POST
Celebrating 175 years

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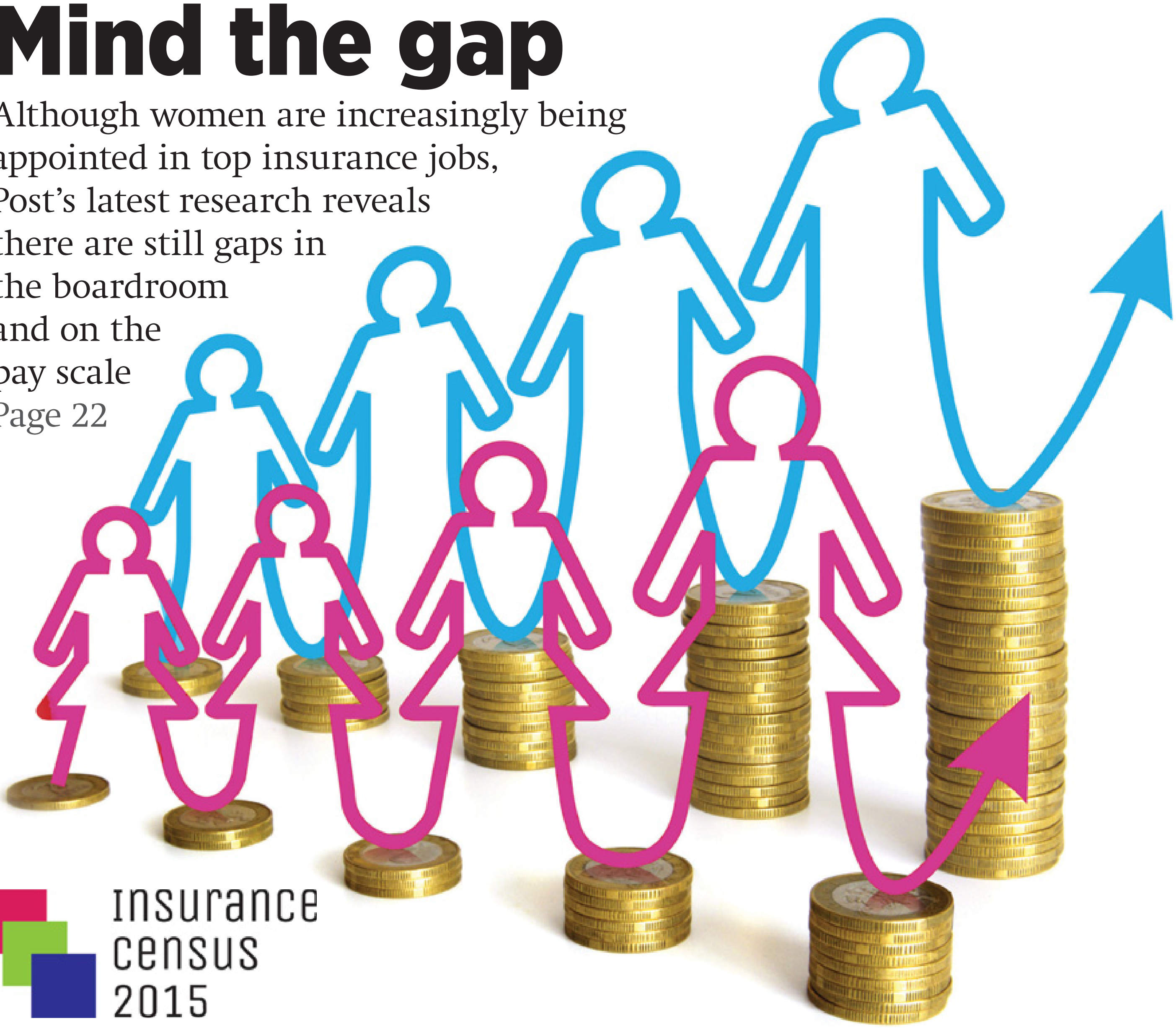

Insurance census 2015

Editor's Comment

A woman's work

> "These women are positive role models for women in what is still a white, male-dominated industry but this is far from a widespread trend

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In the week we celebrated International Women's Day, the UK's intelligence agencies were told by MPs to vary their traditional recruiting of white males and instead recruit middle-aged mothers because they are 'emotionally intelligent'.

According to the Parliamentary Intelligence and Security Committee, 37% of staff at MI5, MI6 and GCHQ are women, but fewer than one in five of these women hold a senior role. The papers had a field day highlighting the recommendation that the agencies should recruit from the likes of Mumsnet but is this idea so far-fetched?

On a daily basis, us mothers sift through a world of misinformation, exaggeration and stories based loosely on fact from our adorable little ones. We know even the sweetest most innocent of candidates can be skilled opponents and we are prepared to do battle at the drop of a hat (or more likely a piece of cutlery or, even worse, food). We are natural observers and researchers — after all we have eyes in the back of our heads.

In addition we have an amazing level of patience as testified by what can seem like hours of endless 'why' questions and, of course, Cbeebies. We'd also be great for surveillance, as most of us survive on very little sleep no matter the age of our darling sons and daughters.

The good news is that insurance has already cottoned onto this, as in the past few years female appointments have increased — Inga Beale, as the first female CEO of Lloyd's of London, Jacqueline McNamee as AIG UK's first female managing director, and Barbara Merry as chair of the Independent Women in Insurance Network.

These women are positive role models for women in what is still a white, male-dominated industry but this is far from a widespread trend. According to our latest Insurance Census, although 51% of general insurance employees are female, only 19% of board members are women. This has improved since our last census, which saw a figure of 15.5%, but is still lower than FTSE 100 board positions (22.8%).

Our research shows the sector does not struggle to attract women in the first place but that not enough make it to senior positions and a pay gap remains between men and women. No one wants to see a quota system but the industry needs to understand the barriers to progression that women face and work out how firms can change to help female staff reach their full potential, so insurers can attract and retain the best possible range of talent.

Stephanie Denton, editor

News

Change in customer purchase methods responsible for closure of sites

Demise of outbound call centres linked to customer attitudes, not regulation

By Katie Marriner
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The days of insurers targeting policy sales via outbound call centres are "long gone", according to industry insiders, who have cited evolving customer purchase methods for the demise of such call centres rather than incoming cold-calling regulation.

It was revealed last week (4 March) that Ageas Retail was entering into consultation with 200 staff at its Belfast outbound call centre, which targets potential customers for its over-50s brands Rias and Castle Cover.

Falling sales from outbound calls could lead to the closure of the site, which Ageas deemed "uneconomical".

The Ageas move follows the AA announcing last month that approximately 50 roles at its Newcastle call centre are at risk.

Ageas said the consultation on the call centre is a reflection of changing consumer behaviour – a view shared by other industry commentators.

Direct Line Group UK personal lines managing director Mike Holliday-Williams, whose firm oversaw the closure of its Teesside call centre in 2012 at the expense of about 500 jobs as part of a drive to save £100m by 2014, said outbound calling is a "minute fracture" of what DLG does.

He told *Post*: "Ageas [operating an outbound call centre] is not a reflection of what a direct insurer does anymore. Our view is that customers are buying in a lot of different ways now. You cannot just

have an outbound call centre and that is what you do."

Indeed, LV, Markel and Aviva all told *Post* they do not have a dedicated outbound call centre.

A source close to Aviva said the insurer takes an "omni-channel" approach to its operations with the customer contact centres including a combination of inbound calls, email, social media and live-chat.

The insurer's outbound activity is minimal and restricted to existing customers or customers who visited the website for a quote.

Holliday-Williams said DLG takes a similar approach to customer service: "More people are buying online but they will also call us or book a [time] for us to call them," he said. "The days where you have an outbound call centre with a cold-call list have long gone. Customers these days go from one channel to another all of the time."

Ageas too has multi-channel call centres in other sites, one well-placed industry insider said.

The Belfast site, however, was specifically for outbound calls and used contact lists to sell to customers over the phone. The insurer recognises people do not respond to that method so well anymore, the source added.

Brokerbility managing director Ashwin Mistry said declining outbound call sales were a sign of consumers losing patience with a "constant barrage" of calls.

"This is a sign of the times that consumers do not want to be disturbed in their private hours. People should respect that. If that is where the trend is progressing – that consumers do not want to be disturbed – then so be it. It is a national trend and insurers would be unwise not to follow that," he said.

James Daley, founder of consumer interest group Fairer Finance, said the closure of an outbound call centre did not seem detrimental for the customer.

"The good news for companies is that the savings they will make from shifting from telephone to online are there to be made.

"The important thing is that they do not accelerate that process in a way that alienates their customers or discriminates against people," Daley added. "The bit I am more concerned about is that there are phone lines available for customers who need them and want them."

Elsewhere in the market, the Information Commissioner's Office is set to get increased powers to fine companies behind nuisance cold calls and text messages.

Currently, firms can only be punished if the commissioner can prove a call caused "substantial damage or substantial distress".

From 6 April, the ICO will be able to impose fines of up to £500,000.

However, Holliday-Williams did not consider the increased regulation would impact insurers' decision-making around outbound calling.

"There has been pretty tight regulation around cold-calling for some time. Customers do not respond to [cold-calling] and have not responded to that in insurance for a long time. Changes in regulation will [not] make a significant difference to the way we operate as insurers," he added.

Daley said he hoped large insurers would not be engaging in the kind of activity that will be monitored under the new rules.

He highlighted one challenge for the ICO is that customers inadvertently opt into permissions that allow people to call their number.

"Everybody is so used to clicking a button that says they agree with the terms and conditions but often what they don't realise they are doing is that they are consenting to their phone number being used and sold," he said.

"A lot of the people getting nuisance calls have inadvertently given their permission to be nuisance called."

Read more online...

200 jobs at risk as Ageas Retail plots closure of Belfast site
www.postonline.co.uk/2398069

AA looks to cut insurance jobs
www.postonline.co.uk/2394897

News

Lack of organic growth highlighted as factor behind consolidation

Cost-cutting and consolidation among insurers predicted for 2015

By James Verrinder and Francesca Nyman

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Geddes: eyeing bolt-on deals

Watson: saw profits rise by 10%

Dye: Allianz profit fell sharply

Scattered reductions in profitability and organic growth over the course of last year will trigger more cost-cutting measures and consolidation among insurers in 2015, industry experts have claimed.

Dipping profits were experienced at a number of insurers that filed full year financial results in recent weeks, with Allianz, Amlin and Beazley among the biggest fallers – posting year-on-year pre-tax profit decreases of 16.4%, 20.6% and 16.4% respectively.

However, the picture of profitability was improved elsewhere, as company market insurers Ageas, Aviva, Axa, RSA and Zurich delivered increases of varying proportions (see box).

When asked whether progress had been made in the sector over the course of the year, PWC partner James McPherson told *Post*: "It's best described as 'got lucky', the competitive environment is quite tough.

"The results look quite good compared to previous years, but that's more to do with the claims environment, rather than the competitive environment."

Market analysts have highlighted lack of organic growth as a driving factor behind market consolidation and companies making cost reductions in a bid to improve profitability as two of the major themes the industry will face over the course of 2015.

Cost-cutting measures are seen as the most likely and quick option in terms of driving profits upwards, with RSA already outlining plans to make savings of more than £250m from the cost-base by 2017.

Ben Reid, director for speciality insurance and reinsurance at EY, said: "Some of the insurers in the market will have to take tougher decisions on cost reduction to increase or maintain profitability."

He explained that an increase in cheaper outsourcing services would be a likely solution for some companies.

Reid said: "The areas we talk to [insurers] most about are related to use of lower cost locations. Either in the UK or often overseas, for operations and support activities. That is the more extreme end."

He also warned that some of the Lloyd's players will have to "take tougher decisions on cost reductions" in an attempt to maintain or drive up profitability.

However, RSA's UK and Western Europe CEO Steve Lewis stressed "there were no plans on his desk" for any such measures to be taken in the UK, despite the group-wide target of increased savings.

Elsewhere, cost-cutting measures for 2015 have already started at other insurers, with Ageas announcing on 4 March that it had entered a consultation period with employees over the closure of an "uneconomical" call centre in Belfast that employs 200 staff.

Fueling consolidation

With opportunities to produce organic growth beyond single digits few and far between, some market commentators have predicted more industry consolidation over the next 12 months.

Reid said: "The real challenge is organic growth. It seems very challenging to get anything more than low single digit organic growth and that's going to drive more consolidation.

"The insurers and reinsurers who have reported all have quite stretching growth objectives and to achieve those when organic growth is so challenging will undoubtedly drive consolidation."

He continued: "Given that growth is such an important objective for so many of the insurers that have reported, there's likely to be an increasing desire to cooperate with brokers to enable growth. Just like people will consolidate to try and grow there will also be an increasing number of partnerships with brokers to grow in particular classes and geographies."

Direct Line Group CEO Paul Geddes told *Post* that while his firm is not planning any major purchases or disposals once the sale of the firm's international business to Spanish insurer Mapfre has cleared regulatory hurdles, he refused to rule out the possibility of pursuing bolt-on acquisitions throughout the course of the year.

He said: "There are no other disposals we can see, we have four businesses that we are very pleased with. I would also not expect anything big in acquisitions."

DLG took a 15% stake in telematics company The Floow in July 2014 and Geddes conceded he may look to complete some comparable deals this year.

