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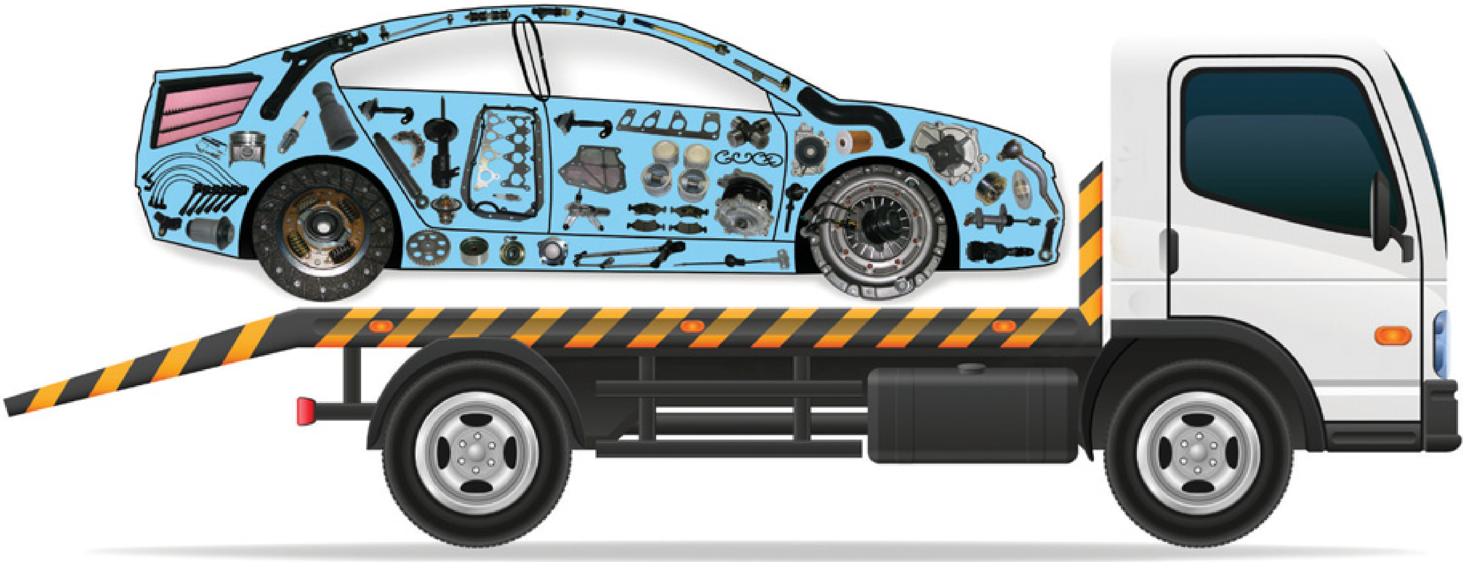

Insurers are supporting a change in the salvage code to ensure it is impossible for cars sustaining substantial damage to return to the road

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Expertise A-Z A look at qualifications and continuing professional development

Editor's Comment

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Heeding the warning shot

> "Some brokers have been left to get on with it for up to four years without ever hearing from the insurer

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Following the Financial Conduct Authority's recent thematic review into delegated authorities, compliance experts have cautioned this is a warning shot across the bow.

The industry has been found wanting in several areas and commentators suggest if insurance boards do not start to get properly involved overseeing these arrangements then the regulator will step in to enforce action.

The FCA stated that firms were not giving sufficient focus to how the interests of customers might be affected by this outsourcing and found that the intermediaries undertaking product design activities do not recognise the extent of their responsibilities as product providers.

Anecdotal evidence suggests that some insurers have been very lax in overseeing the handing over of their pen and there are even suggestions that some brokers have been left to get on with it for up to four years without ever hearing from the insurer or having the business checked over by them.

It beggars belief that insurers — who are famed for keeping an eye on every penny — are giving another organisation the right to place risks in their name and allowing them to set the premium and even terms, with the named insurer knowing little or nothing about the risks it is accepting and at what level. Yet the insurer currently holds the ultimate responsibility for that business when a claim materialises.

It comes as little surprise that the regulator has turned its spotlight on this area but these arrangements are likely to come into even sharper focus next August when the *Insurance Act 2015* is implemented.

The balance of responsibility in delegated underwriting arrangements will change markedly as managing general agents and coverholders come under scrutiny as both a broker and the placing insurer.

Brokers will be aiming to have their underwriting duties and responsibilities clearly defined and insurers will want to make sure they are clear what the intermediary is responsible for — as rumours abound that insurers are looking to push more responsibility for obtaining and checking information onto brokers.

With this in mind, now is certainly a good time for insurers to be reassessing proposal forms and policy documents and for intermediaries to be getting their duties clearly defined. Otherwise, as well as enforcement from the regulators, we are also likely to see fireworks next summer between insurers and their delegated authority brokers.

Stephanie Denton, editor

News

DVLA to destroy log book so no reconstructed cat A or B car can return to road

Salvage code to be mandated to stop written-off cars returning to the road

By Callum Brodie
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The current categorisation of vehicles under the Salvage Code of Practice

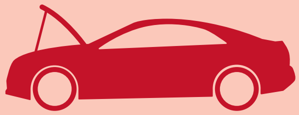
Category A
Scrap only – with few or no economically salvageable parts and of value only for scrap metal. For example, total burnouts

Category B
Break for spare parts if economically viable – excluding any residual scrap value

NEITHER CAT A OR B VEHICLES SHOULD BE REAPPEARING ON THE ROAD

Category C
Repairable total loss vehicles, where repair costs including VAT exceed the vehicle's pre-accident value

Category D
Repairable total loss vehicles where repair costs including VAT do not exceed the vehicle's PAV



Source: Association of British Insurers' code of practice for disposal of motor vehicle salvage

Insurers have backed proposals to mandate the salvage code of practice with a view to ensuring the most severely damaged written-off vehicles do not return to UK roads, *Post* can reveal.

High-level discussions are taking place between the Association of British Insurers, the Department for Transport and research facility Thatcham with a view to revising the code, which is currently applied on a voluntary basis.

Post understands the revised code will result in the categorisation criteria of damaged vehicles being changed to one based on the type of damage sustained as opposed to the current listing (*see box*).

Phil Watchorn, consulting forensic engineer at UK Mets and former chief engineer at Co-operative Insurance Services, explained: "It is my understanding that the code will be mandated and that it will be formed of three categories. The former cat A and B will be combined into one and any vehicles falling into this category will be destroyed, with the DVLA destroying the log book so that it is impossible for any reconstructed vehicle to be taxed or insured.

"The other categories will be known as 'structural' and 'non-structural'. When an incident takes place the log book will be stamped with an 'S' or and 'N' by the DVLA.

"The new mandatory code could be introduced later this year and hopefully it will bring about a more joined up approach between insurers and the various third parties."

The planned changes to the code, which is expected to apply to all organisations that dispose of salvage, come following criticism of the insurance industry during a BBC *Radio 5 Live Investigates* broadcast last month on written-off cars.

The show claimed it had approached 10 different insurance companies with details of a car certified as a cat B write-off, but that none of the firms flagged up that the car should not have been on the road.

The BBC also obtained figures through a freedom of information request that showed that in the past three years there were 1800 applications to return cat A and B vehicles to the road.

Watchorn, who was invited to talk on the show, has since told *Post*: "It had come to light there had been a number of incidents in which young drivers had been killed in cat B vehicles, however, while this is obviously tragic, it is not necessarily the case that the fact these vehicles were cat B was the reason the incidents occurred."

Despite the fact the salvage code of practice dictates that cat A and B vehicles should not be returned to the road, it is not currently illegal for such cars to be repaired and put back into circulation, which has led to calls from insurers for the government to take action.

Les Elliot, motor salvage manager at Allianz, said: "The law does not support us in the retention of cat A/B vehicles even though we have it written in our motor policies. If it did, we could guarantee all cat A/B vehicles would be processed to destruction. At present we can only guarantee the vehicles we retain. The law allows cat A/B vehicles back on the road, not insurers."

Confirming that changes to the salvage code of practice are being discussed, Ben Howarth, ABI general insurance policy advisor on motor and liability, said: "This is a complex issue involving a wide range of parties, which is why the ABI is working closely with the DfT, Thatcham and the wider salvage industry to update the processes used when a car is scrapped."

The proposals for a revised salvage code of practice have been broadly welcomed by industry players.

Ian Currie, RSA UK motor and injury claims director, said: "RSA is committed to safety on the UK's roads. It is important that vehicles are safe, and that vehicles that have sustained damage that makes repairs inappropriate do not return to the roads.

"There is an industry-wide salvage code of practice that RSA applies when categorising salvage and we upload these details to the industry database [Motor Insurance Anti-Fraud and Theft Register]. This code is being revised and RSA is supportive of the proposed new code."

Caroline Johnson, head of motor and third party technical claims at LV, told *Post*: "When we deal with any claim that results in the vehicle being declared an insurance write-off, we will always update the MIAFTR regardless of whether the customer retains the salvage of the vehicle or not."

When contacted by *Post*, a Thatcham spokesman confirmed the research centre was involved in discussions concerning a revised salvage code of practice but declined to provide details. The DfT was unavailable for comment.

The British Vehicle Salvage Federation scheduled a meeting to discuss the matter of a revised code on 16 June.

