking.co.uk/competition but to win the iPad you must answer each weekly competition correctly, building up to the final. The weekly and overall winners will be chosen at random from all correct entries. The first competition closes on 15 June, with the winner announced on 17 June. Each Tuesday of the World Cup, different questions and prizes will appear on www.broking.co.uk, with the winner announced two days later. To win the first prize up for grabs – a box of South African wines – answer all three of the following questions by 15 June: **(1) What was the score in the opening game of the 1990 World Cup between Argentina and Cameroon?**
(2) What was the score in England's first game against Uruguay in the 1966 World Cup?
(3) Which Scottish player scored a penalty against Brazil in the opening match of the 1998 World Cup finals?
For full terms and conditions of entry, go to www.broking.co.uk/competition.


Courtesy of Apple

Play our World Cup free kick game online

David Beckham truly earned his Golden Balls nickname when he scored his infamous free kick against Greece in October 2001, which took England to the World Cup in Japan and South Korea the following year. To celebrate this year's tournament in South Africa, www.broking.co.uk is hosting an online free kick game sponsored by Equity Red Star. If you think you can bend it like Beckham then now is the time to show your skills. To play, simply go online and point your browser at www.broking.co.uk/competition.
Meanwhile, the *PB* team is excitedly making its predictions on which teams will coat themselves in World Cup glory. Sales manager Oli Henry is calling it for Spain (but hoping for Denmark – you'll have to ask him why), reporter Emmanuel Kenning recommends Holland for a value bet, production editor Laurence Gunn and outgoing sales executive Chris Finnegan back Brazil for a sixth trophy, editor Andrew Tjaardstra has plumped for Argentina and publisher Alex Broad thinks that Italy will come good again.

Back of the net! World Cup Q&A

John Josiah, managing director and active underwriter, Equity Red Star, gives his thoughts on the tournament.
How well do you think England will do this year? Most people will be a little disappointed if England don't go further than the quarter finals.
Who do you think should be established as England's number one goalkeeper? I don't think we have goalkeepers of the calibre of the past such as Gordon Banks, Peter Shilton and Ray Clemence. There isn't much to choose between the current crop but I think I'd go for the greater experience of David James.
Which country do you think is going to be the dark horse of the World Cup? Most peoples' favourites are either Spain or Brazil. I'm not sure you could call them outsiders but, away from the usual fancied teams, I would go for the Ivory Coast.
Which player from another country are you most looking forward to watching at the tournament? It has to be Argentina's Lionel Messi. He has such great skills and can turn a game on his own. Let's hope he doesn't do that against England.

SUDOKU SOLUTION: MAY 2010

8	5	6	2	1	7	9	4	3
4	2	3	5	9	8	1	7	6
1	7	9	6	3	4	2	8	5
6	1	5	7	2	9	4	3	8
7	9	4	8	5	3	6	1	2
3	8	2	4	6	1	7	5	9
9	6	8	1	7	5	3	2	4
2	4	1	3	8	6	5	9	7
5	3	7	9	4	2	8	6	1

PB PROFESSIONAL BROKING

Professional Broking, in association with Marlborough Training, brings you:

Leadership Training for Broker Managers

Suitable for current managers or future leaders

The programme will:

- Develop leadership abilities and qualities
- Increase problem solving skills
- Help with selecting and recruiting the right people
- Enable better performance management
- Ensure faster decision making
- Provide knowledge sharing with other brokers
- Help demonstrate leadership ability to the FSA
- Provide valuable CPD points

"I have no hesitations in recommending this course to any manager — whether they are new to their role or have years of experience; whether they manage a team of three or a team of thirty."

Jeremy Butler Dip CII, underwriting manager, Qdos Broker & Underwriting Services Limited

Third course launched due to popular demand

Delivered over 6 days with one workshop per month and held at PB's offices in central London, the next programme dates are:

Sept 6 / Oct 4 / Dec 8 / Jan 11 / Nov 10 / Feb 16

PB readers can save a third off the normal rate at the special discounted rate of £1,250 + VAT per delegate which includes all workshops and tutor support.

The Institute of Leadership and Management Approved Leadership Training for Broker Managers, in association with PB and Marlborough Training, provides a Level 3 Award in First Line Management.

This programme is provided by Marlborough Training and is approved by the Institute of Leadership and Management.

Sponsors

Marlborough Training and Consultancy

ilm Approved Centre

For further information please contact Mark Redfern at Marlborough Training:
T: 01892 652646, E: brokerleaders@mtc.tc
Alternatively visit:
broking.co.uk/leadership-training

An incisive*media* event
incisive-events.com