"We could conceivably do more similar, smaller deals to accelerate

Insurer profitability in 2014

Insurer	Profit before tax (2014)	Profit before tax (2013)	Result	Combined Operating Ratio (2014)	Combined Operating Ratio (2013)
Admiral	£357m	£371m	Down 4%	88.7%	89.1%
Ageas	£94.7m*	£85.2m*	Up 11.2%	99.8%	97.8%
Allianz UK	£143m	£171m	Down 16.4%	97.6%	95.9%
Amlin	£258.7m	£325.7m	Down 20.6%	89%	86%
Aviva UK & Ireland	£455m+	£431m+	Up 5.6%	94.9%	97.2%
Axa	£250m°	£178m°	Up 40.4%	97.1%	98.9%
Beazley	$261.9m (£173.4m)	$313.3m	Down 16.4%	89%	84%
Brit	£149.1m	£107.4m	Up 38.8%	89.5%	85.4%
Catlin	$488m (£323.2m)	$432m	Up 13%	86.8%	85.6%
Direct Line Group	£456.8m	£407.3m	Up 12.2%	95%	95.2%
Esure	£103.3m	£118.4m	Down 12.8%	91.9%	89.7%
Hiscox	£231.1m	£244.5m	Down 5.5%	83.9%	83%
Legal & General (GI)	£59m	£69m	Down 14.5%	87%	84%
RSA	£275m	Loss of £244m	Up 212.7%	98.8%	99.4%
Zurich UK	£171m	£143m	Up 19.6%	95.5%	98.4%

* net profit + operating profit ° underlying earnings

our plans in the future, but nothing in terms of big acquisitions."

Hiscox is another insurer to have nailed its colours to the mast in terms of targeting bolt-on acquisitions.

Citing the purchase of Randall and Quilter's marine book, which completed on 2 March, Hiscox chief underwriting officer Richard Watson told *Post* the firm's strategy had been one of organic growth but said it remained "open to bolt-on acquisitions".

He explained: "We'd love to do more of those if the right opportunities come along. The big transformational stuff we're less interested in but if we can find those we will do them all day every day."

Rate headaches to continue

Rates, specifically in motor, have been earmarked as a continuing area of concern over the next 12 months.

Canaccord Genuity analyst Ben Cohen explained: "Motor is as we expected. Some, including Admiral, were cautious about the impact of claims inflation and the frequency of large losses in 2014. On the other hand as we saw with Admiral and DLG, there are still a lot of reserve releases around.

"Looking at their results you don't see a lot of pain, which leaves one a bit sceptical about how quickly pricing is going to improve from here."

Despite the tough conditions in the motor market in 2014 and in previous years, RSA's Lewis underlined his firm's commitment to the sector.

Last year, the company's group CEO Stephen Hester said he would not treat motor as a "sacred cow", prompting speculation about the future of RSA's motor business.

However, after delivering the full year results for 2014, Lewis reaffirmed that an exit from the sector was not on the cards in the current climate.

He told *Post*: "As it stands, there are categorically no plans to exit personal lines motor. We have taken steps to optimise the portfolio and like any area of our business we will aim to ensure it is profitable."

Meanwhile, for motor rates, difficulties are likely to discourage new players from entering the market in 2015, according to McPherson.

He said: "It would be hard for a new company to come in. The battle is happening more in the niche areas, such as driverless cars."

Another factor that has impacted the motor market has been the decrease in the price of fuel and its knock-on effect.

Barrie Cornes, insurance analyst at Panmure Gordon, said: "Traditionally, lower fuel costs mean that people drive more and that in turn leads to less in terms of accident and personal injury claims. If there is more congestion and more cars on the road then people will drive more slowly."

In terms of home insurance rates, questions have been asked — notably by Legal & General's general insurance intermediated managing director Mark Holweger — about whether insurers have got their strategies right for pricing long-term risk.

On this issue, Cornes responded: "I can't see an issue with long-term risk in the results. If you look at building and contents, particularly in the in UK, it's been relatively static."

Read more online...

Lewis rules out motor market exit for RSA in the current climate
www.postonline.co.uk/2397170

200 jobs at risk as Ageas Retail plots closure of Belfast site
www.postonline.co.uk/2398069

DLG to sell international businesses to Spain's Mapfre
www.postonline.co.uk/2372127

Hiscox eyes bolt-on acquisitions to boost growing retail book
www.postonline.co.uk/2397601

L&G GI chief questions long-term pricing approach of rivals
www.postonline.co.uk/2398034

News

Collaborative approach needed as body explores how BI can be overhauled

Marsh call for all-risk business interruption gets Airmic support

By Katie Marriner
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The risk management industry has backed a call from global broker Marsh to overhaul business interruption policies and make them more relevant to modern customer demands.

Marsh last week outlined its vision for the industry to establish all-risk business interruption policies.

Caroline Woolley, Marsh business interruption centre of excellence global leader, explained business interruption policies have evolved little since the middle of last century.

She told *Post*: "We want to encourage insurers to view business interruption the same way that clients do, and that we do, which is a single view of business interruption.

"There are underwriting teams within insurers with different approaches to these risks but the common thread is an event that can interrupt business. For our clients they don't want hundreds of different policies that will react to different events."

Marsh's proposal has buy-in from risk management association Airmic, which is working on the project with the broker through its business interruption focus group.

Woolley: improving existing policies

Airmic CEO John Hurrell said the group plans to explore how business interruption insurance can be overhauled to make it more fit for purpose for the modern world.

He explained: "We shall be exploring how to extend coverage to include risks which are usually currently only insurable through separate policies. For example, how to create policies that respond to cyber related interruptions or non-damage supply chain risks alongside the more traditional damage-related perils.

"We are not trying to invent new types of insurance here, merely to re-engineer the way the market delivers its products to create a more coherent and comprehensive proposition for the client."

Woolley said Marsh has started to update and improve its existing business interruption policies. It launched a report on 26 February

Hurrell: investigating definitions

suggesting five key changes that could be made to property damage business interruption.

"What we are trying to do is work through the policies that have elements of business interruption now and try and align them as much as we can and improve each one. We are looking to start with property damage and then move on to others in terms of improvements," she said.

Zurich brought out an all-risk policy for supply chain business interruption in 2010.

Zurich global supply chain product manager Nick Wildgoose joined Wooley in pointing out there are a number of steps the industry must take before an all-risk business interruption policy would become reality.

Asked whether Marsh's goal of an overall all-risk BI policy is achievable, Wildgoose said: "From a supply chain angle it is not without its challenges but we did it because we were responding to customers. For the insurance industry to respond to the needs of its customers, I agree with Marsh in that sense, to look to the set of risk covers rather than just physical issues."

"We will work towards whatever the customer wants. I understand what Marsh is asking for but it is a journey of several steps," he added.

An Association of British Insurers spokesman added that, while it is not the trade body's role to become involved in product development, the market would evolve to meet the changing technological needs of society.

"Without [business interruption], businesses are likely to find it much harder to recover, which can have devastating consequences for the wider economy. The market will continue to evolve and innovate to meet the changing demands of businesses in the context of an increasingly technological world, including emerging risks such as cyber," the spokesman said.

Woolley said insurers are aware of Marsh's project. "We need everyone's help to get this right, a collaborative approach is needed. No one likes surprises, including insurers. We need to ensure that information is shared in order to pave the way to develop new solutions that fit the new risk environment."

Hurrell added Airmic was also investigating some of the business interruption policy definitions.

"We want to examine if there is scope to simplify the financial definitions in the policy to make it easier for policyholders to be able to prove a loss using financial and accounting information which is available to them in the normal course of business," he said.

> We are not trying to invent new types of insurance, merely re-engineer the way the market delivers its products to create a more coherent and comprehensive proposition for the client

Read more online...

Marsh calls for universal all-risk business interruption
www.postonline.co.uk/2397233

Comment

Time to hear deafness reform ideas

Changes are needed to make genuine industrial deafness claims quicker and easier to settle

C-Suite – Insurer

Dave Lovely
Global claims director, Aviva general insurance

Next time you listen to commercial radio there's a good chance you'll hear an advert from a law firm offering to fight compensation claims for industrial deafness. It is a good example of how the compensation culture continues to thrive.

In fact, Aviva believes industrial deafness is the new whiplash for claims lawyers. Over the past four years, the number of claims for industrial deafness has risen fourfold. Aviva received 2400 claims in 2009 and more than 11,000 in 2014. It is a trend that is being repeated across the industry.

Industrial deafness — also known as noise induced hearing loss — is caused by prolonged exposure to noise at work, and usually affects people who have worked in construction, engineering, leisure and heavy factory work.

We understand the problems caused by exposure to damaging levels of noise and do our utmost to ensure genuine claims are responded to promptly and settled as quickly and fairly as possible. Since 2012 Aviva has paid more than £1.2m to settle claims.

But too many industrial deafness claims are driven by legal firms looking for new sources of income. We believe the large growth in the number of claims is due to active encouragement by claims management companies and personal injury lawyers who are looking for new sources of revenue as the income generated by whiplash claims falls.

The facts are stark: about five law firms are responsible for 30% of claims, and it is not a coincidence that the peak in NIHL claims came just prior to the implementation of the *Legal Aid, Sentencing and Punishment of Offenders Act*, which has led to revenue from whiplash claims falling from £1350 to £500.

> Lawyers submitting speculative cases and charging large legal fees in the hope that a few are successful needs to stop

The result is the majority of claims are spurious and about 85% are rejected, often because there has been significant over-diagnosis or the hearing loss is not associated with exposure to extreme levels of noise.

Legal fees are also excessive, difficult to justify and can account for about 70% of a settlement. A typical industry settlement is about £3900 but we have seen legal costs in excess of £10,400, and for every £1 paid in compensation £5 is paid in legal fees

Aviva believes that to solve this problem the industry, government and regulator should work together to introduce reforms that make genuine industrial deafness claims quicker and easier to settle. The Claims Portal could be reformed to include multi-defendant claims and using independent hearing loss experts could reduce the number of spurious and fraudulent claims. Fixed legal fees would also reduce the number of poor-quality claims being submitted.

People who genuinely suffer from noise-induced hearing loss due to exposure at work deserve compensation. However, lawyers submitting large numbers of speculative cases and charging large legal fees in the hope that a few are successful needs to stop.

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Comment

Actuaries: The MGA's secret weapon

Although among the less understood roles in the insurance industry, actuarial skills are of enormous value

C-Suite – MGA

Hazel Beveridge
Chief actuary, Dual

Today managing general agents are a core part of our insurance landscape, with billions of pounds worth of premium passing through them annually. At the heart of their growth has been an ability to offer specialism and distribution to insurers and well-priced — often niche — products for brokers.

Given this proposition I am hugely surprised that I am one of a rare breed at an MGA: a chief actuary. Given the enormous value actuarial skills bring to the industry, it is a surprise to me that there are not many more of us.

Naturally the role of an actuary at an MGA will differ from that at a carrier. They will not be concerned with statutory reserving or capital regulation. At an MGA, they need to investigate the trends in their premium and claim data to identify the areas of the portfolio which match insureds' requirements and brokers' markets with carrier return on capital requirements.

Actuarial skills can bring far greater discipline in pricing risk at the right level, enabling products that are better structured for both customers and insurers. For customers this is the right cover at the right price, and for insurers this means products that match their risk appetite. For an insurer, an actuary can give comfort that an MGA is thinking in the long-term and has the problem-solving and analytical skills that resonate with their own way of approaching risk.

What does this mean on a practical level? By having both underwriting specialism and an actuarial function, an MGA can critically assess new business opportunities, taking them to appropriate brokers and carriers, who in turn benefit from niche products, greater distribution and profitable business.

> Actuarial skills can bring far greater discipline in pricing risk at the right level, enabling products that are better structured for both customers and insurers

More widely, there is arguably a growing divergence in the MGA model; those that are a distribution arm, often owned by brokers, with limited autonomy over products, and those that are truly independent and have the necessary skills to control the products they write and the way these are priced.

Neither of these is right or wrong, but it is worth remembering the traditional view of where MGAs bring value — underwriting expertise that enables capacity to write risks it could not otherwise, and specialised products brokers struggle to find elsewhere.

Not every MGA will need, or can support, having an actuary because there needs to be a critical mass in terms of scale and diversity to make an internal function worthwhile. Actuaries can have an impact on the proposition an MGA offers both its insurance partners and brokers.

Twenty years ago actuaries were a relative rarity in many GI carriers, while today they are key individuals. I can only see their presence growing within the MGA landscape. We've always been among the less understood roles in the sector, who knows, but maybe even that will change.

Comment

We know what fraud looks like, don't we?

Fraud detection techniques may just be picking up the same old scams, which are dying breeds

Fraud focus

Jamie Taylor
Counter fraud director, DWF

It is often said, quite rightly, that insurance fraudsters are constantly evolving their methods and that the insurance industry needs to do likewise in order to keep pace. So how are we doing on that score? As an industry we do now have the right tools to do the job, rich sources of data, sophisticated data analysis, industry collaboration, experienced counter fraud staff and the legal framework in which to operate.

However, are we just getting better at spotting the 'same old' frauds, which may be a dying breed anyway? Red flags, indicators and data matching rules that have been built around the known frauds of the last decade will inevitably continue to target that same old fraud stereotype — and is there a danger that the pool of fraud being targeted, perhaps unconsciously, is actually quite restricted as a result? Worse still, by watching the same red flags repeatedly over several years then there could be a risk of unwittingly providing fraudsters with a blueprint of the types of fraud and behaviours that insurers will focus on and detect. This could lead to fraudsters tailoring their scams around these hurdles.