News

Brindle calls for 'new era of disciplined underwriting'

Industry experts question Brindle's call to arms following Fidelis launch

By Katie Marriner
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Capital raising-ability and difficulties in obtaining a credit rating have been cited as barriers to other insurance companies emulating the business model employed by Richard Brindle's $1.5bn (£964m) start-up Fidelis.

The Lancashire Holdings founder and former CEO announced the extent of investment in Bermuda-based Fidelis on 10 June. Private equity houses Crestview Partners and CVC Capital, investment firm Pine Brook and a host of individual and institutional investors are backing the business, which was launched in partnership with former Lancashire group president Neil McConachie.

Fidelis, rated A- by AM Best, has been set up to operate on a balanced risk strategy, whereby capital and risk will be shifted between insurance and investments to maximise return on equity across market cycles.

Brindle told *Post* if other insurance companies followed the Fidelis business model the industry could experience a new era of disciplined underwriting.

"When you're in a soft market you put more emphasis on the asset side of the balance sheet and then when ratings improve you flip across to the underwriting side of the balance sheet," he said.

"I've been aware of the limitations of the current business model for several years now. Until 2008, the insurance industry actually made more money out of investments than it did from insurance. However, since 2008 those fixed income portfolios, which were generating 5% or 6% returns a year, are effectively generating nothing."

He added: "If you had a whole bunch of companies in this agnostic place where they would look at market conditions and decide whether to pull back, or throttle forward, on each side of the balance sheet, that should lead to more responsible underwriting."

However, market commentators remain unconvinced Brindle's business model will catch on.

Canaccord Genuity analyst Ben Cohen said other Bermudian companies that have tried such a model, for example those backed by hedge funds, have had mixed results.

He told *Post*: "It depends on how well those hedge funds have done and if people want exposure to them. I wouldn't have thought a lot of people will follow [Fidelis] given that the capital requirements if you are taking on investment risk alongside underwriting risk are fairly onerous in Europe."

He said not many companies have managed to get both sides of the business model right – underwriting and investment – over a long-term period.

"When Lancashire was setting up it was cautious in its ability to be able to do that and the focus was on underwriting," Cohen added. "My question would be what has changed in the industry to revise that view from 10 years ago. I doubt there are better investment processes so I would see it as a way of positioning something rather than [a venture] that is going to lead the industry."

Lloyds Banking Group commercial banking managing director and global insurance head Bill Cooper said the amount of capital Brindle has raised for Fidelis would be difficult for other companies to replicate.

Cooper recalled Axis Capital's 2001 $1.5bn fundraise under the leadership of John Charman, who Brindle later worked with, as one of the only other large capital raises equal to the Fidelis total.

"You need a chunky amount of capital to be able to carry out this balanced risk strategy and have a credit rating in the investment grade range," he said, adding that obtaining a credit rating for a balanced risk model also has its challenges.

"The only agency that will give you a rating is AM Best and it is making it quite difficult. You have to be capable of raising a lot of capital, which limits the ability of others to do something similar," Cooper explained.

Mark Winlow, a non-executive director on the board of four insurers and one broker, questioned how the allocation of capital between insurance and investments would practically be approved by company directors and regulators.

"[Regulators] will need assurance the model and processes are cast iron so there is no chance of being undercapitalised," Winlow said.

"The question I would have if it were proposed where I am a non-executive is how to calculate accurately the insurance liabilities in a way that minimises the capital requirement and [still has] a thin buffer," he added.

Nonetheless, commentators were unsurprised to see "serial entrepreneur" Brindle return to the market after retiring from Lancashire in April 2014.

CV: Richard Brindle

Fidelis founder and group CEO

Previous employment

2005-2014
Founder and CEO
Lancashire Holdings

2001-2005
Non-executive director
Ascot Underwriting Agency

1991-1999
Director (until 1998) and main underwriter
Charman Underwriting Agencies Director

Shore Capital analyst Eamonn Flanagan said: "The surprise is the timing of it. The environment is not conducive to making good returns. It is not like in 2005 when he set up Lancashire."

Cohen added Brindle has a good track record as he can point to having built Lancashire into a successful business.

"What is surprising is that Lancashire let him leave on the terms it did [for example] taking his founder's warrants and cashing them out. It didn't seem like he was going to retire but that he would return and start again somewhere else," Cohen said.

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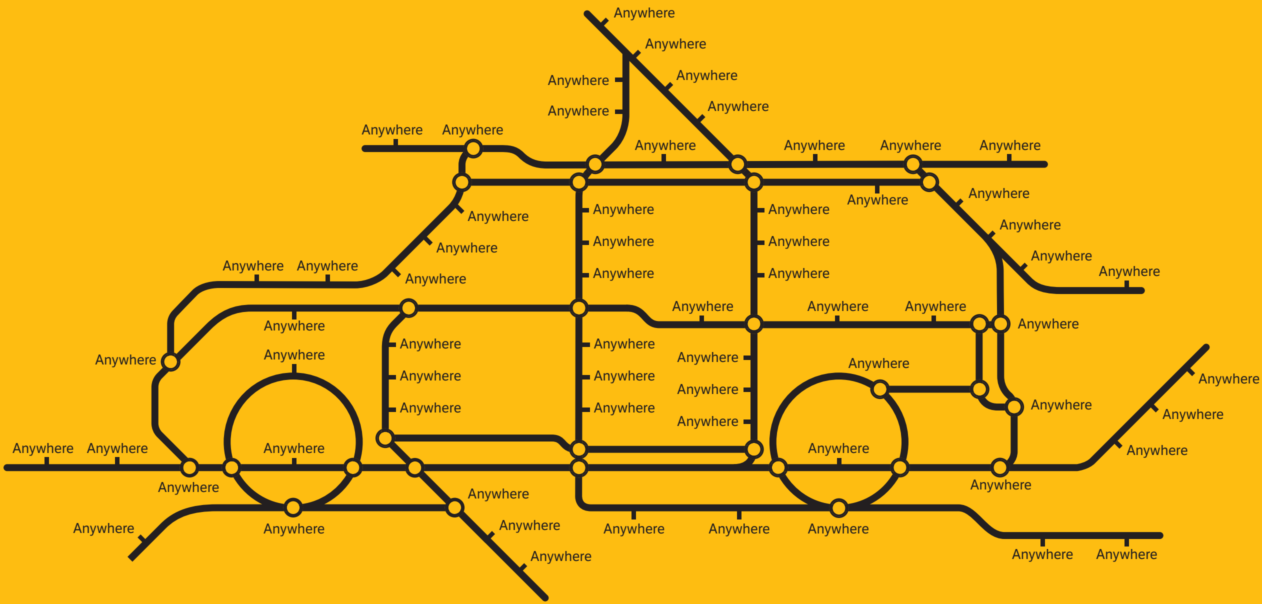

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News

Accreditation scheme to weed out low-quality MROs

Public support for Medco provides fillip for industry backers

By James Verrinder
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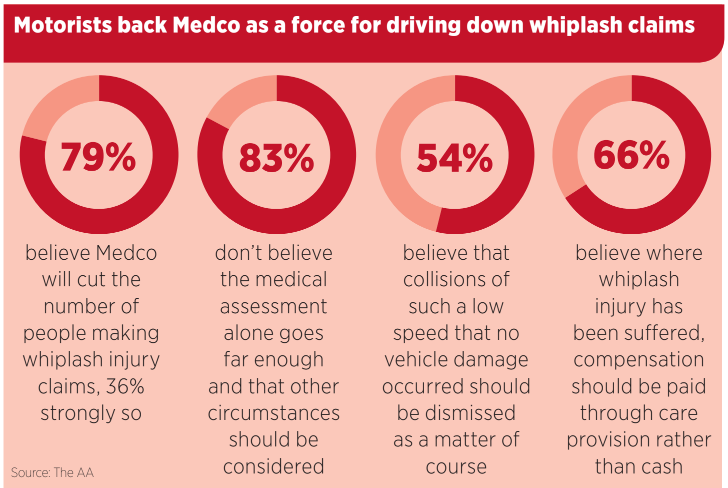

Defence of Medco by insurers and the defendant legal community appears to have been vindicated by the public's support of the independent medical panel.

Research from The AA has found that 79% of the 16,863 drivers it polled believe that Medco will cut the number of people making whiplash claims, with 36% saying they strongly believe the scheme will reduce claims [*see box*].

The public support for the portal follows criticism emanating from the claimant legal fraternity about the quality of some of the medical reporting organisations that had been accepted onto Medco.

However, elsewhere the industry has been united in its support for the portal, and the underlying feeling is that an accreditation scheme that will be introduced in 2016 will weed out any low-quality experts on the portal.

In May, a survey carried out by the Association of Personal Injury Lawyers found that some respondents had experienced MROs located above kebab shops and one that appeared to be a firm of estate agents.

There were also issues about the location of certain MROs, with some legal companies unable to find a suitably close expert on the portal.

However, the Forum of Insurance Lawyers has been quick to point out that recent surveys carried out on the Medco scheme should not be recognised as being representative.

Peter Allchorne, head of Foil's motor sector team and a partner at law firm DAC Beachcroft, told *Post*: "The findings of the recent surveys on the set up and performance of Medco must be considered with a good degree of caution. The first, which was commissioned by an anonymous MRO, surveyed just 300 firms – less than 5% of the total number of the firms registered with the Solicitors Regulation Authority in England and Wales.

"The second, undertaken by Apil and sent to more than 3500 members received only 95 responses – less than 3%."

Allchorne went on to address the issues of medical experts located above fast food outlets in the Apil survey and insisted that, in time, any questionable MROs would be removed from the portal.

He explained: "The criticism of Medco appears to be premature. While there are anecdotal stories of new MROs setting up above kebab shops, Medco is restricted by the qualifying criteria laid down by the Ministry of Justice. However, in time, audits and accreditation will ensure only fit and proper organisations prepare expert reports.

"In the meantime, one would expect solicitors would not send instructions to MROs that don't have a proper infrastructure. There is a choice of seven MROs in each search and market choice will mean that those that are of inferior quality or trying to impose unfair terms will no longer continue to be instructed."

Sarah Mallaby, technical divisional claims manager at Allianz, agreed that poor quality medical experts would soon be found out and then pushed out of the market by claimant law firms.

She said: "There is plenty of choice for claimant solicitors to select an appropriate expert based on expertise and geographical location. Medco is currently developing the accreditation process, which will come into force in 2016. If claimant lawyers have concerns over the quality of experts signed up to Medco, they should work with the agency to ensure the accreditation process is robust and removes any unsuitable experts."

The Association of British Insurers said that it was working with Medco on this new accreditation scheme for MROs that would further help eliminate any questionable organisations from the portal.

An ABI spokesman told *Post*: "Medco is about much more than the random allocation of independent medical experts. Insurers have long had concerns about the training and experience of those undertaking medical examinations, which is why the accreditation scheme for medical experts is so important.

"The ABI, through the Medco board, is working to develop a robust scheme of accreditation for medical experts and announcements on the detail of this will be announced by Medco in due course."

Apil has also pledged to get involved in improving some of the early teething problems that the portal has experienced, and has already provided both Medco and the government with suggestions on how to solve some of the issues.

Jonathan Wheeler, Apil president, told *Post*: "Our survey highlighted several teething problems, which are causing difficulties for our members, which in turn have a knock-on effect on claimants. Of particular concern is that medical experts suggested by Medco are located an unreasonable distance away for an injured person to travel, even though our members are aware of suitable experts nearby who are supposedly registered with the system.

"Solicitors trying to do their best for their clients are naturally frustrated by this and the bureaucracy in the system, which is causing delays to claims.

"We have submitted detailed recommendations to the government and Medco board with a hope some remedies can be implemented swiftly."

News

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FCA warns boards over due diligence and management of arrangements

Boards must be more engaged and active in delegated authority oversight

By Francesca Nyman
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The boards of insurers that use delegated authorities must take a more active role in their oversight, following the 'warning shot' from the Financial Conduct Authority over such arrangements, compliance experts have cautioned.

The financial watchdog's thematic review into delegated authorities, published earlier this month, found many companies were not treating delegated arrangements as outsourcing and was highly critical of the due diligence and management of such arrangements evident in the firms it investigated.

According to the regulator, many firms are giving insufficient focus to how the interests of customers might be impacted by outsourcing.

Furthermore, the FCA found some intermediaries undertaking product design activities do not recognise the extent of their responsibilities as product providers.

Terence Clark, director at compliance firm RWA Group, told *Post* there had been "a real lack of insurer oversight of delegated authority arrangements".

"I've heard brokers saying it's been four years since they saw the insurer," he said.

While some executives may consider it the responsibility of the compliance officer to ensure proper checks and balances are in place, it is the board who must take ultimate responsibility, Clark added.

"Ultimately, the approved persons on the board are responsible. It's no good hauling in the compliance manager and saying 'what's going on?' You should know what's going on. The board should be engaged at every level. Everything should have a treating customers fairly rationale and everything should have systems and controls in place."

He added: "There's always the threat of enforcement [from the regulator] if someone doesn't pay attention. It won't come next month but this is a warning shot."

Branko Bjelobaba, managing director at Branko Compliance, said he was not surprised the FCA had turned its eye to this part of the general insurance supply chain, given the lax approach that many companies take to delegated authority business.

He told *Post*: "Some firms just give [delegated authority] to who they like based on the fact the business is going to come in and after that there's no checking on the quality of the business [or] the broker.

"When you delegate authority to a third party, you are giving that organisation a lot of flexibility to place the risk, set the premium, set any terms. But you are still responsible if something goes wrong."

"It's common sense stuff but unfortunately a lot of firms have been found wanting," he added.

Increased scrutiny on delegated authority arrangements in recent months led the International Underwriting Association to create a working group to discuss the specific challenges of these type of partnerships.

The group meets for the first time this week and the findings of the FCA's thematic review will be high on the agenda, according to Helen Dalziel, senior market services executive at the IUA.

Bjelobaba: firms found wanting

According to Dalziel, the creation of the group followed an increasing number of queries from members regarding delegated authority arrangements.

"The Lloyd's Market Association and the Lloyd's side of the London market have established various groups with regard to delegated underwriting authorities. Our members feel they need a forum where they can exchange views, ideas and best practice outside of the London market as some of them don't have a dual platform.

"One of the main topics of discussion will be the results of the FCA's thematic review. While we can't mandate practices or model wordings we can discuss how best to take things forward and address the challenges our members face in terms of operating these kinds of agreements and the interface with the regulator."

She added: "An exchange of ideas can engender some innovative solutions to this kind of distribution model and ensure that everyone has thought about all the angles and the ramifications of doing this kind of business."

Although the compliance aspect is very important there is also a strong business case for doing proper due diligence on delegated authority partners, according to James Wheddon, managing director at R&Q Commercial Risk Services.

"As an insurer you're giving delegated authority to the broker, whose natural instinct is to behave as a broker and not as an underwriter. You need good processes in place to ensure that they act in the correct fashion in order to manage the capital that you're giving them," he said.

He continued: "One of the big things that came out of this review was the [high] turnover of these arrangements. Good diligence should stop that. You should be able to find out enough information, trust the people you are doing business with, evidence that, and hope you're going to do business with them for three to five years.

"It's not in anyone's interest to set up an arrangement that lasts for 12 months. It's an embarrassment to the brand and from a business perspective you've lost all your money because typically you won't make any money in year one because of the costs of getting the arrangement set up."

Read more online...

Due diligence failings revealed by FCA's delegated authority review
www.postonline.co.uk/2411066

Regulatory spotlight leads to IUA delegated authority group
www.postonline.co.uk/2409965

Comment

Just a little respect

The industry already provides excellent service, but joined-up thinking will lead to mutual respect

C-Suite - Broker

François-Xavier Boisseau
CEO, Ageas Insurance

I don't for one minute believe that at Ageas we get everything right every time but it is pleasing to be recognised for doing the right thing by customers, for example, by being accredited with the Institute of Customer Services Service Mark. But, even as I think about achieving these accreditations I wonder if the industry really does enough to make the consumers of our products in all sectors trust and respect us.

Yes, various customer satisfaction surveys reveal reasonable levels of satisfaction and it is true that claims to the ombudsman are small in relation to the number of customers passing through the industry's books but that does not seem to enamour the industry to the consumer. Why is this?

A family member recently told me about their experience in cancelling a policy at renewal where the simple matter of refunding the first instalment seemed to be beyond the capability of the insurer concerned — two months later the money has not yet appeared. This is simply not good enough.

To some, it seems, the concept of fostering trust is based on providing excellent customer service at point of sale and at point of claim. But for the insurance buying public excellence is not limited to this. Customers see examples of unclear policy wordings and intrusive accident management companies all too often. It's surprising more don't take to the press and social media to voice their frustration.

And then there is the question of who the customer is. Sometimes it must seem insurers cannot believe the temerity of innocent third parties simply seeking redress. Examples of drawn-out processes and an absence of care leave the public frustrated and unhappy with their experience.

> "It is true, bad memories last longer than good ones and are shared more readily but I believe we, as an industry, are really reaching crunch time

It is true, bad memories last longer than good ones and are shared more readily — but I believe we, as an industry, are really reaching crunch time. There have been concerns about reputation ever since I began working in insurance but the financial services sector and society are changing fast. We now have to contend with changing levels of expectation, demand for instant access to information, and global connectivity as well as emerging and different risks. It really is time to do something about our approach to customers.

Fortunately, there are signs of change. The British Insurance Brokers' Association's 2015 Manifesto includes the call for consumers to have an enhanced experience and understanding around the claims process. The Chartered Insurance Institute in its recently published Made Simple campaign challenges the industry to demystify insurance through better education.

Brokers clearly have a massive role to play in helping customers understand their cover, but insurers and suppliers should all play a part in ensuring the industry fulfils its obligations to customers. And this needs to go further than simply providing clear and easy to understand documentation and a fair approach to claims. The industry in all it guises must make it the norm to treat every customer with respect.

Fortunately we do not have a mountain to climb — we already provide some excellent service, but let's be joined up. When we treat everyone that contacts us via whatever channel they choose in the same efficient, fair and respectful way, then we can say we deserve reciprocal respect and trust.

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Comment

Striving for success

Succeeding in business requires more than just talent — you need a good team around you

C-Suite - Broker

Robert Organ
CEO, Bluefin

As leaders, managers, coaches or individuals, we all strive for success. If we look back in history there are plenty of celebrated success stories to reflect on — and, equally, many episodes of failure. But at what point is the destiny of your challenge decided? Focusing on the success stories, we can usually see what successful people achieved — but find it harder to understand how they did it.