No matter how sophisticated technology becomes or how much data we analyse, only by changing the questions we ask or by targeting that technology at a new area do we avoid the risk of only targeting the 'old' fraud. Obviously systems and processes still need to be able to detect the established fraud they were designed for, but at the same time, yesterday's 'pillars' of fraud detection — such as previous claims history checks — may not always be the the right models for detecting new fraud techniques. It is not difficult to imagine fraudsters using their knowledge and experience to reverse engineer long-standing fraud triggers and then avoid them.

Perhaps a good starting point might be to look again at the profile of those claims that currently routinely fall under the fraud radar and consider whether all is as it appears. Could this be where the fraudster is now operating?

> By watching the same red flags… there could be a risk of unwittingly providing fraudsters with a blueprint of the types of fraud and behaviours that insurers will focus on and detect

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ONLINE THIS WEEK

The top 10 stories from www.postonline.co.uk

1 Credit hire firms tipped to focus on repair costs following landmark ruling Commentators warn the judgment is not as wide-reaching as insurers might hope
www.postonline.co.uk/2397854

2 Towergate confirms Towergate Financial sale £8.64m sale to Palatine Private Equity
www.postonline.co.uk/2398325

3 Purchase of Ultimate boosts Markerstudy GWP by £30m Gibraltar-based niche personal lines insurer snapped up
www.postonline.co.uk/2397822

4 Marsh call for all-risk BI gets industry backing Business interruption policies to be made more relevant to modern customer demands
www.postonline.co.uk/2398038

5 Friends Life grants investment opportunities but selective GI exits considered Deal will 'accelerate' Aviva's turnaround
www.postonline.co.uk/2398302

6 DLG hits all four 2014 targets despite reduced motor profits Operating profit from ongoing operations of £506m is recorded
www.postonline.co.uk/2397744

7 RK Harrison and Hyperion seal merger agreement Staff will own 70% of the combined group's shares
www.postonline.co.uk/2397725

8 Crawford & Company gets the greenlight for GAB Robins deal Competition & Markets Authority lifts integration ban
www.postonline.co.uk/2398384

9 200 jobs at risk as Ageas Retail plots closure of Belfast site 90-day consultation period over outbound call centre
www.postonline.co.uk/2398069

10 Staff buy-in major obstacle to business transformation Jayne Sayer, head of IT and change at Aviva, highlights a regulatory impetus
www.postonline.co.uk/2398696

TALKING POINT

Will credit hire companies turn their attention to exaggerated repair costs after the landmark Stevens ruling?

86% said yes

0% said no

14% said don't know

To vote in this week's poll, visit: postonline.co.uk/polls

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Interview Steve Bamforth

Iain Winfield

COME TOGETHER

A one-company man, Steve Bamforth became CEO of Liverpool-based Griffiths & Armour aged just 38. Now, with a strategy of acquiring teams rather than businesses, he gets a buzz from giving youth a chance

By Mark Sands

In 1997, Hong Kong governor Chris Patten wasn't the only Brit packing his suitcase. While Patten was preparing to end just under 100 years of British rule of the province – which would come under Chinese rule in a ceremony observed around the world – under somewhat less scrutiny was Steve Bamforth, then partner at Griffiths & Armour, who recalls then senior partner Mark Griffiths flying over personally to bring Bamforth home.

"I absolutely loved it, and the atmosphere in the build-up to the handover was amazing. There was a real buzz, and loads of business. I thoroughly enjoyed it, and didn't want to come home," Bamforth says. "And then Mark flew to Hong Kong and said: 'Okay matey, you've had your fun! Back to Liverpool you go,'" he laughs.

And while Patten has graduated to a lordship since returning home from Hong Kong, Bamforth has stepped up as well, becoming senior partner and CEO of Griffiths & Armour in 2003, a promotion that saw Bamforth replace the man who had hired him to the business 17 years previously.

When he joined the company, Bamforth was a fresh-faced Cambridge graduate with a degree in natural sciences – specialising in geology – and was desperate to avoid a career on an oil rig. "My main focus was going into banking or stock broking. I had a number of interviews and job offers, and then I had the most amazing interview with Mark," Bamforth recalls.

"There were no testing questions, he wasn't trying to trip me up, he just wanted to find out what made me tick, what my aspirations were and what my ethos was, to be sure that I'd fit in.

> " It's something in our DNA. People who join either stay long term or move on within two or three years. And when that fit works – boy, does it work

"Something clicked with me, and Mark invited me up there for a half day in Liverpool, personally took me out for lunch and the job offer came through in the following week. It was on a much lower salary than I might have earned in London, but there was something about the firm that just clicked so I said yes and joined."

Born and bred in Sheffield, the new job meant Bamforth would relocate to the G&A home of Liverpool, and five years after the Toxteth riots, it was still a place he remembers terrified his parents. "They were horrified," he laughs. "They were truly horrified that I'd turned down jobs in London and New York to live in Liverpool – but the first time they came over they fell in love with the place."

It was the start of a career at G&A that has continued, uninterrupted, to this day, although Bamforth admits he is still not the firm's longest serving employee. That title is held by company secretary David Darke, who joined the firm in 1969.

"It's something in our DNA. People who join either stay long term or move on within two or three years," Bamforth explains.

"And when that fit works – boy, does it work. It means we have continuity in client contact, so we first get to keep our people and, second, we keep retention rates high."

Such praise doesn't mean, however, that Bamforth's rule at G&A has been a question of "steady as she goes". Indeed, he admits that upon taking the throne, Bamforth felt G&A had become bloated and unfocused.

As such, he embarked upon a series of sales and exits that saw the broker pare back international offices – such as his own former location in Hong Kong – and exit less relevant businesses. "I took a step back from the business and asked, 'What does G&A do, and do really well?'" Bamforth explains. "The answer to my mind was quite straightforward – insurance broking, risk management and claims management."

The decision saw G&A sell off its traditional wholesale business in London, retaining access to the market for professional indemnity cover, while the financial services was sold to Charles Stanley.

"My background was insurance broking. I didn't understand financial services and it was a move away from our broking activity," Bamforth says. "So whenever there was ▶ 16

Interview Steve Bamforth

◀15 an opportunity to invest, I would have a choice between insurance broking, which I understood, and financial services, which I didn't. I always went towards broking.

"That wasn't fair on [the financial services] division, so we had a conversation with its management, which eventually resulted in it being sold. And now they're part of a bigger group that is focused on financial services."

And while G&A decided to exit many of its overseas operations – Dublin and Guernsey are now its only operations outside of the UK mainland – it has sought to mitigate that loss by joining the Assurex international broker network.

Bamforth explains: "Being our size it would be a real stretch to start opening offices worldwide, and there's a real danger that it becomes a franchise rather than a truly integrated international team."

The network, he argues, allows G&A to compete with larger brokers that have international footprints by passing clients to other firms within Assurex, and similarly receiving overseas clients in the same manner.

The G&A CEO admits, however, that it was not a continuation of this mindset that saw the firm sell off its broking operation in Scotland last year. Lockton took on the operation in October, gaining its first office in Glasgow, and while G&A continues to service some Scottish PI clients from English offices, Bamforth says the firm does not have "a meaningful presence" north of the border.

"It was a situation where the business leaders in Glasgow saw a better opportunity elsewhere," he explains. "Whether I agreed with that or not is neither here nor there, but once it was communicated to me and it was clear that minds were made up to move to Lockton, our immediate focus was on treating customers fairly.

"Could we have tried to manage the non-PI business outside of Glasgow? We probably could have done, but it would have been difficult and there was a risk that client outcomes might have suffered. So we just took the view that we were going to be grown up, and put the clients' interests first," Bamforth says.

> "Seeing the graduates come in… and seeing their confidence grow as they rise through the ranks is fascinating. I get a real buzz out of that

"We got in touch with Lockton in London and said: 'Let's be grown up, we know what's happening. Can we please sit down and do a sensible agreement that enables a smooth transfer of the non-PI business from G&A to Lockton'."

Bamforth says this outcome represented a good deal for both sides, and G&A transferred the majority of Scottish PI accounts to offices in Liverpool and Manchester.

Investing in teams

Historically, the firm handled PI business in Liverpool before an acquisition brought the firm an office in Glasgow. This meant G&A was confident continuity would be maintained, but Bamforth concedes many of its Scottish non-PI clients wanted to remain with the staff transferring into Lockton.

"The client relationships were in Glasgow and with our former people in Glasgow. You can't change that, and in addition to the TCF issues that is why we were so keen to engage with Lockton," he says.

It was a decision G&A was able to take quickly, Bamforth says, because of a management structure that requires him and the firm's partners to take decisions, allowing for nimble movement without consultation with external shareholders or private equity backers.

This was reflected in a dramatic swoop that saw the broker pick up six professional indemnity staff from Towergate's Manchester operation in December, which was completed over the course of 24 hours.

Bamforth recalls that following a meeting with G&A professional risks managing director Carl Evans, the firm found six candidates for the Manchester expansion, all from Towergate.

"They all bring slightly different skills in slightly different markets with a complementary ethos in terms of what we do in PI within G&A. It will work really well. We are talking to other individuals in other teams, but whether that translates into offers, we will see. But we can and will move really quickly," Bamforth says.

Acquiring teams rather than whole businesses is a strategy that sits well with Bamforth, who claims to be looking forward to relative stability. The broker marketplace has seen Willis move for Miller, Hyperion buy RK Harrison and Towergate relinquishing 100%

Steve Bamforth on…

The professional indemnity market:
Looking at the PI market, the amount of granular information insurers have got means I would be very surprised if there's a blanket hardening of the market. We have seen particular areas harden where insurers have the information to say certain sectors needs to move. Those are sectors of the market that are moving quite substantially and yet other areas are not moving. Architects and engineers are moving a little bit but there has been no knee jerk reaction, and that's down to the degree of information insurers now keep - they can be a lot more selective in those areas that need to harden and those that don't.

All photos: Iain Winfield

of the company to its creditors, while Arthur J Gallagher continues to pick its teeth after swallowing both Giles and Oval.

So it's perhaps not surprising that in his annual "state of the nation" address to staff, Bamforth says he will again stress the firm is not up for sale, in order to calm the nerves of staff observing the appetite for change at other firms.

Similarly, he says G&A would only look to acquire another broker in exceptional circumstances. "I'm not sure what you buy when you buy an insurance broker. There's a likelihood you might be buying some problems – pension liabilities, past D&Os, who knows?" he asks.

"Integration is a big issue. Insurance broking even now is built largely on personal contacts – and how can you buy those contacts? As soon as people are out of non-compete clauses after a move they will talk to their clients and people will move.

"Particularly up to the larger end of SME it is still based on personal relationships, which is part of the reason we've not been interested in buying businesses. And why buy something that you can 'pinch'?" Bamforth adds.

Being based in Liverpool does not necessarily make the acquiring process easier, Bamforth says, with the firm's North West home creating challenges – not least because of a limited local recruitment pool.

It's a roadblock the firm has sought to circumvent with an emphasis on recruiting graduates from nearby universities, with the G&A CEO following in the footsteps of his predecessor by interviewing candidates personally.

"We have a small number of universities that we work with quite closely, including Liverpool, and we've been quite successful in looking at people who have come to study there to come and work for us," Bamforth says. "By the time they come to us they already have three years in the North West and they want to stay – that's an easier sell than it might otherwise be."

Ferry cross the Mersey?

Nonetheless, he maintains that it is unlikely the broker would ever depart the city on the Mersey. "You can never say never – but I would find it difficult to foresee situations where Liverpool wasn't our headquarters," Bamforth says.

And what's more, the proximity to so many universities allows Bamforth to revel in the development of young talent at the broker.

Having been made a partner aged 29 and handed the reins of the firm at 38, he is keen to make sure other young brokers are afforded the opportunity to develop too.

"Seeing the graduates come in and grow in their roles is fascinating," Bamforth says. "You see their confidence, their ability and their passion for the business all grow as they realise they can drive their own career. Seeing the individuals grow as people and seeing that confidence grow as they rise through the ranks – I get a real buzz out of that." ■

CV: Steve Bamforth

- **Now–2003**: Senior partner and CEO, Griffiths & Armour
- **2003–1994**: Partner, G&A
- **1994–1991**: Associate partner, G&A
- **1991–1988**: Broker, G&A
- **1988–1986**: Trainee broker, G&A

Where Bamforth has worked

Five words to describe himself

Roundtable Insurance Act

Sponsored by: BLM

CLEAR ▸ CONCISE ▸ CONNECTED

The Insurance Act: facing up to the challenges ahead

Having been granted Royal Assent last month, the replacement for the *Marine Insurance Act 1906* will come into force in August 2016. How will the industry cope with adapting to the reforms?

By Katie Marriner

Commercial insurers are readying themselves for the implementation of one of the biggest shake-ups the market has ever seen: the *Insurance Act*.

The legislation has been a long time in the making. After a decade-long consultation into what should replace the *Marine Insurance Act 1906*, the *Insurance Act* was granted Royal Assent on 12 February. But for the industry, the hard work is just beginning as they look to get their house in order before it comes into force in August 2016.

The Act creates several new challenges for insurers, brokers and policyholders. The duty of disclosure has changed to one of fair representation, basis of contract clauses have been abolished, and warranty breaches that are remedied quickly will allow cover to continue from the date of remedy.