A story I once heard that resonated with me was that of a company which had acquired a failing business, but unbelievably quickly managed to get the business back on the path to success. When asked how they had managed to achieve this, the new CEO said he had simply executed the plans that he had found in the top drawer of his new desk at the acquired company.

It wasn't that the incumbents were unsure what to do, they were just struggling with how to do it. This is true in business as much as it is in life.

As well as having a clear vision and robust plan, to be successful in whatever you set your mind on achieving, I believe you need three things: the desire; the capability; and the capacity to succeed. Having one or two is not enough.

In a leadership role, you know you aren't able to do it all yourself and you need a good team around you — you must have the 'right people on the bus'. But who is 'right'?

A group of technical and bright individuals is a good start — they will have at least some of the required capability, but they will also need to be highly engaged, to have the drive and the desire to succeed, and be given the time to do what is expected of them.

That is assuming of course that they know what is expected of them.

> To be successful in whatever you set your mind on achieving, you need three things: the desire; the capability; and the capacity to succeed

Sharing your plans with your team is an essential ingredient for success — they are no good if you keep them safely tucked up in the top drawer of your desk. Along with ensuring your team understands where the organisation is heading and what it is looking to achieve, everyone needs to know what their specific role on the team is, and what their immediate priorities need to be. Therein lies the purpose of role clarity and objective setting.

All good coaches will provide plenty of feedback. If you don't give people feedback on their achievements, how will they know they are doing a good job? They won't. If they aren't getting it right they won't know, but will carry on anyway as no one has told them any different. If they are doing it right and not getting recognition for that, they could become less engaged and lose the desire to do the job.

Everyone likes to be recognised for their contribution. A sense of purpose and being valued are core to human nature. Given a choice, high-performing people will seek an environment that nurtures their desire to do well. They will leave an organisation that doesn't provide that. The lower-performing individuals will stay — they have no choice.

So — you have a plan, you have the right people on board, they all know their roles and immediate priorities. They are pumped up and ready to go. As their leader, their manager, their skipper, it's over to you.

What could possibly go wrong?

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4 **Prolific fraudster jailed for 38 months for £33k Aviva con** Fraudster plotted diagrams of 'accidents' in a notebook
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5 **Tokio Marine Holdings to acquire HCC Insurance in $7.5bn move** Deal is expected to close in the fourth quarter of 2015
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6 **C-Suite - Insurer: Pulling in the same direction** Why we need to work together to provide clarity and give clients a fairer deal
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7 **Flaw in Uber insurance approval process exposed** Concerns raised over robustness of its approval procedures for driver documents
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8 **Fidelis model could usher in era of 'responsible underwriting', says Brindle** The Fidelis model is said to work 'at every point in the cycle'
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9 **Aviva finds fraudulent claims totalled £95m in 2014** Resulted from over 14,000 fraudulent claims
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10 **Female millennials shun insurance over career progression fears** Perceived lack of equal opportunities alienating females from insurance industry
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TALKING POINT

Is it reasonable for firms to carry out surveillance of employees if they consider they are breaching their terms of contract?

59%
said yes

37%
said no

4%
said don't know

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

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Interview Huw Evans

Iain Winfield

CLIMBING THE LADDER

Four months after his appointment as Association of British Insurers director general, Huw Evans tells Post his plans for the trade body and how he intends to make being a member worthwhile

By Katie Marriner

For someone who fears heights, Huw Evans looks remarkably comfortable ensconced in the Association of British Insurers' top floor boardroom.

At seven storeys, the trade body's Gresham Street location is modest compared with other industry-occupied towers such as London's Cheesegrater – but a previous photo shoot on the building's roof, which required shimmying up a ladder, proved it was high enough for Evans.

Whether the ABI is to stay in its current HQ is one of the issues Evans, who succeeded Otto Thoresen as director general of the trade body in February, is tasked with deciding. It's a bigger question than it might seem on the surface and ties in with one of his priorities in the new role – to ensure the ABI is as economical as it can be for its more than 250 members.

"Our lease in this building comes up next year and we either have to stay here on a different lease or move somewhere else. That is important for our members because it affects their costs. It is important in this day and age for a trade body to be as cost efficient as possible," he explains.

Evans's appointment as director general was a mark of his continuing ascension at the ABI since joining as operations director in 2008.

He benefited from an organisational reshuffle in October 2013, which saw the exit of general insurance director Nick Starling, financial conduct regulation director Maggie Craig and life, savings and protection director Steve Gay. It resulted in Evans' appointment as deputy director general and director of policy.

> "I'm never going to be someone who will run a company because I am not commercial enough but, equally, I didn't want to spend my life working in politics or government either

But becoming director general was not part of a grand plan upon entering the organisation and Evans admits he didn't know what to expect from the ABI, having spent most of his career in politics. "The reason I was attracted to the ABI in the first place was because it is a big trade body at the intersection between the commercial world and the world of government and regulators," he says.

"I'm never going to be someone who will run a company because I am not commercial enough but, equally, I didn't want to spend my life working in politics or government either. An organisation [such as the ABI] that provides an opportunity to work between the two seemed like a good mix."

Evans felt he had done his time in politics when he left the sector in 2006 and entered financial services. However, he views his experience working as a special adviser to former home secretary David Blunkett and Prime Minister Tony Blair as equipping him with the political acumen required for leading the ABI.

"You develop an instinct for how ministers and civil servants operate. A lot of what you need when you are leading a trade body is judgement and good instinct. You learn those under pressure and you develop them in challenging situations – and there were plenty of those during the time I worked in government," he explains.

"Having worked with MPs for all those years I understand how parliament works and how it doesn't work, and that is a value-add when it comes to Flood Re or some of the civil justice changes because you have a better understanding of what is feasible and practical and how the people you are talking to will be listening to the conversation."

Reskilling after politics

After politics, Evans reskilled and took on a role in RBS' group strategy team which provided an insight to a different kind of pressure – he left the company 10 days before its financial collapse in 2008. While he was there he worked on the 2007 £49bn acquisition of Dutch bank ABN Amro and the subsequent £12bn shareholder rights issue.

"My friends were deeply affected. It was tough," Evans admits. "I had given my notice months before and I had no idea what was about to happen at that point. I learned a lot from my time at RBS both in terms of commercial understanding and working in an organisation that is in a period of stress."

Speaking to *Post* having just completed his first 100 days as director general, Evans has already made strides towards his goal of modernising the ABI and ensuring it is "fit for the future". He wants to allocate more time to the macro challenges facing the industry such as cyber risk, climate change, the ageing population and the digital revolution. These things will determine whether there will be an insurance industry at all in 20 years, he says.

"I want us to devote more of our time to thinking and working with our members to shape our response and thinking about those really big trends. Otherwise, as a trade body, there is a danger you only focus on things that are in the near term and never do anything else," he explains.

Evans has also been working to develop the ABI's membership systems to link up more people with what the trade body's work. He is also trying to slim down committee papers and conduct a greater number of relevant seminars and events. "[This is so] people don't feel there is the world they are living in and then there is the world the ABI is living in. A large chunk of what I am trying to do is take what people are already paying for and give more people access to it."

Evans is steadfast in his view that trade bodies need to work hard to earn their membership fees and prove their value to the industry they represent. Composite giant Legal & General leaving the ABI in August 2014 was disappointing but not a wake-up call, he says.

"It is always disappointing when someone leaves without giving you an opportunity to fix the issues they may have. I wouldn't say it was a wake-up call because we were already awake," Evans explains.

▶ 14

Interview Huw Evans

Huw Evans on...

A young driver green paper: It was disappointing in the last parliament that it got shelved because it got too close to the election and the government was in the process of trying to de-risk its portfolio. We know ministers took a view that if it risked offending younger voters in the run-up to the election then it was not worth the hassle. We are now right at the beginning of a five-year parliament but the issues are just as pressing.

Flood Re: From an ABI perspective, we are now less involved in Flood Re because it is running its own project. The policy priority is to make sure we're doing everything we can to tackle the causes of flooding and to ensure that alongside Flood Re, the government and local authorities are tackling flood risk.

The government's fraud taskforce: Whether the taskforce is useful or not is too early say. It has done a good job with its interim report in identifying the issues but the rubber hits the road later this year.

◀ 13 "It was a reminder that trade bodies have no right to exist. You have to earn your membership subs and you have to earn your commitment [from] your membership constantly – and you have to prove your value-add," he says.

"It is important in the modern world that trade bodies are as cost-efficient as they can be. It is important to have that at the front of your mind – but not in a way that you wake up having the sweats in the middle of the night thinking [about if you will] lose members."

While L&G was a large member, Evans reiterates it was only one company that resigned, with the remaining members recommitting to the ABI.

"Nobody said they were actively reconsidering their membership. We asked our big members if they wanted us to stay in our current form and they all confirmed they did – but we didn't take it as a given they would," he comments.

The ABI is supportive of its members promoting their own public policy agendas, such as Aviva's whiplash lobbying campaign, *The Road to Reform*. "A strong industry that has a big public profile and is capable of influencing a range of policymakers comes from a trade body being empowered and resourced to have an impact, and from having the big industry leaders taking part in our work as well as having their own campaigns," Evans explains.

"There is a good way those two can work in parallel and have maximum impact. The issue [Aviva] is drawing attention to is very similar to the work we do."

Building relationships with stakeholders outside the membership – including regulators, consumer groups and other industry associations – has also been a priority for Evans. "I never see the ABI as an isolated island doing its own thing. If you can join up with other people and have constructive working relationships and partnerships you can get more done," he says.