To gauge what the industry thinks of the reforms, *Post*, in collaboration with law firm BLM, brought together insurance, broking, legal and risk management experts to discuss the challenges the Act will pose for the insurance sector.

Participants first discussed the duty of disclosure rule and whether policyholders will benefit from increased clarity around the information they are expected to supply to insurers.

BLM consultant and former law commissioner David Hertzell said that, as well as clarity, the Act is intended to increase the dialogue between commercial policyholders, insurers and brokers.

"We are talking about a market which is largely brokered and, therefore, we expect quite a high standard of professionalism from all three participants and the law does attempt to try and underpin that by putting obligations on the parties and [making clear] the consequences of failing to do those," Hertzell said.

"We wanted to encourage dialogue because we had the impression a lot was being done on autopilot. People weren't really thinking about

Kevin Hawkins, head of commercial property and liability underwriting, LV

David Hertzell, Consultant at BLM and former law commissioner

John Hurrell, CEO, Association of Insurance and Risk Managers in Industry and Commerce

James Mills, legal counsel in the commercial lines business of RSA

Ashwin Mistry, chairman, Brokerbility

John O'Shea, partner, BLM

Tim Parish, head of deal closure and client relationship management, Aviva

Graham Prior, technical director at Zurich

How will brokers' work loads be affected by the Insurance Act?
www.postonline.co.uk/tag/legal


Steve Daszko

what they were buying, what they were selling and what they were broking. The Act will act as a catalyst to something that should probably have been happening anyway," he added.

For Tim Parish, Aviva deal closure and client relationship management head, the duty of disclosure clause means insurers, brokers and clients will have to work more closely together to understand what constitutes a fair presentation of risk. In the past, insurers have not done enough to make it clear to clients what is required of them, he considered.

"At the same time, clients have probably not shown enough interest in being part of that. The starting point for me is the process a client goes through to collect the data they supply [to insurers] because when we have spoken to some very large customers, we find there are holes in their process of collection, which prevents them understanding their own organisation."

The broker participants, Willis UK corporate head David Sullivan and Brokerbility chairman Ashwin Mistry, considered the duty of disclosure would increase the volume of work required of a professional broker.

Sullivan was frank in adding brokers will now have to start doing their job properly. "I'm not sure brokers understand their clients well enough and explain the process an underwriter needs to go through in order to understand the risk properly," he admitted.

"Clients also don't necessarily take the interest they should in presenting their information, and underwriters don't really understand what they are underwriting. From a broking perspective, it will force us as an industry to do the job properly, which I'm not sure is happening as well as it should."

Take a reality check

Mistry asked insurers to take a "reality check" on the responsibility brokers will have under the Act. He explained the pressures brokers are under to get information from their clients within tight timeframes while the client is trying to run their business.

"Where do you think you are getting your information from? How long, genuinely, do you think it takes to present that information in a form that you, as an insurer, are prepared to take? Let's not make assumptions this is something that is going to come in and brokers are going to change overnight," he said.

"Insurers have got a massive task in, one, weeding out their agencies and, two, [determining] the level of broker they will be dealing with because they will be trusted with your capacity."

Allianz property claims manager David Watkins responded that the market, including brokers, would benefit from increased engagement from insurers at the underwriting stage of the process.

"Allianz, and a number of other insurers, put a great deal of effort into underwriting upfront and working with the brokers to make sure they are meeting the needs of the customer," Watkins said.

The issue of what will constitute a fair representation of risk was also raised and QBE legal counsel Fiona Stenson believed this will take time to develop. "There may be some bedding in where there are uncertainties. Over time we will start to understand where they are and, particularly for the breadth of different clients, we will be able to work out better ▶ 20


Fiona Stenson, legal counsel, QBE


David Sullivan, head of corporate, Willis UK


Kees Van Der Klugt, head of legal and compliance, Lloyd's Market Association


David Watkins, property claims manager, Allianz


David Williams, managing director underwriting, Axa

Roundtable Insurance Act

◀ 19 what is required in terms of disclosure and what a fair representation is," Stenson said.

Mistry highlighted the need for uniformity in how an underwriter might view an innocent non-disclosure in the event of a claim.

"How do I police what an Aviva underwriter in Manchester, for example, would say, as opposed to an Aviva underwriter in Bristol. I suspect if it is a £10,000 claim I know what I am going to do but if it is a £1m claim... [you] tell me," he said.

RSA commercial lines legal counsel James Mills explained that, in the event of a breach, an insurer has to point to evidence of how they would have acted. "It is not about what the market does or what the consistency might be. If I, as RSA, cannot point to a line in my underwriting guide that says 'This is what I would have done' then I have no defence," he said.

Graham Prior, Zurich technical director, agreed responsibility rests with the insurer. "It is the responsibility of the insurer to get that escalation process in place. If there is a decision to be made around invoking proportionality, or if a claim should be avoided, then that will escalate through to senior claims people in their claims and underwriting function," Prior said.

"It remains for the claims department to do that, but there is a very good dialogue happening to make sure, from a reputation perspective, we do not inadvertently provide you with a mixed message."

Axa underwriting managing director David Williams added customers may want to sign off risk presentations before they are put to market – not something that has happened in the past.

"Firms certainly need to make sure their communications and records are better because the Act is very clear that the insured is deemed to know what their senior managers know and what their broker knows," he explained.

Knowledge requirements

The Lloyd's Market Association considers fair representation to be less of a change than the knowledge requirements of the Act, according to LMA legal and compliance head Kees van der Klugt. "We see the bigger change as the knowledge area and that is the reasonable search by the insured and also the narrowing of those whose knowledge is imputed to the insured," he said.

"We see that as a much heftier area because there are all sorts of different scenarios, whether you are dealing with a multinational insured or an insured that owns a single factory," he added, calling for market guidance to address these uncertainties.

For John Hurrell, CEO of the Association of Insurance and Risk Managers in Industry and Commerce, customer guidance is needed to help policyholders understand the new disclosure rules: "Most policyholders, even some of the larger ones, didn't understand the previous disclosure requirement, never mind what the new one was, and they are all absolutely in good faith wanting to ensure they give the underwriter what they require."

The timeframes for disclosure will vary, particularly prior to renewal, depending on whether the client is a large corporate or a mid-market or SME business, he added.

Sullivan agreed, adding that clients will hopefully become more engaged in the renewal process and understand why brokers charge the fees they do for renewals.

"It is going to take an awful lot more time

> “Most policyholders, even some of the larger ones, didn't understand the previous disclosure requirement, never mind the new one

Steve Daszko

> “The success in this will come if we can actually differentiate ourselves from those who do not do the job properly

now in order to be able to achieve what we should have been able to achieve before. For a large client the renewal process will almost certainly be a 12-month process and, for SMEs, we won’t be able to get away with 30 days,” he said. “I hope by conducting the process properly we can start to gain client interest and in some way be able to justify the income we earn from it.”

Participants also discussed the remedies set out in the Act, particularly the changes to the ability to avoid a policy.

Watkins said the remedies would contribute to speeding up the resolution of a dispute but added insurers will need to have a well-documented underwriting guide to demonstrate how they would have acted.

Mills said the advice RSA is giving to its underwriters is: ‘If you haven’t got it in writing you can’t expect to rely on it’. “The message we are getting is you’ve got to get your systems and processes documented and not rely on the expert evidence [of a person] sitting in the witness box with a series of underwriters each saying what they would have done,” he added.

The changes to warranties under the Act were also raised as an issue the industry needs to be aware of. The Act makes warranties “suspensive conditions” which means the insurer’s liability will be suspended while the insured is in breach of a warranty but can be restored if the breach is subsequently remedied.

Hertzell said the Act is intended to discourage the use of warranties as the same effect can usually be achieved by an exclusion cause.

Increased litigation from Clause 11

Clause 11 was raised as a concern by van der Klugt because of the potential for increased litigation. That clause applies to contract terms that could affect the risk of a specific type of loss occurring or becoming more extensive. “One thing we have all got to be very careful about is terms that go to the whole risk. That is a possible area of litigation we have to guard against,” he said.

As the discussion drew to a close, attendees were asked how they will look to minimise the period of uncertainty following the Act’s implementation.

BLM partner John O’Shea said it would be important to bear in mind changes in the cost of insurance products as a result of the Act. “If you are giving more cover, you are paying more claims, reserves are increasing and brokers are doing more work. My observation is whether at some point in the future insurers will have to review the pricing of their products,” he explained.

Zurich has considered pricing as part of its preparation for the Act, Prior said. “While there has been a lot of talk around claims being voided because of non-disclosure, we tracked that and there were surprisingly few claims where that would happen.”

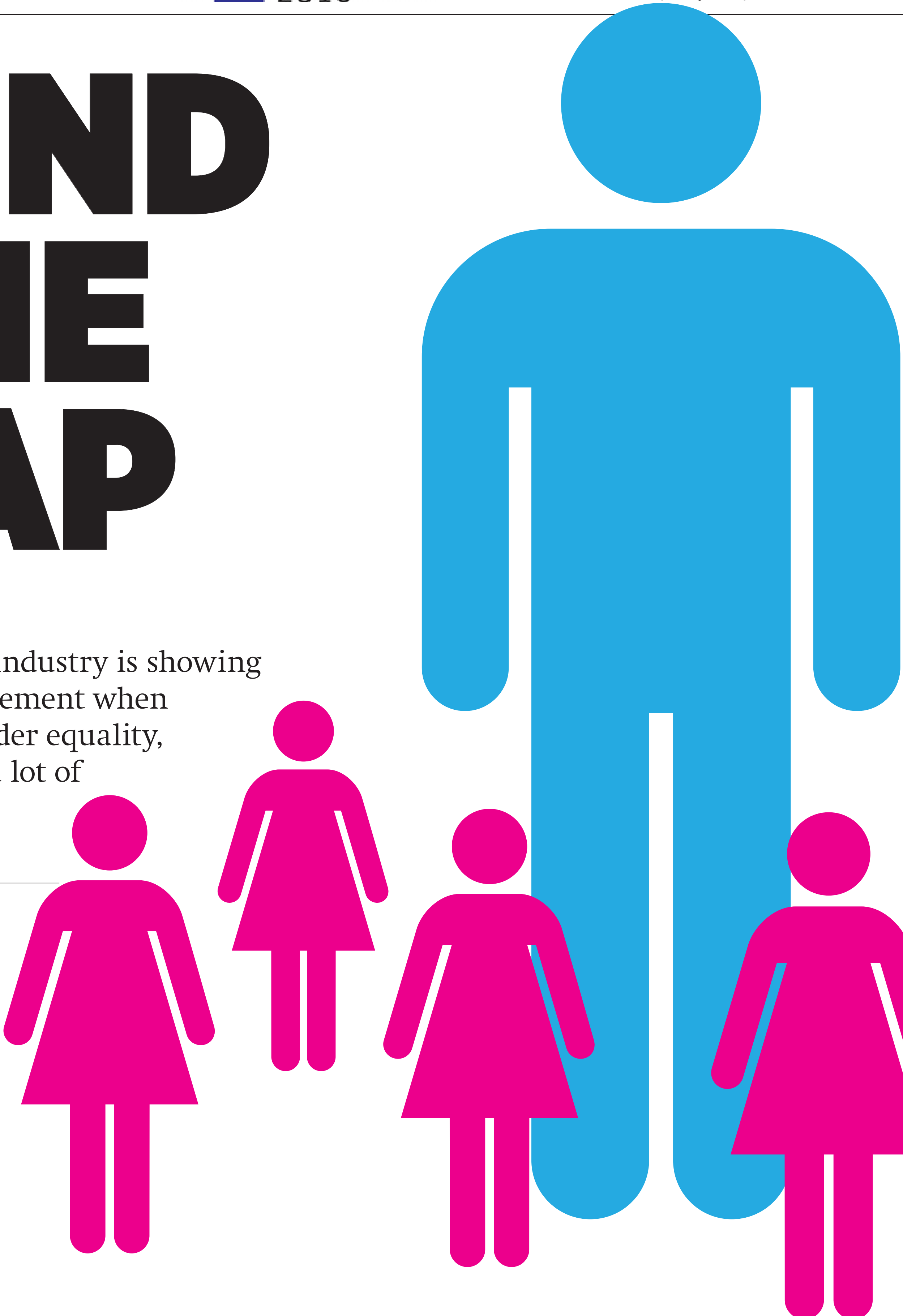
LV commercial property and liability underwriting head Kevin Hawkins did not consider the Act will make products more expensive. “We have been quite lucky being in the market for seven years to adopt a lot of modern ways of doing things so we are compliant with [the Act],” he said.

Sullivan concluded: “The success in this will come if we can actually differentiate ourselves from those who do not do the job properly. Then there might be a slight increase in cost — but a massive improvement in value to the client.”

MIND THE GAP

The insurance industry is showing signs of improvement when it comes to gender equality, but it still has a lot of work to do

By Mairi MacDonald



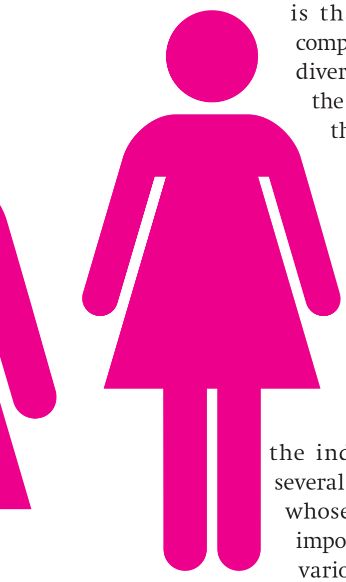
Is flexible working key to achieving more gender diversity within the insurance industry?
www.postonline.co.uk/tag/insurance-census

It is two years since *Post* published its first Insurance Census, which looked at diversity within the general insurance sector in terms of age, ethnicity and gender. The 2013 survey of UK broking and insurance firms found not unfavourable comparisons between the GI sector and other professional groups when it came to the mix of people within its workforce. However, when the bar for diversity is set so low this is hardly an achievement worth celebrating.

Post has revisited this piece of work to look at how things have changed. In the coming weeks we will consider age, ethnicity and why diversity in the general insurance sector matters. We start this week with the issue of gender.

People in the general insurance sector have been scratching their heads for a long time and trying to work out how to tackle an image problem that is partly blamed for not enough young people joining its ranks.

Last November a survey by Deloitte found insurance companies accounted for just 0.2% of employers shortlisted by UK business students as one of their five 'ideal employers', and it ranked 18th out of 30 sectors in terms of popularity among students internationally. Some companies – and the likes of the Chartered Insurance Institute – are investing more resources in trying to change perceptions of the industry and appeal to young people by explaining the rich variety of roles insurance can offer. However, the reality is that like many other comparable sectors, this rich diversity is not reflected in the demographic profile of the insurance workforce and where there is change, it is occurring too slowly.



Nonetheless, at least the general insurance sector is talking about diversity more than ever before. In the last three years, the industry has spawned several groups and initiatives whose aim is to raise the importance of diversity in its various guises. These have included the Lloyd's diversity and inclusion charter; the Worshipful Company of Insurers' Independent Women in Insurance Network; the Lesbian, Gay, Bisexual and Transgender Insurance Network known as Link; while the Chartered Insurance Institute published a new equality and diversity good practice guide and began a diversity monitoring survey of its own committee and board members.

Growth and survival

Today's insurance leaders understand encouraging diversity cannot be viewed as a tick-box exercise to keep in the good books of the authorities but is necessary to the sector's growth and survival in the face of growing competition from other sectors and global consumer brands encroaching on its traditional space.

Since the first Insurance Census was published, there has been the appointment in January 2014 of Inga Beale, former group CEO of Converium and Canopius, as the first female CEO of Lloyd's of London. AIG also appointed its first female managing director in Jacqueline McNamee in June 2014 and former Hardy CEO Barbara Merry now chairs the Independent Women in Insurance Network following the firm's takeover by CNA. While women often baulk at being defined by their gender, the visibility of women holding senior ranks undoubtedly alters perceptions within, and of, the sector.

John Burgess, head of talent, leadership and development at Axa UK, explains that having "a really strong figurehead" at the firm in Amanda Blanc, commercial lines and personal intermediary CEO and former CII president, means she has become a positive role model for women as well as minority groups in what "is still generally a white, male-dominated industry."

Sally Henderson, HR business partner global corporate UK & EMEA at Zurich, agrees the industry needs "to use the strong role models [it has] to create a new 'norm' of diversity ▶ 24

> "We need to take proactive steps to achieve more diversity

Number crunching by percentages

51%
General insurance employees that are female

34.7%
How much higher the average wage is for men working in general insurance compared with women

23.2%*
How much higher the average wage is for men than women in the UK

0%
Respondents that would consider operating a quota system to increase female representation at board level

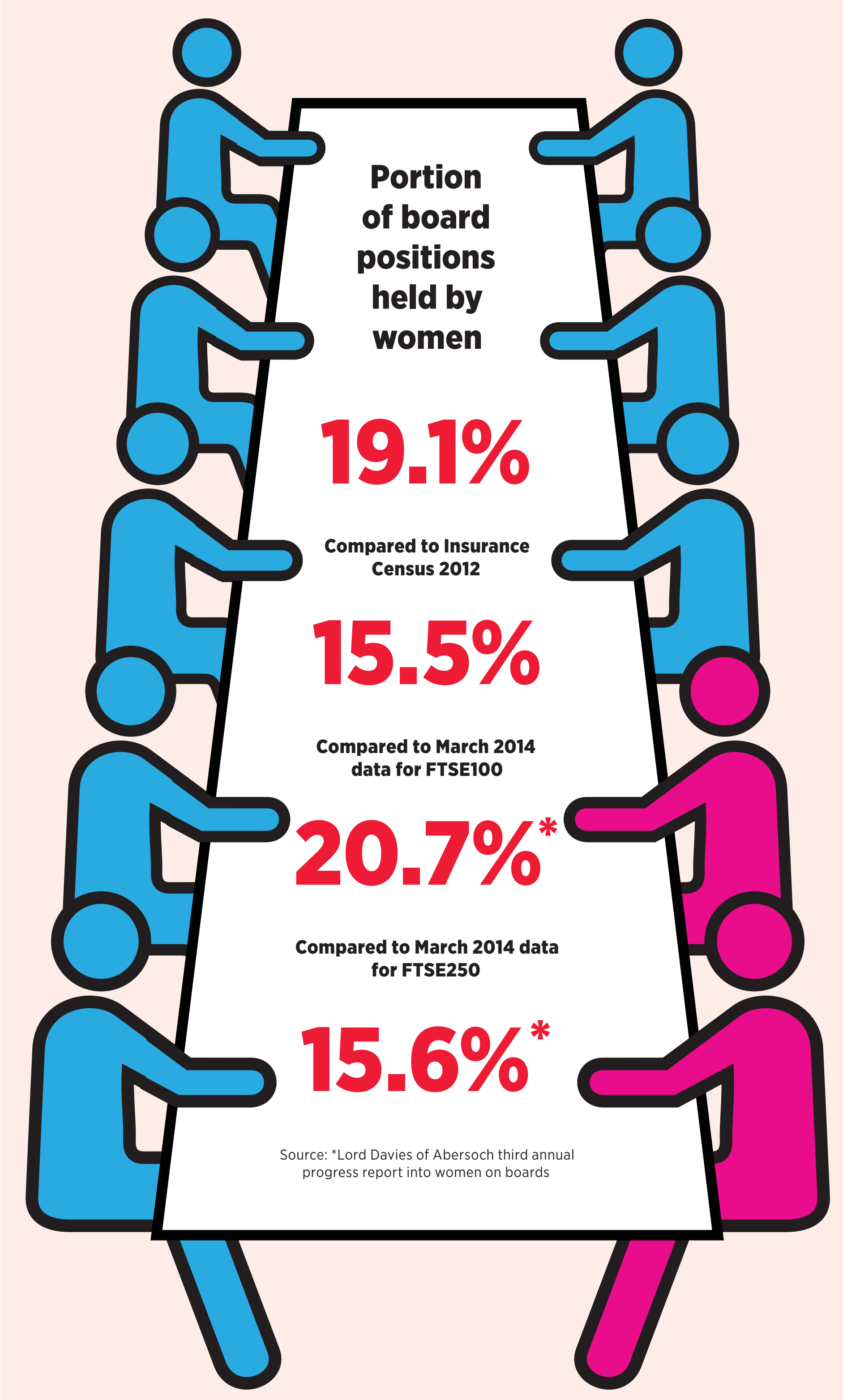
*Office for National Statistics, November 2014

Methodology

We asked 90 insurance companies and brokers to take part in a survey of the demographic profile of their employees and their board members. The information was treated in strict confidence with the aim of collating it to present an overview of diversity within the sector. Responses to the survey from firms' PR representatives were regrettably low in numbers, and where a reason for not responding was given, the main one was that HR teams - which normally hold the sort of data required - were too stretched to meet the required deadline. Of those contacted, 20 firms have supplied responses to all or some of the questions in the survey. Due to the low rate of response, it should be noted that the Census figures are not representative of the whole general insurance industry but rather, give a snapshot of the employee breakdown among a group of firms. Overall, data was collected relating to 83,139 employees in January and February 2015.

◀ 23

Who sits round the top table?



Do you have or would you consider operating a quota system to ensure higher portion of females at board level?

"We aspire to improve gender diversity at all levels of the business and this includes board level. However, we aim to do this through focused programmes to support women as leaders such as mentoring and sponsorship rather than operating quotas."

"No, because we believe the issue must be addressed at a more fundamental, cultural level rather than creating false positives. Our focus is on building upon and developing our culture of promotion on merit."

"We are currently working in line with Lloyd's Diversity & Inclusion Charter to increase diversity at all levels within the organisation."

"We do not have a quote system for board members, rather we recruit people for their experience and what they can bring to the role and the company."

"Rather than operating a quota system, we need to understand the barriers to progression women face and identify ways in which we can support female staff in reaching their full potential."

"Not at this time, the company and board are not of a size that could support a quota system."

within the industry" adding: "We also need to take proactive steps to achieve more diversity."

Despite several firms appointing women to high-profile senior positions, it is far from a widespread trend. According to our latest research, 51% of general insurance employees are female compared with 19.1% of board members, which does mark some improvement on the previous Census, when those figures were 50.6% and 15.5%, respectively.

Outside the insurance industry there have been improvements too, although FTSE-listed firms are yet to hit the target of one quarter of boardroom positions being held by women by 2015, as set by Lord Davies of Abersoch in his initial review of women on boards in 2011

New figures are due to be published by the government on 25 March, but according

> “The under-representation of women in senior roles and at board level impacts the performance, governance and reputation of companies

to the Chartered Institute of Personnel and Development, by October 2014, women held 22.8% of FTSE 100 board positions and 17.4% of FTSE 250 board positions, compared with 12.5% and 7.8%, respectively, in 2011.

Our research shows the sector does not struggle to attract women in the first place but that not enough make it to senior positions — and there is certainly a pay gap between men and women. Both are problems shared by other sectors. As Lord Davies said in his third annual report published in March 2014, the issue is about women's comparably poorer career progression.

"Women are as successful as their male counterparts at university and in their early careers, but attrition rates increase significantly as they progress through an organisation. The under-representation of women in senior roles and at board level impacts the performance, governance and reputation of companies, as they fail to attract and retain the widest possible range of talent."

Sustainable framework

In a recent CIPD report, Rachel Suff and Dianah Worman wrote: "Female progression to top roles is not sustainable unless organisations provide a strong and sustainable framework to develop women at every stage of their career."

The report published in February, *Gender diversity in the boardroom: Reach for the top*, went on to say: "The proportion of executive director posts held by women is also the key litmus test of the organisation's success in developing a strong and sustainable female talent pipeline that lays the foundation for senior female succession to the top."

Burgess adds: "A third of our executive committee is women, which is great, but we're not necessarily seeing more women coming through in the way we would like." As the numbers at executive level are small, one or two changes have a big impact on overall percentages, and Burgess will not be complacent about ensuring the pipeline of female employees to fill such positions continues.

▶ 27

The pay gap: who earns what?

*Office of National Statistics reported by BBC in November 2014 http://www.bbc.co.uk/news/business-30112814

What is your policy on flexible working and working from home?

“During 2014 we introduced more flexible working by offering our people in the general insurance business the opportunity to work from home. After a highly successful pilot we currently have over 130 homeworkers, with a further 300 opportunities in progress. The benefits of this approach are wide-ranging, from reduced sickness to increased employee satisfaction – and more efficient service to our customers.”

“In line with legislation all employees with 26 weeks continuous service have a legal right to request flexible working. One application for flexible working can be made during a 12-month period. Working from home is at manager discretion as and when appropriate, but no specific policy on it. Home working is something that would be considered as part of a flexible working request, but is unlikely to be a permanent change appropriate for many roles.”

“Offering a range of flexible working patterns (part-time, term-time, agile working) is one of the ways in which we try to help our employees achieve the work/life balance that is right for them. Our flexible working policy applies to all employees, regardless of seniority or length of service and is aimed at ensuring consistent and fair treatment for everyone in relation to requests for flexible working.”

“We have a small number of staff working at home across the UK. We have always had flexible working, however, in 2014 this was made formal through a personnel policy.”

“Flexible working policy in place, working from home facilitated where the role permits.”

Insurance Census Gender

Insurance census 2015

◀ 25

Flexible working

Employers now need to consider staff's requests for flexible working "in a reasonable manner" under new rules introduced by government in June 2014, when Deputy Prime Minister Nick Clegg said: "Modern businesses know that flexible working boosts productivity and staff morale, and helps them keep their top talent so that they can grow."

The introduction of rules around flexible working goes beyond supporting perhaps the most obvious group of beneficiaries - new mothers returning to work - and aims to help everyone attain a better work-life balance. As Robert Reid, vice-president of the Insurance Institute of London, says: "Everyone needs more flexibility. There is an issue with solving a problem for one crowd of people and creating one for someone else. We need flexibility for everyone going forward."