Good relationships

The ABI's relationships with other insurance organisations are "pretty good", he considers, including the British Insurance Brokers' Association and Lloyd's.

"The key is to keep lines of dialogue open and not frame the relationship around whether you agree on any one issue. Biba and the ABI disagree fundamentally on Flood Re but there is no reason why that should frame our whole relationship – we are grown-ups," he says.

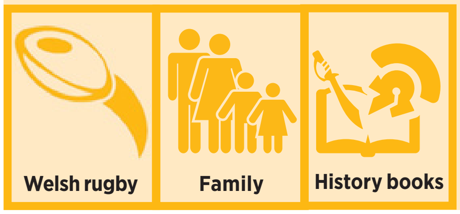
> " The key is to keep lines of dialogue open and not frame the relationship around whether you agree on any one issue

"We should be able to have civilised disagreements or not see things from the same perspective. It is important for the industry as a whole that we talk to each other and have lines of dialogue at all times."

He says Chartered Insurance Institute president Ashwin Mistry was right to put the issue of the industry having one voice on the agenda – as long as this does not mean one opinion. "If one voice means one opinion it is not going to work. It is about looking for opportunities to be constructively engaged with each other to resolve disputes in an amicable and professional way," Evans explains. "All the main insurance bodies are committed to doing that as much as possible."

Relationships with regulators are also important and Evans says the insurance industry has nothing to fear from engaging closely with industry watchdogs. "We will complain about things and publicly criticise regulators if we need to, but if we are serious about improving trust in the industry we need to work with the regulators because

Evans's hobbies



All photos: Iain winfield

most of the solutions have to be done on a whole of market basis, including the supply chain," he explains.

"This is a good industry that serves its customers well on the whole and is run by well-intentioned people who want to do the best by their customers. We have nothing to fear by engaging closely and constructively with regulators."

Political priorities

Having a general election so early in Evans's tenure as director general presented the opportunity to lay out the ABI's political priorities for the next parliament.

General insurance priorities include increased investment in flood defences, clamping down on bad behaviour from claims management companies and a commitment to improving young driver safety.

While Evans is confident the newly-elected Conservative government is one the ABI can work with, he says the trade body needs to be realistic that its priorities are not necessarily at the top of the government's agenda. "We stand a good chance of being able to advance our priorities but we need to do it in the right way. I don't think there will be any quick overnight wins," he says. "Building up support and an evidence base for what we are asking means a better result in the long run."

The referendum determining the UK's place in the European Union will define the current parliament, he says. "It will be important for the insurance industry to make its voice heard in that debate. Whether it is through the ABI or on individual terms, the industry should be part of it."

"We are the largest insurance industry in Europe, London is the insurance capital of the world and the financial services centre of the EU — so we can't just say this is nothing to do with us," he adds.

With the referendum expected to take place before the end of 2017, the ABI's role in the current period of uncertainty is to promote the insurance industry and demonstrate how it serves the economy and UK citizens, Evans says.

Most of all, he repeats, trade bodies have to prove their value — to the membership and beyond. "Trade bodies have to be useful to their members, to governments and to regulators. They have to continue to take the social purpose of the industry seriously." ■

Where Evans has worked

Four words to describe himself

CV: Huw Evans

Now–2015	Director general, **Association of British Insurers**
2015–2013	Deputy director general and director of policy, **ABI**
2013–2008	Operations director, **ABI**
2008–2006	Group strategy team senior manager, **Royal Bank of Scotland**
2006–2005	Special adviser to Prime Minister **Tony Blair**
2004–2001	Special adviser to Home Secretary **David Blunkett**
2001–1996	Press officer/Welsh communications director, **Labour Party**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KNOWLEDGE IS POWER

Continuing professional development is increasingly important, and qualifications and chartered status can help firms shine brighter

By Edmund Tirbutt

If any insurance brokers harbour doubts about the value of their staff obtaining professional qualifications they are certainly not willing to express them publicly. Firms of all sizes are only too keen to cover or share the costs of training for the Chartered Insurance Institute's exams, allow time off for studying and reward those who pass with salary increases or bonuses.

For example, Jelf encourages all its 550 client-facing staff to obtain at least the core level CII Certificate in Insurance — roughly equivalent to A Level standard. Around 73% already have it and the firm is striving to boost the proportion to 90%.

At Higos Insurance Services, 137 out of around 180 front-end insurance staff are CII-qualified. Ten have also reached the CII Diploma in Insurance level — roughly equivalent to the first year of a degree level — and 12 have obtained the degree level Advanced Diploma In Insurance.

Julian Unthank, HR Director at Higos, says: "For us it's mandatory for anyone in the front line to have the CII Certificate. Our strapline is customer service and we like to tell clients ▶ 18

◀ 17 they will talk to someone knowledgeable and qualified and receive proper advice. I'm finding our stance helps attract people to joining our business."

There is also an awareness of the importance of continuing professional development, which the CII requires those who pass exams at all levels to undertake for at least 35 hours a year.

Bryan Banbury, managing director at Russell Scanlan, finds CPD an important aspect for his business. He says: "It's important to be on top of new developments, and the exam book can be out of date within three months of being issued. For example, cyber cover and crime insurance are changing rapidly and new regulations like this year's *Insurance Act* can also move the goal posts. The exams are definitely worthwhile but you have to keep going."

Chartered status

In particular, firms are clearly appreciative of the merits of individual employees obtaining chartered status – which requires obtaining the Advanced Diploma, having five years' relevant industry experience, satisfying CPD requirements, being a member of the CII and adhering to its Code of Ethics. Issues have, however, been raised around how employers can ensure chartered individuals follow the rules.

Catherine Dixon, head of property and casualty at Allianz Insurance, comments: "The term 'chartered' means a lot to a wide variety of people when they think in terms of professions. But some larger brokers will have a real challenge in policing their chartered employees because, historically, they have not been strong on insurance qualifications.

"However, they are now finding qualifications are becoming increasingly important as their customers, the regulators and their own standards show an uplift is needed. Carrying it through an organisation will probably have as much to do with a cultural shift, so qualifications – particularly chartered status – is valued and recognised. If the culture is right then it becomes a normal part of business activity and special policing shouldn't be necessary."

Chartered status is also a highly valued yardstick for corporate entities, which can achieve it if they have at least one board member holding a chartered title, if all board members and 90% of customer-facing staff are members of the CII, an appropriate professional development programme is in place and core values and business practices that align with the CII Code of Ethics are in place.

> "The insurance industry is a profession, so I believe you should be suitably qualified if giving professional advice

Commentators express little appetite for an alternative kitemark, and confidence in the CII as a whole is very high among the broking community. The only criticism occasionally voiced is that the exams and study material are perhaps on the expensive side.

Steve Jenkins, director of financial markets at the CII, says: "Research by Skandia found 86% of the public found chartered status attractive or very attractive. If a firm has been awarded chartered status the title could be rescinded following a disciplinary process if it fails to comply with the necessary criteria, and the same goes for individuals. This is an important component of maintaining standards and building public trust within our profession and ensures the titles and processes surrounding them are credible."

Compulsory qualifications?

While there is no suggestion that obtaining chartered status should ever be made compulsory, there are certainly many who feel that obtaining the core CII Certificate qualification should be. Many consider that, although brokers have to be regulated as a business, the fact that the advisers working for them don't need any formal qualifications is incongruous with the requirements of most other professions.

Neil Campling, CEO at ICB Group, comments: "The insurance industry is a profession, so I believe you should be suitably qualified if giving professional advice. If I had my way I would make it a mandatory qualification to have certificate level for anyone giving face-to-face client advice to a third party. Most other professions have to have qualifications because of statutory requirements, so it has to come from the government."

Ten Insurance broker network is considering making it compulsory for its members to have the certificate level exams. It feels the regulator will inevitably make it mandatory and so is keen to be slightly ahead of the game.

James Sharp, business development director at Ten, explains: "It does seem to be a bit of an anomaly in financial services that you don't have to have any qualifications to be an insurance broker but you do have to be an indepedent financial advisor. Broking is slightly different because IFAs are dealing in longer-term products, and, therefore, potentially taking more of clients' money, but that's not really an excuse.

"With our younger staff in their 20s we do actually insist they do certificate level exams – but for the older ones we don't. If they've had

Is it likely all insurers and brokers will end up taking advantage of government support for apprenticeships?
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many years dealing with clients they are a lot more knowledgeable than a 25 year old with the CII certificate. In the IFA space they went too far and many older people retired rather than take exams, so firms lost a lot of valuable expertise."

Apprenticehip boost

A government push on apprenticeships has further boosted interest in qualifications, with Level 3 apprenticeships being underpinned by CII Certificate level and Level 4 apprenticeships by CII Diploma level exams. But there is still a commonly held perception that apprenticeships are more compatible with larger firms than smaller ones, even though firms with less than 50 employees have an advantage in being able to apply for a £1500 apprenticeship grant in addition to the standard help with course costs.

For example, Russell Scanlan, which has only 33 employees, doesn't yet have any apprentices — but is considering changing tack. As Banbury says: "We are probably too small to have many apprenticeships. We need to make sure there is a proper programme in place to make it worthwhile. You don't want them just making the tea."

However, Julie Hyett, UK talent head at Aon, doesn't see any reason why even very small brokerages should not benefit from offering apprenticeships. Her firm, which has around 3000 UK insurance staff, currently has 30 apprenticeships and, in her opinion, no firm is too big or too small. She says apprenticeships give back more than you invest in them.