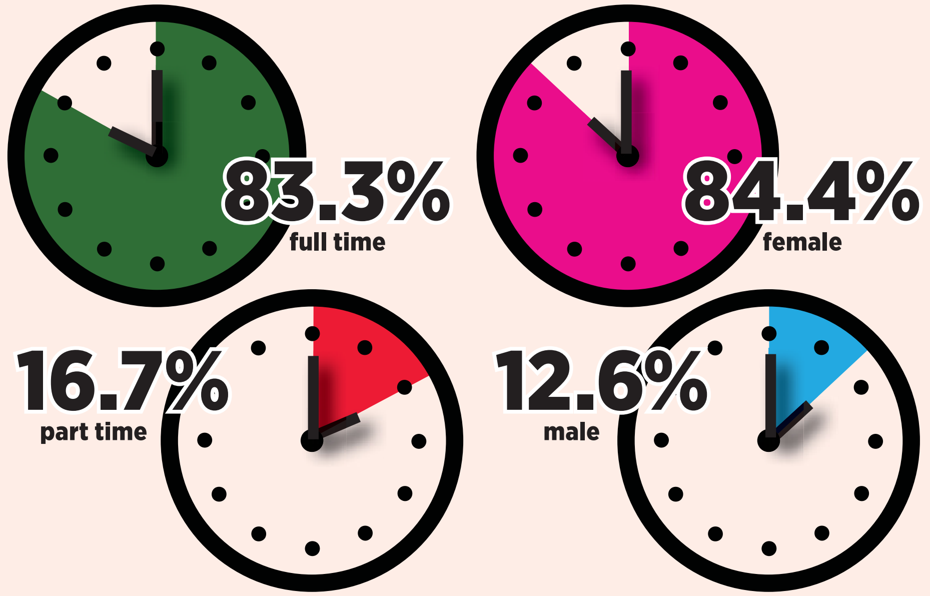
Some insurance firms we surveyed had implemented flexible working before it was mandated by government and spoke about the benefits it has brought the company and its employees. As Zurich's Henderson points out: "While government policy and legislation around workplace practices is always likely, the growing diversity and inclusion agenda means the industry and companies like Zurich are already taking a lot of positive steps voluntarily as we realise that this makes good business and creates added value from an employee and customer perspective. Therefore, we should aim for a self-regulatory approach first and foremost, as companies are probably in the best position to know what works best for their employees."

> " Everyone needs more flexibility. There is an issue with solving a problem for one crowd of people and creating one for someone else. We need flexibility for everyone going forward

Who works part-time?

What portion of employees work full-time and part-time?

What portion of part-time workers are female and male?



Do you feel your firm does enough to encourage women to return to work after having children?

" Over the past 12 months, we have piloted a maternity coaching programme, designed to support women make the transition out of and back into work. This year this initiative will be rolled out to all management levels, with initiatives for all employees planned to be rolled out next year. In addition, we have specific employee support groups for working parents that are accessible for all. The intention is to encourage managers to consider and grant flexible working requests for all maternity returners."

" Maternity policy is competitive within the insurance market and in line with ACAS best practice."

" A return to work payment of £400 is made to encourage people back. 88% of employees on maternity leave return to work."

" We are currently exploring this but from exit interviews, leaving after starting a family as a reason is not common and we do our best to accommodate flexible working requests."

" We want to ensure we continue to inspire and encourage our future female leaders to accelerate their careers and in 2015 we're working on a number of programmes to achieve this. Ideas include a peer networking initiative where female leaders from our organisation and female leaders from other industries support one another through mentoring, and a maternity coaching programme which will involve supporting female leaders through their transition into maternity leave and then back to work."

" Yes. No one has left and not returned."

" All returning mothers are entitled to work flexible, part-time hours for up to one month when they first come back from maternity leave. These hours need to be agreed in advance with the person you report to. During this time your pay, including car/cash allowance, will be based on the hours you choose to work. Working part-time during this first month will not give you an automatic right to have permanent flexible working arrangements."

He adds: "We do see a drop-off in women at the point of maternity leave or who are thinking of having a family. We are doing work with a third-party organisation [She's Back] on women returning from maternity leave and their expectations. We are talking to women who have left us about their experiences and why they haven't come back to work with us. We have to work hard to retain these people in the future."

Positive discrimination?

The CIPD report highlights the approach of the UK government, which supports a voluntary approach to gender balance, compared with a current European Union initiative that is weighing up the benefits of a minimum compulsory quota of 40% representation for each gender.

While plenty of firms we spoke to outlined positive steps they have taken to address the gender imbalance at senior level such as introducing mentoring programmes, flexi-time and financial incentives for new mothers to return to work, the argument for positive discrimination was unpopular popular among the firms we surveyed. Not one respondent to the Insurance Census either had a quota in place or had plans to introduce one, and the CIPD research found 60% of respondents did not think mandatory quotas should be introduced.

Jost Wahlen, head of learning and development for Allianz, told *Post*: "Some research has been done in this field and, for example, a recent Employers Network for Equality and Inclusion conference also debated this intensely, with examples from different countries. We strongly believe in the approach of appointing the best available talent to our positions."

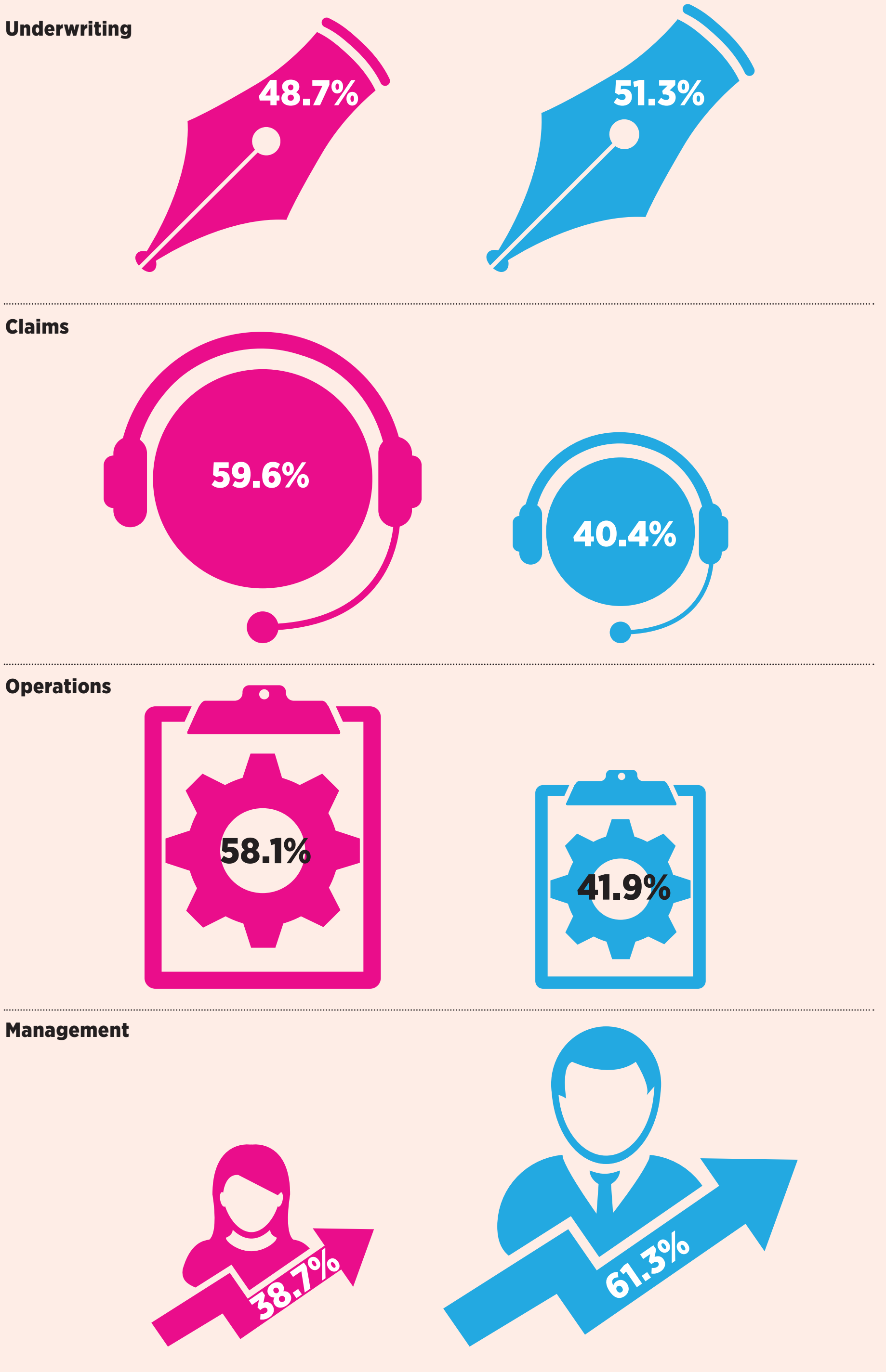
Robert Reid adds: "Talent is important as are people's efforts and commitment and ethical way of behaving. Everything else is not so important." ■

Insurance Census - Next Week

Next week, *Post* will publish the second part of its Insurance Census 2015, which will look at age as well as the impact that training, graduate programmes and apprenticeships can have on improving diversity within the insurance sector. Please get in touch if you would like to comment on what you have read at *mairi.macdonald@incisivemedia.com*

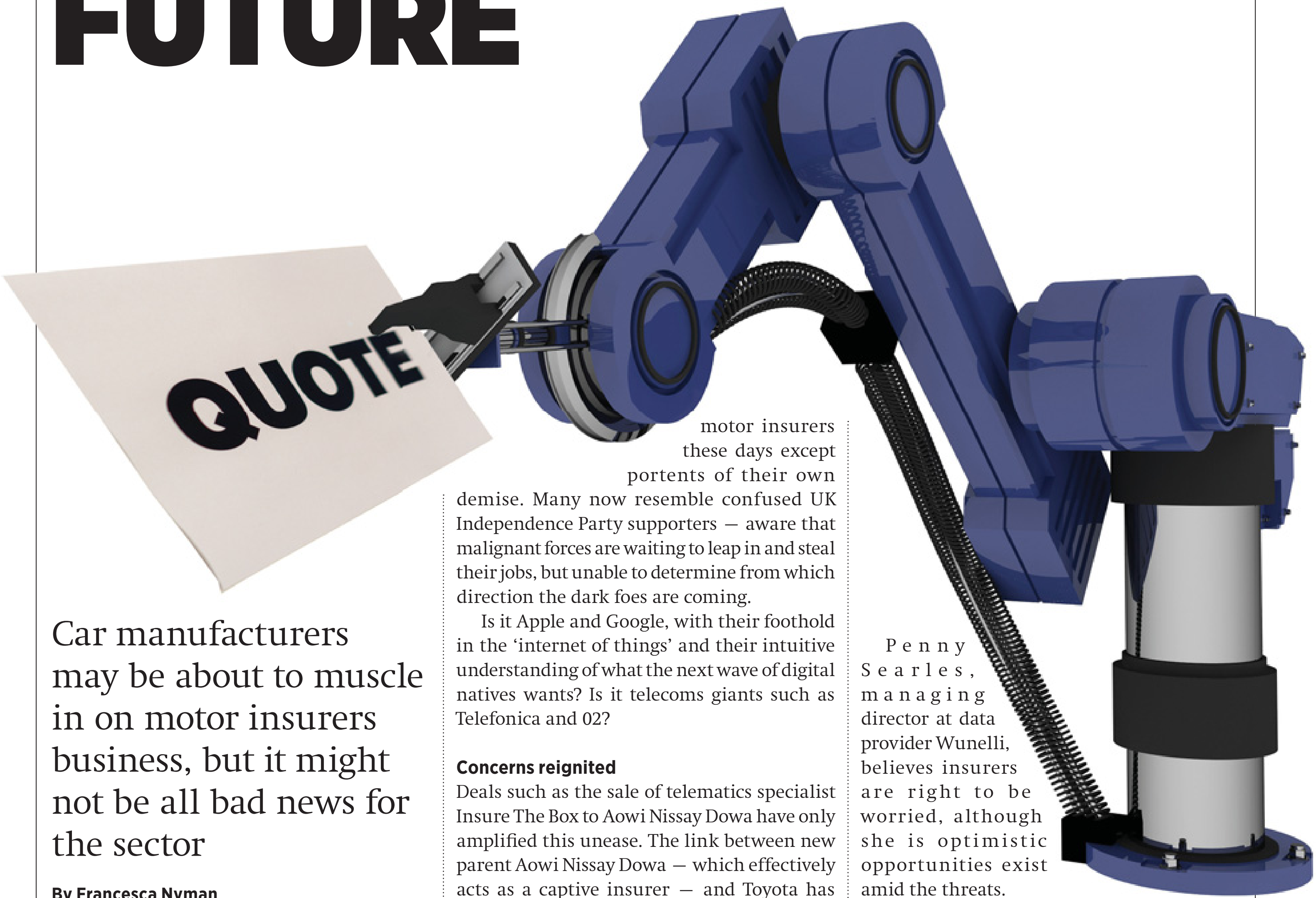
Job sharing

The Insurance Census has found more women than men work in the claims and operations departments of the firms that responded. The narrowest split by gender was in underwriting, where men held 51.3% of the roles, while the greatest divide was in management where 61.3% of roles are held by men among the firms we spoke to.



Motor insurers

AN UNCERTAIN FUTURE



Car manufacturers may be about to muscle in on motor insurers business, but it might not be all bad news for the sector

By Francesca Nyman

You have to feel for motor insurers. Ten years ago they had it pretty good. The compulsory nature of the class meant demand was assured, while high accident and theft levels meant the price charged remained largely on par with the risk.

There were a few problems – growing whiplash cases, credit hire and the perennial scourge of fraud – but nothing like the existential crisis that now grips them.

With the image of the grim reaper looming in the background, the papers hold little for motor insurers these days except portents of their own demise. Many now resemble confused UK Independence Party supporters – aware that malignant forces are waiting to leap in and steal their jobs, but unable to determine from which direction the dark foes are coming.