She explains: "People have misconceptions about apprenticeships at all levels and there is a feeling that it's a difficult process to manage and that taking on someone aged 18 may take more time than taking someone from university. But apprenticeships are not as complex as many people think and are now better than ever. The main challenge is getting the influences like teachers, career advisers and parents to understand them.

"About 30 years ago we were an industry built on apprenticeships but then everyone wanted graduates. However, graduates come in with high expectations and tend to want to work in London.

"We don't view our apprentices as any less smart than the graduates we want to take on, they just know less. When we started the apprenticeship journey in 2012 we realised there was a new skills pipeline needed in addition to our graduate one."

Expertise from A-Z Video: Qualifications

As the regulator becomes more present in the insurance industry, the role of qualifications within the broking sector is looming larger. Allianz's Neil Clutterbuck joined editor Stephanie Denton in the studio to discuss the future of qualifications within the broking industry, apprenticeships, how insurers can work with brokers and how technology can enhance the training process. To watch the video, please visit *www.postonline.co.uk/2413185*

Bluefin, which has around 1250 employees in the actual trading function, started offering apprenticeships in 2009. Today, 145 apprentices have already finished the scheme or are still in it.

Robert Organ, CEO of Bluefin, says: "It is a good thing to do both for our business and for the candidates, and the government help is useful. The approach enables us to recruit talented individuals coming out of school who want to get on with work rather than continue their studies. We clearly get value out of our apprenticeship scheme as we take a balanced approach, with there being something in it both for us and for them. If it was all about Bluefin it wouldn't work."

Firms of all sizes can apply for government funding to cover the costs of apprenticeship qualifications if they are providing the formal study as well as being the employer. If candidates are aged between 16 and 18 all the course costs up to advanced level apprenticeship qualifications can be recouped. For apprentices over the age of 19 the training is partly funded by the government and the employer makes a contribution, normally in cash and kind.

Jayne Worthington, managing director of training organisation The Skills Company, says: "The level of the employer contribution varies depending on many factors, including the level of training carried out, the model of training, the number of apprentices receiving training and the requirements of the employer."

> " Firms of all sizes can apply for government funding to cover the costs of apprenticeship qualifications if they are providing the formal study

In-house schemes

Nevertheless, the government doesn't have any exclusive rights to the term 'apprentice', and some brokers like ICB Group and Towergate Underwriting currently have their own apprenticeship schemes without taking advantage of its support. Although the latter's stance may prove only temporary.

Fiona Claybrook, HR director at Towergate Underwriting, explains: "We didn't do any apprenticeships last year but are restarting them this year for broking and plan to extend them to underwriting next year. We don't have government support for our apprenticeships as we haven't gone through the necessary hoops, but we may do so next year."

The hoops involved are, in fact, relatively painless because, in practice, liaising with government is done via an external training organisation. Employers are not able to receive direct apprenticeship funding from the government unless they take on the full responsibility of managing and delivering their own training — which very few do.

Interest in government-backed apprenticeships and in CII exams is unlikely to do anything other than increase, especially with new Trailblazer standards currently awaiting government sign off. These will make insurance apprenticeships more directly relevant to job roles and easier to understand. Aon, which has been highly involved in the insurance Trailblazer initiative, is even talking in terms of the eventual emergence of a higher degree level apprenticeship. ■

GOING FOR GOLD

As customers demand greater service and products, well-trained employees can provide the vital difference in creating a gold standard

By Neil Clutterbuck

Professionals and companies operating in the financial services industry face ever-increasing challenges. As customers demand greater service and products, requirements from the regulators gain traction, and day jobs become even more pressured; the industry response to these pressures must be to embrace continuous professional development.

There is no doubt that over the past few years there has been an upsurge in insurers and brokers recognising working towards achieving the requisite benchmarks to become chartered. As one of the first to become chartered, Allianz truly believes the status is widely recognised by businesses and consumers alike as the gold standard, sending a clear message of professionalism to customers, employees and the regulator.

We not only encourage our employees to gain Chartered Insurance Institute accreditation — more than 90% of our frontline staff are members of the CII and our employees achieved an impressive 85% pass rate for CII examinations in 2014 — but we also support brokers at all levels to widen their skills through training and development programmes.

But what about the future of industry qualifications for brokers? Clients seek the services of intermediaries because they don't know about their insurance needs or the products available and suitable providers. In a competitive environment, well-trained staff can offer an edge in terms of reputation and compliance. And with technology radically changing how the industry interacts with customers, the need to demonstrate expertise is only set to increase.

The worth of qualifications

The reputational gravity of qualifications — and their worth from the customer's perspective — is established on consistency, stability and familiarity of the provider, which can't be built overnight. As a professional body, the CII is well placed to ensure the content of insurance qualifications is relevant and up-to-date as the industry adapts to the changing world. This changing environment leads to exciting developments that all brokers need to be aware of and capable of adjusting to.

For example, our Partners Academy programme, which welcomes more than 700 brokers to technical training and continuous professional development events each year, has been developed not only to provide training opportunities for brokers to expand their technical knowledge but also their market knowledge, career development and management modules in order to upskill at all career stages.

Our scholarship programme is now in its fourth year, helping talented and professional brokers get to CII Diploma level in 18 months. To date, the programme has successfully supported over 150 brokers and continues to provide guidance through our alumni offering.

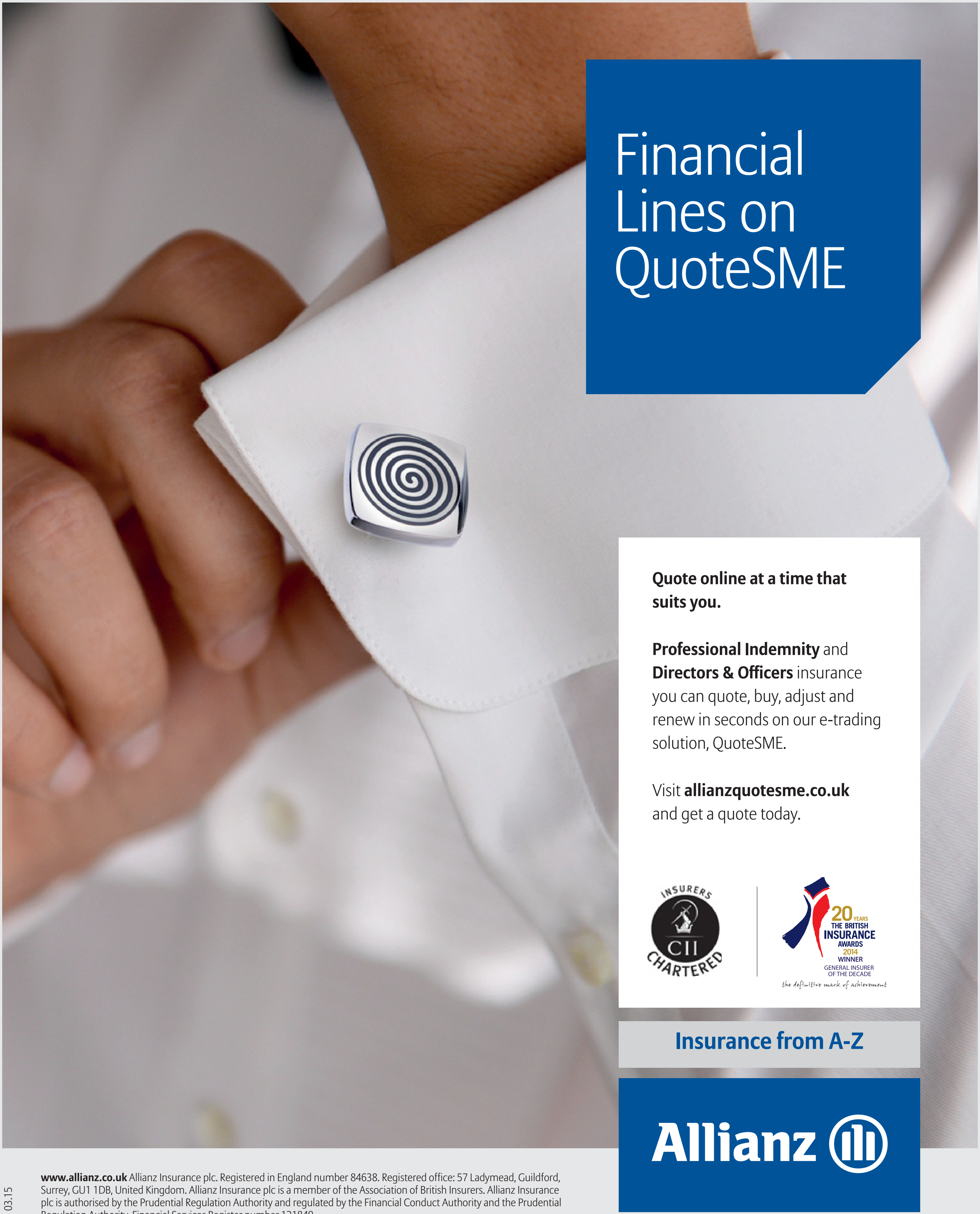
But it's not just about dedicated programmes. Knowledge sharing at every opportunity through whitepapers, newsletters, breakfast clubs and videos, help companies share their latest insights. By delivering training opportunities through a combination of different channels, insurers and brokers can build stronger networks and ensure the dialogue needed for learning and driving forward professionalism is a two-way process.

Ways to study and deliver training are further being enhanced by technology and its increasing ability to deliver practical solutions. Studying alongside a day job is a challenging task and online training material, podcasts, social media forums, apps and webinars are just a few developments that have come along since the days of classrooms and textbooks.

However, going back to basics with face-to-face tuition, roundtables and interactive seminars has not been consigned to the history books — they still provide an opportunity to network, build connections and share information, moving knowledge from the textbook to the business table.

Our belief is the broking sector remains a critical part of ensuring our industry delivers value to customers, and investing in future broking talent is something we are very proud of. There is no one-size-fits-all approach for insurers helping brokers to get qualified. It's about offering flexibility and support, and making sure the spotlight remains on keeping training at the top of the agenda. ■

Neil Clutterbuck, director of underwriting and technical, Allianz Commercial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NO-GO ZONE

According to businesses, six of the top 10 risks facing them are deemed uninsurable. Are insurers being innovative enough to address the problem?

By Rachel Gordon

The 2015 *Global Risk Management Survey* from Aon found business CEOs believe six of the top 10 risks facing their companies are 'uninsurable' (*see box, p24*), leading to concerns insurers are failing in their call of duty.

This viewpoint had already been mooted last July, when a poll of Association of Insurance and Risk Managers members found lack of innovation was the biggest complaint risk managers have about the insurance industry. At the time, CEO John Hurrell claimed underwriters needed to be "bolder".

The first six risks – reputational, economic slowdown, regulatory/legislative changes, increasing competition, failure to attract or retain talent, failure to meet customer needs and cyber risk – are deemed wholly or partially uninsurable, according to Aon, which polled more than 1400 CEOs.

Certainly a severe reputation crisis can cause irreparable damage. As Neil Clutterbuck, Allianz's director, underwriting and technical, says: "It could be argued reputation is the most significant risk management challenge boards face today. It is the changes in risk perception, influenced by availability of information and speed of communication, which – combined with the public sense of corporate social responsibility – give rise to this increased risk perception.

"Reputation presents an intangible risk to businesses, and it has the potential to impact on the behaviour of customers, rightly or wrongly, resulting in reduced business performance and [potentially] significantly impact on market value."

Solutions in part

But is it as simple as saying issues like reputational or legislative change risk are uninsurable? The answer is there are aspects where insurance either doesn't fit the mould or is unavailable. But there are also solutions in part – and a range of risk management consultancy services that can help protect a business. It would be unfair to say the insurance industry is being unresponsive.

Thomas Hoad, underwriter for marine and enterprise risk at Tokio Marine Kiln, comments: "If the cause of loss is fortuitous and the effect is indemnifiable, then it is possible to insure. But equally, insurers and insureds will have appetite for risk retention and transfer alike – so the important part of insuring these new risks is to ensure the potential insured has input into policy language as well as what it would need to do to have any commercial merit as a form of risk transfer."

He continues: "We insure reputational risk by linking the impact negative media can have on sales volume. We insure regulatory changes where they can be assessed as quasi political risk – such as in green energy trading schemes."

Looking at an area like regulation, Clutterbuck says: "Legislative changes are not uncommon and, therefore, are not fortuitous in nature – that is to say there is a relative amount of certainty about them occurring, which traditionally does not make them insurable in the insurance industry.

"An alternative to conventional commercial insurance solutions would include alternative risk transfer options, which is where the broker plays a key part in assisting the insured."

Hoad continues: "Elements of all the six risks [identified by Aon] can be insured and, in particular, damage to reputation/brand is one of our key growth areas. That said, we would struggle to offer terms that covered the general macroeconomic outlook of a company post-recession without something more specific to link it to."

So it seems insurers are prepared to offer some cover, but some voices think they should be doing more. Certainly Airmic and the International Underwriting Association are part of this school of thought and in April, the two joined forces to tackle the need for

Are risks like reputation and cyber really uninsurable?
www.postonline.co.uk/category/risk-management

"more effective product innovation in the insurance industry." Airmic is also working with the Reputation Institute on tackling reputational risk.

The two organisations aim to develop a framework setting out an agreed definition of reputational risk and an understanding of its drivers and what can be done to mitigate and insure against it.

Hurrell says: "Airmic members are increasingly being kept awake at night by emerging risks where currently there are no or inadequate insurance solutions. These are often difficult risk areas for potential underwriters as there is a lack of relevant historical data and exposures are uncertain.

"We welcome plans for a more co-ordinated market response to looking at these risks and a willingness for underwriters to work with potential policyholders to develop appropriate and effective responses to these growing needs."

However, expecting a readily available product seems unlikely, so time will tell what they come up with. As Clutterbuck explains: "The challenge in providing an insurance solution for such risks is what would qualify as a trigger for loss. Property damage covers are traditionally triggered by 'damage' which is clearly identifiable, whereas the potential trigger for reputational risk is so much harder to define."

Playing it too safe

Reading between the lines, it seems Airmic feels established providers may be playing it too safe. Simon Burtwell, head of general insurance at EY, comments: "There is some tension in the market and a perception that customers need cover that is not available and that insurers are not keeping pace, even though there is so much capacity."

But, while he says there appears to be too much emphasis on property, this is understandable. "There are problems with cyber, supply chain and reputation, and certainly companies are struggling to obtain sufficient levels of cyber cover. The Korean Sony cyber attack, which released films on the internet, came from the left field. If insurers can't do the modelling they can't get the pricing right."

He continues that some financial loss products have resulted in huge losses for insurers and if the numbers don't stack up, then there is no business case for providing cover.

For all the calls for more innovation, insurance remains a product that is there where there is solid actuarial evidence. Clutterbuck emphasises that for any risk to be insurable, there are basic pre-requisites, which are: insurable interest; a sufficient number of similar risks to satisfy the 'pooling' principle; losses incurred must be accidental; and the ability to calculate the risk of a loss occurring.

He comments: "Not all business risks are quantifiable and some of the risks under discussion beg fundamental questions. Why would a business wish to insure someone else's behaviour? How would an insurer carry out an effective risk assessment? How do you link reputational damage to a claimed loss and prove exclusive and extensive causation of loss?"

He continues: "Before any risk can be insured, organisations need to be able to identify the risk, measure the risk and then take steps to mitigate it. The clearer a business is about the risk event they are wishing to insure against, the more likely it is an insurer will be able to find a solution.

> "The Korean Sony attack came from the left field. If insurers can't do the modelling they can't get the pricing right

"Political, economic, social and technical risks are inherently unpredictable. The challenge for insurers is that there is a lack of data available to assess these risks, meaning an uncertain claims outlook, which results in a lack of capacity and appetite for such new covers."

Yet, just because an off-the-shelf solution is not readily available does not mean there is a lack of innovation within insurance. Simon How, global specialty markets director with Cunningham Lindsey, says the market has been innovating since Edward Lloyd developed marine insurance in the 17th century.

"There is cover available for cyber, reputation and supply chain risks, and Lloyd's leads the field in niche areas, as it has done in sectors like space and product contamination.

"Real innovation in the insurance sector happens when brokers talk to Lloyd's underwriters at the box. Other insurers then follow. There is caution and relatively low limits are available, but this will change as markets become more established."

Cyber reinsurance

Cover can also only materialise if there is sufficient reinsurance — and this is happening, How says. For example, last year Guy Carpenter launched a practice to focus on cyber reinsurance. According to Jeremy Platt, co-leader of its cyber solutions specialty practice: "Cyber attacks, along with technology failure, represent a greater threat than adverse weather, fire and social unrest combined."

In 2013, the company designed and implemented a Cyber Cat product to address the systemic risk inherent in cyber portfolios.

Further, with newer types of insurance, ▶ 24

Uninsurable Risk

▶ 23 it can take time to gain market confidence. A KPMG survey found the most common reason for not buying cyber insurance was that companies do not think they will be paid out on a claim.

It found some 74% of those surveyed had no cyber cover in place — and 48% thought they might not pay out. Some 30% of IT security professionals believed the cyber insurance market was not yet mature enough.

Mark Waghorne, head of KPMG's International Information Integrity Institute, says too many potential buyers are still wary of cyber cover. "It is hard to cover given it's difficult to quantify the systemic impact of an event. Are we talking about the cost to reputation, customer data loss, intellectual property or even loss of life?

"There remains a lack of actuarial data behind it, as well as the mismatch in language being used in the boardroom between chief financial officers, chief information officers and brokers. That said, the US is buying more cover and it is likely other countries will follow suit."

How adds: "Renewable energy is another example where Lloyd's is showing innovation, with the recent setting up of the consortium led by Ascot." Chaucer and Skuld are also involved in this and the consortium, Re Co, has capacity of up to $165m (£106m) per risk.

"Another example is the development of cover aimed at sports personalities. Once clubs would self insure — now they can buy cover on the open market," he comments.

Standalone threatcover

Meanwhile, Hiscox attracted attention recently when it launched standalone threat-cover, which protects businesses against loss of revenue suffered as the result of a threat or hoax.

Charles Rawlins, underwriter at Hiscox, comments: "This is the first product of its kind and the cover took around 18 months to launch. It differs because there is no physical trigger which you would normally need to claim for BI."

Claims are paid as a result of a business being cordoned off or evacuated — and following checks with relevant authorities. Rawlins admits without proper authentication, there would be a "slight moral hazard."