Is it Apple and Google, with their foothold in the 'internet of things' and their intuitive understanding of what the next wave of digital natives wants? Is it telecoms giants such as Telefonica and 02?

Concerns reignited

Deals such as the sale of telematics specialist Insure The Box to Aowi Nissay Dowa have only amplified this unease. The link between new parent Aowi Nissay Dowa – which effectively acts as a captive insurer – and Toyota has reignited concerns that motor manufacturers are finally coming after this part of the value chain.

Insure The Box CEO Mike Brockman did little to assuage these fears in comments following the deal, when he framed it as a stay of execution, in a market where all are "on the road to our deaths".

> “Manufacturers have long tried and failed to sell insurance

Penny Searles, managing director at data provider Wunelli, believes insurers are right to be worried, although she is optimistic opportunities exist amid the threats.

"It's a big moment for motor, that particular sale," she says. "Manufacturers have long tried and failed to sell insurance but there's never been a large penetration of motor insurance being sold by dealerships. Clearly both Insure The Box and Toyota believe that can change dramatically."

As far as the telematics piece goes, Insure The Box were one of a kind, Searles says: "Lots of insurers have been dipping their toe in the water but Insure The Box led the way. There is nobody else dedicated to using driver behaviour data," she added.

However, there are several other manufacturers that may be looking to ▶ 30

Motor insurers

◀ 29 buy or at least partner with insurers, and firms should be alive to the potential of these deals, she says.

Not all partnerships are created equal, however, with scale being a key factor. "There's an opportunity for insurers to think 'How can I take advantage of this?' [but] you've got to partner with a really big manufacturer to make it work," she says.

And for those suggesting motor manufactures lack the expertise to underwrite this business, Searles has some sobering words. "The threat is more real than it's ever been. Motor manufacturers have very deep pockets. They have the funds to go and source people. And there's enough talent in the motor industry that they could go and poach if they wanted."

However, as Nick Corrie, managing director at Trak Global and Carrot, says, it is unclear how much desire manufacturers have to actually become insurers. While few would turn their nose up at another source of revenue in a tough market, the opportunity is not one which comes without risk.

"I'm in the box marked 'cynical'. It's possible Aowi has simply bought Insure The Box because it's a good investment," he says of the Japanese insurer's purchase of the telematics specialist.

Motor manufacturers' previous failure to launch an assault on the motor insurance market has been attributed to a number of factors, including their slow development cycles. However, the dawn of the connected car – partly accelerated by incoming *Ecall* regulations – means manufacturers will already be recording huge amounts of data. In theory, this should put them in poll position should they wish to enter the insurance space.

However, Corrie believes a number of obstacles are likely to make manufacturers think twice before jumping in. "The first factor is structural. Financial services arms and manufacturing arms are separate in most major motor manufacturers, with overlap only happening at the very senior level. It is not clear where insurance would sit within this," he explains.

> " I can't imagine the board of a motor manufacturer saying 'let's take £5bn of capital and become and insurer' when they could use that money in other ways

Then there is the question of the return on capital. Given that some manufacturers – particularly German ones – currently get very high returns of capital, and given that setting up an insurer is not a very capital-light exercise, the impetus for the move is not immediately clear.

"I can't imagine the board of a motor manufacturer saying 'let's take £5bn of capital and become and insurer' when they could use that money in other ways," Corrie says.

Barriers to entry

Regulation is yet another barrier, as the rules around building cars are much more harmonised globally than the rules for those for insuring them. "You can make a car in France or Spain or the UK and it is virtually the same, apart from having the steering wheel on the other side. The differences between the insurance regulations [in those territories] are much more marked," he explains.

In Corrie's view, rather than manufactures cutting insurers out of the chain, it is more likely the current partnership model will continue.

"Better data and more partnerships might mean insurers are less at the forefront of distribution, but they'll still be involved," he says. "It might be branded and marketed differently [and] called Mercedes Benz insurance or Jaguar Landrover Insurance, but there's still an insurer behind it."

Manjit Rana, CEO of Ingenin, says it is well known that motor manufacturers have long been mulling their involvement in the insurance arena. "A number of manufacturers are looking at ways to evolve their business and are starting to see their vehicles as platforms to generate new revenue streams rather than seeing themselves as just manufacturers and retailers of motor vehicles. Insurance is on their radar," he says.

"In the future, either due to competitive pressures or a change in the way consumers use cars – such as car sharing or pay-as-you-use business models – the margins for motor manufactures may become constrained, so they are looking at new ways to generate revenues. Are they going to become insurers? Maybe not. But do they believe they can generate revenue from the insurance transaction? Absolutely."

He continues: "The downside for insurers is that it takes away the customer relationship. It's conceivable you could get to the point where you would see the sat nav in your BMW as an aggregator or price comparison service for insuring specific trips.

"The risk for insurers is that they become a utility – the guys who provide the capital and the pricing – but are less involved in marketing and claims management, which are areas in which they actually make a lot of money," he concludes.

If it comes to a battle over brand, insurers are unlikely to win against the might of the motor mega brands, he adds.

"My loyalty to my motor manufacturer is much stronger than my loyalty to my insurer. Usually you've made a deliberate decision to choose that brand of car. I see the Ford logo every time I get in my car and unless I'm driving a really old car I'm unlikely to have a negative experience with it."

Although deals like Insure the Box naturally raise questions about the plans of motor manufacturers, Ofir Eyal, principal at

Friend or foe?

With motor manufacturers tipped to play an increasingly large part in the motor industry we look at the most likely candidates to partner insurers or steal their thunder.

2013 global sales of new cars and trucks (m)

BMW Group	PSA Peugeot Citroen	Honda	Fiat-Chrysler	Ford	Hyundai-Kia	Nissan- Renault	Volkswagen
1.9m	2.8m	4m	4.3m	6.3m	7.5m	8.2m	9.7m

Boston Consulting Group, says the worry that manufacturers will sell insurance at the point of sale or become insurers, is "a worry but not the worry" for motor insurers.

Of greater concern is the fact that "the entire way of purchasing insurance is going to change", he says. "Evidence increasingly tells us that consumers want to have a one-stop-shop for all their motoring needs. Petrol, parking, music, traffic alerts and insurance. They want that 360 degree package [and] there's only willingness to pay for really good stuff because so much of the good stuff is free," he explains.

He also points out that insurers' focus on the 'what' rather than the 'how' and 'why' could be working against them. "Insurers are still very practical in their discussions. There's a lot of discourse about how many telematics policies they should have — but very little about how motor is perceived by consumers.

"[Insurers] are leaving it to app solutions like [community-based GPS and maps application] Waze to establish ecosystems. Our worry is that these ecosystems will already be in place and insurers will just have to accept the terms and conditions [rather than helping to shape them]".

While the role of motor insurers is certainly changing, the immediate threat posed may actually be to brokers and aggregators, Tony Lovick, pricing actuary at Towers Watson warns.

The current business model of firms such as Compare The Market and Confused is to ask the policyholder around fifty questions and then sell that information to the insurer for around £45. The business case has previously been that this is all the insurer needs to write the risk — but the existence of 'black box' telematics data has changed all that, he says.

"There is a whole pile of extra data that is now required to get your price right. It is so powerful that it will have to make its way into the value chain. The connected car makes [motor insurers] the natural owners of that data [and what] motor manufacturers will probably end up doing is renting that data to interested parties who come and make them offers."

There's an app for that

Over the long term the main purchasing method of insurance is likely to be via an app on an in-car dashboard, Lovick says, although how exactly this will play out is still unclear.

"Would you have a Confused app or a Go Compare app or an Aviva or Allianz one? I suspect you'll have all of them. The customer could then choose the price comparison app, or their favourite insurer. That app will run in the car and the connected car will give it access to certain data.

"I suspect the consumer will go down the route of the price comparison choice. If you've got an app that can just do Aviva, and you've got another app acting as the consumer champion then why wouldn't you go down that route and chose the cheapest price of those fifty?"

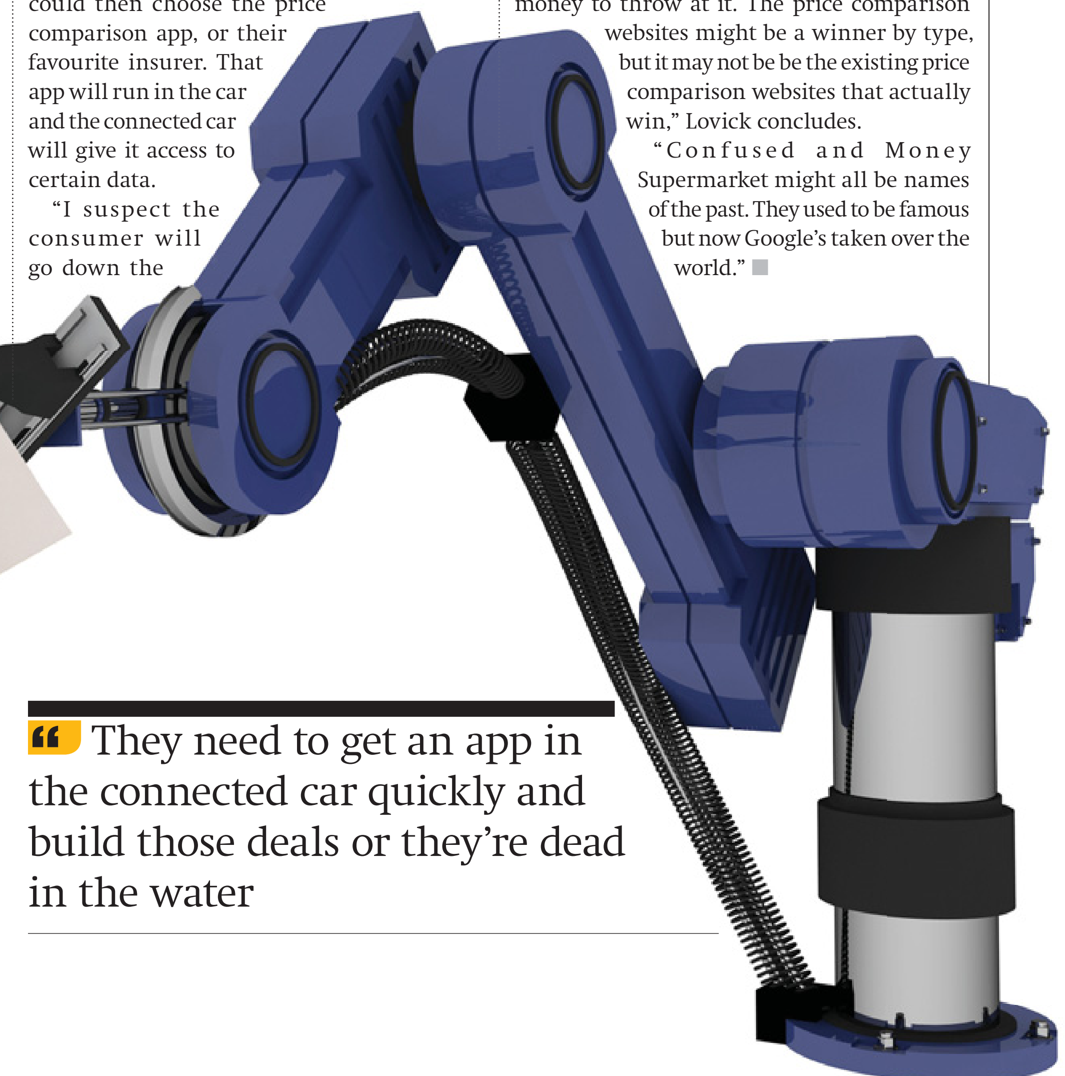
In this new world, "insurers are looking a bit more like a wholesaler — almost of a commodity-type product — and their brand isn't as important as it used to be", he adds.

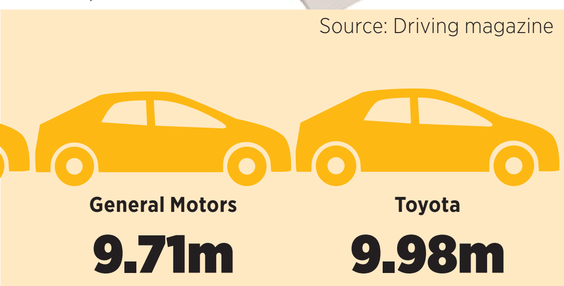
As to where this leaves price comparison websites: "They need to get an app in the connected car quickly and build those deals or they're dead in the water. The data they've got isn't going to be enough in the future," he says.

As if that were not enough to be fretting over, Google's rebranding of aggregator Beat That Quote as Google Compare — and its launch in the US market — is acting as further threat, albeit a nascent one at this time.

"Google is a force to be reckoned with. It has a lot of brand awareness, the consumer champion angle is very strong and they have loads of money to throw at it. The price comparison websites might be a winner by type, but it may not be be the existing price comparison websites that actually win," Lovick concludes.

"Confused and Money Supermarket might all be names of the past. They used to be famous but now Google's taken over the world." ■





> "They need to get an app in the connected car quickly and build those deals or they're dead in the water

Legal Update Cyber Insurance

The cyber race: the elephant in the room

Andrew Shütte and **Andrew Hill** say a structured approach is essential to limit aggregation exposure

While many insurance companies are signing up to the cyber race in pursuit of much-needed premium, some say the aggregation exposures faced by cyber insurers are the elephant in the room.

Imagine a cloud-computing platform is hacked or taken down by a denial-of-service attack. Of course, the insurer of the cloud provider would expect to be hit with countless claims, but less obvious perhaps are claims from insureds who may have had client data stored in the exposed cloud.

The wider application of the technology, the greater the aggregate risk. An example would be the disruption of a GPS satellite, which could result in ships worldwide going off course causing collisions, late deliveries of goods, business interruption and potentially worse. Another example might be a computer system controlling oil rig production. If a virus destroyed such a system, it could result in blowouts, suspension of operations and some very large claims indeed.

In 2011, Sony's Playstation Network was hacked, exposing the personal data of 77 million of its customers. In 2014, hackers stole the records of 83 million JP Morgan customers. These 'mega' breaches are perhaps the closest the cyber market has come to seeing a 'catastrophe' loss.

The ultimate cyber catastrophe loss could be 'taking down' the internet. It is rumoured there have been unsuccessful attempts, but the internet has thus far been very resilient. Should such an attack be successful, however, a significant multi-line cat loss is foreseeable.

Cyber exposures, just like the term 'cyber' itself, are not easy to pin down. They all generally arise from computer networks or sensitive information - so the exposures are incredibly broad.

Several "non-cyber" business lines could be faced with cyber-related claims. A property insurer might pick up a business interruption claim from a 'Stuxnet' attack designed to actually destroy computer hardware. A financial institution's insurer might get a claim for fraud under a computer crime policy. A directors' and officers' insurer could be faced with a claim where proceedings are commenced by shareholders against directors for failing to protect a company's IT security following a data breach. There are many more examples — cyber exposures do not exist in vacuum and should not only concern specialist cyber underwriters.

However, one might be forgiven for thinking the market is in the midst of a cyber "land grab". As well as the specialist cyber entrants, there has been a trend in recent years for traditional lines to write incidental cyber business.

Whether cyber insurance is best written by specialists or as an extension to traditional lines of business is a burning issue. There is no clear consensus at present, although policyholders' requirements may be the decisive factor and incline towards incorporating cyber into standard commercial policies

The uncertainties surrounding aggregation should prompt insurers to consider how their client portfolio is structured, in particular how resilient their book of business across all lines might be in the event of an aggregated loss. This requires an understanding of what insurers' cyber exposures really are and that, in turn, requires a structured approach.

The Lloyd's market has set out its stall with the introduction of specialist codes for cyber, aimed at giving underwriters visibility on their aggregate exposures in this dynamic area.

There is no one easy solution to minimising exposure to potential aggregated losses in what is an incredibly fluid area of risk. Tried and tested principals of good underwriting, such as understanding the risk being taken on and ensuring the policy language is sufficiently tight that losses not accounted for in the premium are not covered, remain crucial.

Andrew Schütte, partner (left) and **Andrew Hill**, associate, Hill Dickinson

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This position provides technical leadership across a multi-channel First Notification of Loss Motor Claims handling operation.

Beyond Economical Repair Expert (Based in Birmingham - 3331)
As a member of the Beyond Economical Repair Team (BERT), this role will provide a total loss solution to claimants whilst maintaining service levels, financial performance and internal process adherence.

What we offer in return:
Competitive salary and benefits package including: annual bonus, generous pension plan, additional flexible benefits and excellent training.

To apply/see full job descriptions:
Please go to our Careers page **allianz.co.uk/careers** and search for the relevant role using the job reference number and complete our application form.

integrity
claims management

SALES EXECUTIVE

An exciting opportunity has arisen for an experienced Sales Executive to join an independent business that specializes in **Vehicle Accident Management**.

Your role will be to **develop new business and manage existing accounts**, to build upon the successful brand within the **South-East**.

The successful candidate will be a tenacious self-starter, with at least 2 year's field sales experience and a proven stable track record, showing sales achievement and strong relationship management. If you are able to demonstrate that you have excellent communication skills, self-motivation and drive with a competent and persuasive approach, then we would be delighted to hear from you.

In return, we will reward you with a **(competitive salary plus bonus) company car, 28 days holiday (including Bank Holidays) mobile phone and laptop. Plus, a level of self- autonomy with job flexibility and opportunity for personal development**.

If you are interested in applying for this position, then please send your CV to **russell@integritycm.co.uk** with a covering letter, outlining your skills and experience and what you could uniquely bring to the role.

MARKET MOVES

Insurers

Sterling Insurance Group

Sterling Insurance Group has hired **Pauline Palmer** as a regional development manager for the West Midlands and South Wales region. Palmer has joined from broker network Purple Partnership, and prior to this, she worked at online insurance marketplace Powerplace, having previously worked as a personal lines broker.

Zurich

Steven Zuanella has joined Zurich in the newly-created role of chief digital officer while **Simon Gratton** has been appointed as interim chief data officer. Zuanella joins from Bupa where he was group digital director. He has held previous digital, e-commerce and strategic roles with Prudential Assurance and Barclays Bank. He will lead a senior cross-functional team to develop an overarching digital strategy and future roadmap. Gratton was previously at Capgemini, and he will be responsible for defining the strategy for management information, data management and analytics for Zurich's UKGI division.

Simon Gratton

Steven Zuanella

Jonathan Beaven

Jamie Bouloux

Leo Gibbons

Brokers

Hood Group

Hood Group has appointed **Jonathan Beaven** as head of finance. An ACMA-qualified accountant, Beaven joins Hood Group from the Whitehouse Leisure Group where he spent 10 years as group financial controller managing the finance, IT and HR functions. Before this he spent four years as finance manager for HML Marketing, then a subsidiary of Cox Insurance Group. Jon's earlier career was spent in the city working with Plcs including Cable and Wireless and Dow Jones.

Robertson Taylor

Richard Arnold has joined Robert Taylor, the insurance broker specialising in the live entertainment industry, as head of private client services in the UK. Arnold brings more than 20 years of experience in this sector and joins the business from R K Harrison, where he held the position of account director overseeing London and South East Teams. At Robertson Taylor, he will have responsibility for building the business's existing private client division, and handling high-net-worth individuals from across the global entertainment industry.

MGA

CFC

Specialist lines underwriting agency CFC has added **Jamie Bouloux** to its corporate cyber practice. He joins the business from AIG where he was head of cyber and technology liability for Europe, Middle East and Africa. In his new role at CFC, Bouloux will be responsible for driving the development of its large corporate cyber product on a global basis.

Loss adjusters

Cunningham Lindsey

Cunningham Lindsey has hired **Leo Gibbons** as director of the global specialty markets team. He has over 30 years' experience in the financial services sector, having worked in the international banking market and at Sedgwick, Hiscox, Novae Insurance and Giles Insurance Brokers. Gibbons is also a founder of Insurance Corporate Advisory Limited, an advisory firm specialising in corporate finance transactions in the insurance sector.

Service providers

Xchanging

Xchanging has appointed **Gilles Bonvarlet** as non-executive director. He previously held senior roles as chief operating officer of Talbot Holdings and managing

Career file

Besso Insurance Group

Senior appointments as Besso plans for growth

Besso Insurance Group has announced a number of senior appointments to the group's management board and to Besso Limited, positioning it for its next phase of growth and expansion.

Howard Green, chairman of Besso Property (pictured above right), has become CEO of Besso Limited. Green joined Besso in 1985 and is one of the founding members and architects of the company following the management buyout that saw the creation of Besso in its present form. He has nearly 50 years' experience in the insurance industry working in the Lloyd's market and specialising in property. Green handles one of Besso's largest individual accounts and he is also on the boards of both Besso Insurance Group and Besso Limited.

Roddy Caxton-Spencer, chairman of Besso International, **Robert Dowman**, head of Besso global casualty and **Russell Nichols**, head of Besso global property, have been appointed to the Besso Insurance Group's board.

At the same time as these appointments, **Colin Marshall**, a founding partner of the Group, has made the decision to retire as a Besso director and CEO of Besso Limited.

Colin Bird, chairman and CEO of Besso Insurance Group, said: "Howard is a founding member of Besso and has the experience of building and leading international broking business as well as a wide breadth of client and market relationships which make him extremely well-placed to lead Besso into its next phase.

director of XL London Market and Brockbank. He has also served as a non-executive member of the Lloyd's Market Board.

Investment companies

Insight Investment

European investment manager Insight Investment has bolstered its insurance business with the appointment of **Heneg Parthenay** as head of insurance. Parthenay has more than 14 years' experience working for multi-national companies in the insurance and investment management industries. He joins from BNY Mellon Investment Management EMEA, where he was chief operating officer and head of insurance. Previously he was strategy and mergers and acquisitions director at Aviva Investors.

Career Development

The importance of being happy

Employees are the beating heart of any company. Think of the etymology — it's literally a 'company' of people. Without engaged, loyal, happy employees, no business can hope to succeed in the modern era.

We are not a huge company, but we are a growing one. Despite that growth, company culture and employee wellbeing are the fundamental cornerstones of our work — as they should be for every business. A successful company is one that recognises it is nothing without good people. The corollary of that is that businesses of every size have a responsibility to their employees to ensure they are happy, involved in decision-making, respected, properly remunerated, and, above all, that they feel they are part of something worth being part of.

We take those responsibilities seriously. While I fully understand the commercial imperatives of the business world, I firmly believe everyone in management positions must recognise their role in ensuring and improving employee wellbeing. Work is a huge part of our lives, but it's not all of it. Without intruding , we should all be thinking about how we can improve our colleagues' lives both in and out of the office.

This begins with listening. Far too many businesses are stymied by a wall of silence between employees and management. A lack of communication is disastrous for any business. Employees should know they have the opportunity to raise questions and concerns at any time, and that they will be acted on. Management must be transparent and authentic, acknowledging problems when they arise and making every effort to address them.

As corny as it may sound, business is not only about money. Yet it is self-evident that higher levels of engagement lead to higher levels of capability and success. People are paramount, and in order to build sustainable, successful businesses with cultures in which we would want to work, we should all renew our focus on employees as the pillars on which our companies are built.

Jason Stockwood, CEO, Simply Business

Postscript

Penny Black's Social World

The Big Picture

LV, sponsor of the Battersea Dogs and Cats Home's rescue dog agility team, tweeted this super-cute snap from this year's Crufts show. The Battersea agility team was formed nine years ago and the current motley crew includes Frank, the Staffordshire bull terrier who featured on series one of *Paul O'Grady: For The Love Of Dogs*; Twiggy, a previously obese border collie; Squirt, a Staffordshire bull terrier; Woody the Spitz; and Jelly, a border collie who also competes in sheep dog trials.

The Big Debate

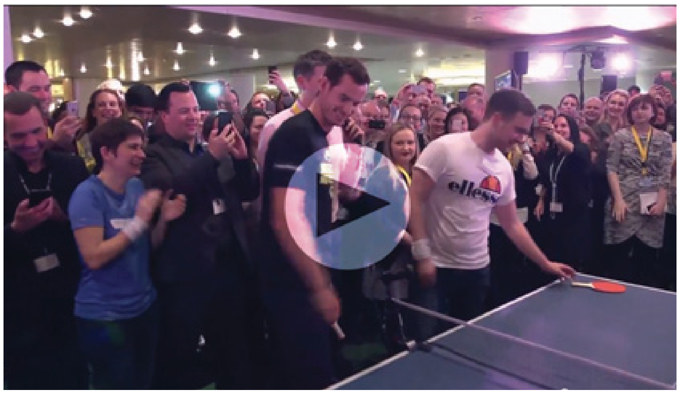
Where did all the women go? Axa is supporting the 'She's Back' research project which seeks to understand how much corporate Britain could gain by attracting back some of the talented women who leave the workforce every year due to the conflicting demands of a career and childcare.
Katie Marriner, reporter, Post
Have your say at *bit.ly/PostLinkedIn*

Penny Black's Insurance Week

Cultural artefacts lauded by their home nations can sometimes leave visitors cold. But it is less common to hear **host nations express their own bafflement**. Thus, it was refreshing to hear **Marc Beaujean, board member at insurer P&V Belgium** and a Belgian native, addressing his capital city's apparent fixation with statutes of **a small boy urinating**. Showing a slide of the infamous Manneken Pis [literally meaning 'little man pee'] during his speech at **Guidewire's Innovation in Insurance** conference this week, he reflected sombrely – "Disney has the little mermaid. We have this guy. **No one knows why**." It was a day for quips from the lectern, with **Sanlam's commercial lines business owner Luna Vogel** responding to an audience member surprised that her firm had implemented a phase of its change programme so quickly by retorting "**there were a lot of women on the project**". Coming one day after **International Women's Day**, it was good to see a strong female businesswoman leading, and **championing other women**, from the front. Penny was most proud.

twitter.com/PennyBlackPost

Did You See?



Wimbledon champion Andy Murray was almost left red-faced during his last match – against an insurance firm's customer services worker.

Murray, who played for Great Britain against the United States in the Davis Cup in Glasgow, edged out Jamie Gregor in a nail-biting table tennis clash after visiting his sponsor Standard Life. "At the start, I think he wasn't trying as hard as he could. But then I went two points up and his face just changed. Then he was taking it seriously. I think he was trying fairly hard," said Gregor.

Watch the video at *bit.ly/1C21cZB*

Tweet of the Week

Mark Wright
@Mark_E_Wright
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I am proud to announce that .@Climb_Online is working with .@BeWiserBusiness.