He adds there has already been strong take-up, particularly in the US, and it is also relevant in the UK as Pool Re does not cover threats. "Customers include hotel chains, casinos and hospitals. It is surprising how many threats and hoax calls there actually are. Many are not publicised."

The Hiscox policy provides policyholders with advice on risk prevention and indemnity against loss of revenue for the length of time the business is interrupted, up to a cap of $5m limit per occurrence and $20m in the annual aggregate and post-loss risk assessment, from consultancy Control Risks.

Pre-loss consultancy and risk assessment are areas brokers and insurers are available to provide specialist help with, including with more intangible risks.

Further, they can demonstrate working collaboratively with other parties. Zurich has recently provided insight into the World Economic Forum's *Global Risks 2015* report, which provides guidance on a vast number of areas such as climate change, conflict and societal risks like structural unemployment.

The insurer's chief risk officer John Scott explains insurers have important roles to play, whether they provide cover or not. He points out that looking at so-called "uninsurable" risks in isolation can be misleading, since so many are inter-connected — and indeed, cover may be available.

"Zurich has been providing cyber cover for years and it's an area we look to be a thought leader in. Reputation has been included in some insurers' policies for a number of years in the form of providing crisis management from specialist PR companies as part of the policy.

"Some companies will also choose to self insure, and there are alternatives to traditional insurance brokers and insurers can also help with."

Global insurers may be able to provide additional value in terms of the advice they provide, Scott adds — for example on international political risks. "Take the example of a hotel chain. The insurer may be able to provide them with detailed country-by-country risk information and ensure they have a crisis management plan that is appropriate."

It is clear that insurers, brokers and risk advisers are working closely with their clients in a number of cases — and sharing information is paying off. Hoad says: "In these areas, the underwriting process doesn't follow the conventional proposal form, quote and bind sales process — it needs a little more broker consultation and direct insurer-to-insured dialogue to be pursued properly.

"Where we've had clients that are willing to share with us their enterprise risk management risk reviews or where risk managers have board approval for the investigation of brand protection insurance, we rarely don't offer some form of terms."

With so many unknowns there can only be tentative answers. This may be flawed but there is new thinking in the insurance industry and a willingness to work with clients that are facing complex risks in a world with many challenges. ■

> " It is surprising how many threats and hoax calls there actually are. Many are not publicised

The 10 risks

More than 1400 CEOs found the top 10 risks are:

- Damage to reputation/brand
- Economic slowdown/slow recovery
- Regulatory/legislative changes
- Increasing competition
- Failure to attract or retain top talent
- Failure to innovate/meet customer needs
- Business interruption
- Third party liability
- Cyber risk (computer crime/hacking/viruses/ malicious codes)
- Property damage

A SMOKING GUN

The plumes of smoke staining the skyline are often signs that a scrap metal yard or warehouse full of recyclate has caught fire. While it's a distraction for the bored commuter, this troublesome sector leaves underwriters scratching their heads

By James Verrinder

The waste management and recycling industry has many problems. To an outsider, it is smelly, dirty and full of giant rats scampering over enormous mounds of rubbish.

To those working inside the sector and on the insurer side, there is a more pressing problem to take up their time — how to make sure warehouses and areas used to store recyclate material stop catching fire so they can be properly insured.

In 2014, Catlin caused ripples in the waste pond when it announced it was to stop offering cover to the sector because of the high risks involved and the steady stream of high-profile fires at recycling sites.

Indeed, the sheer number of fires is enough to make any underwriter nervous, but the industry is trying to improve things — late last year the Waste Industry Safety and Health Forum, a body comprising waste industry players, environmental bodies and insurers, issued guidelines to help prevent blazes breaking out.

A key recommendation in the guidelines is for companies to install fixed fire protection — such as sprinklers — on site.

The Association of British Insurers has backed the move, and Laura Hughes, general policy advisor at the ABI, told *Post*: "To reduce the likelihood of major fires and make sure insurance remains affordable for the waste sector, it's important there is greater investment in risk mitigation. In particular, sprinklers, fire detection systems and good-quality CCTV should be employed

Will smaller waste companies adhere to the WISH guidelines for on-site security?
www.postonline.co.uk/tag/environmental

alongside a thorough fire safety management strategy and good on-site security. Insurers are ready to recognise investment in effective risk prevention measures and risk mitigation plans when deciding premiums."

She added that RISC Authority statistics show the average cost to insurers for a fire claim at a waste recycling plant is approximately £1.5m, accounting for 12% of all industrial loss. The majority of this loss is made up of material damage, business interruption and machine or plant damage, not damage to the stock or stored goods.

Peter James, partner and health and safety law expert at Parabis Law, points out there is already a plethora of regulations out there that can help insurers develop a risk framework.

He says: "Laws and regulations already provide insurers with a comprehensive risk framework. Owners and operators of waste management and recycling sites have a legal duty to protect staff, neighbouring businesses and the public from risk of fires. Companies must undertake a fire risk assessment and take appropriate steps to control those risks. Those breaching the *Regulatory Reform (Fire Safety) Order 2005* face heavy fines and, in some cases, custody and disqualification of owners and directors.

"There must be safe working procedures and systems in place that are understood and observed by employees and contractors, plus risks assessments of operating machinery and fixed equipment with measures in place to control those risks."

Making progress

The Environmental Services Association insists that although Catlin has pulled out of the sector, other insurers are still keen to work with customers in the industry.

Stephen Freeland, policy advisor at the ESA, says: "It is perhaps a bit of a myth to suggest insurers are pulling out of the waste sector – most of the key players are still actively involved and are continuing to offer reasonable rates.

"Of course, this relies on the industry being able to demonstrate it is taking a positive and proactive approach to reducing fire risk. In 2014, industry representatives worked collaboratively with regulators, the fire service and others to publish good practice guidance on reducing fire risk in the waste management industry."

He continues: "By following the guidance, operators can show risk has been addressed through deployment of appropriate fire prevention and control measures and a sensible approach to stack size management. In viewing fire safety as an investment rather than a cost, the sector should remain an attractive prospect for the insurance industry, thereby increasing competition and benefitting from better rates.

"Feedback from insurers has been positive, and we are pleased some are distributing copies of the guidance to their client base."

> "To reduce the likelihood of major fires and make sure insurance remains affordable for the waste sector, it's important there is greater investment in risk mitigation

So, the new fire guidelines have been published and those sitting on the waste side of the fence seem confident the sector can comply. But not all those on the insurance side are convinced new guidelines will spell the end of fires at recycling sites.

Adrian Simmonds, senior risk manager at QBE, is certainly not convinced. He tells *Post*: "Any industry that has a reasonably high frequency of fires means insurers will not look favourably on that sector. We probably pay more attention to those in the waste industry than any of our other customers."

Simmonds points out that while the big industry players such as the likes of Biffa, Veolia, Sita and Viridor are making more of an effort to improve on-site fires, there has always been a dark side to the waste industry made up of not-too-scrupulous individuals who are not above cutting corners in their quest for a quick buck.

He explains: "The bigger companies run their businesses with the same safety management as any other business, but historically, many in the waste industry have come from a background where they were running a company in their backyard – and its controls were never that great.

"There is a very significant number of good companies but there is also a very significant underbelly."

Simmons remains doubtful as to whether the whole sector will clean up its act and adhere to the WISH guidelines in the hope of preventing more fires.

He says: "I've been asked the question many times – do I see the sector following the new guidelines? I see the bigger companies trying, but it will be at least five years before we see people really complying with the WISH guidelines."

For Simmonds, fixed, on-site fire risk management is an absolute key factor for the industry. He explains: "The insurance industry is looking more at fixed fire protection and we are seeing all the big players are putting these in place.

"We've had the conversation with the waste players and explained we can only insure them if their risk management is good enough, and the big players are starting to step up to the plate. It will still take between five and 10 years for everyone to catch up though. Will we still be able to insure them at a reasonable rate then? I don't know."

Understanding the business

Some believe the insurance industry needs to do more to understand how the waste and recycling sector is different from more traditional business models and how those in the area can be properly protected.

Paul McLarnon, corporate development director and water and waste sector advocate for Cunningham Lindsey, says: "Waste companies get paid at the gate and get their income at source. It's an unusual profit model and does not fit with traditional business.

"A lot of material goes to energy from waste plants [where material is burned to provide heating] or shipped abroad. As a result, recycling companies stockpile – they will hold onto it and store it."

This, of course, can be a disaster waiting to happen from a fire point of view, but the stored material is also what will make money for the waste firm – and therein lies the problem. McLarnon explains: "Most policies do not recognise converted waste as stock in the traditional sense. The sector is crying out for bespoke wording."

Although the fires make the headlines, McLarnon notes the waste sector offers significant employer liability risks too, ▶ 28

Recycling

▶ 27 saying: "This is still an industry where manual handling is very much key to sorting waste. It needs manual intervention and that brings all sorts of risks with it, so for employer liability there are quite significant risks."

The new entrant

There are clearly issues in the waste and recycling sector that would make it unappealing to insurers, but earlier this year, Bill Adamson founded Solon Underwriting, a company dedicated to the sector.

With more than 30 years' of experience in the insurance industry, he is certainly not naïve and realises that among the mounds of household waste, there is money to be made for insurers.

Adamson believes underwriters need to change their approach to get the most from the waste sector, and insists it can be a profitable area for insurers.

He comments: "The waste industry has great opportunities and is one of the few growth industries left. Provided one can be selective and help clients with risk management, statistically, the returns can be very good.

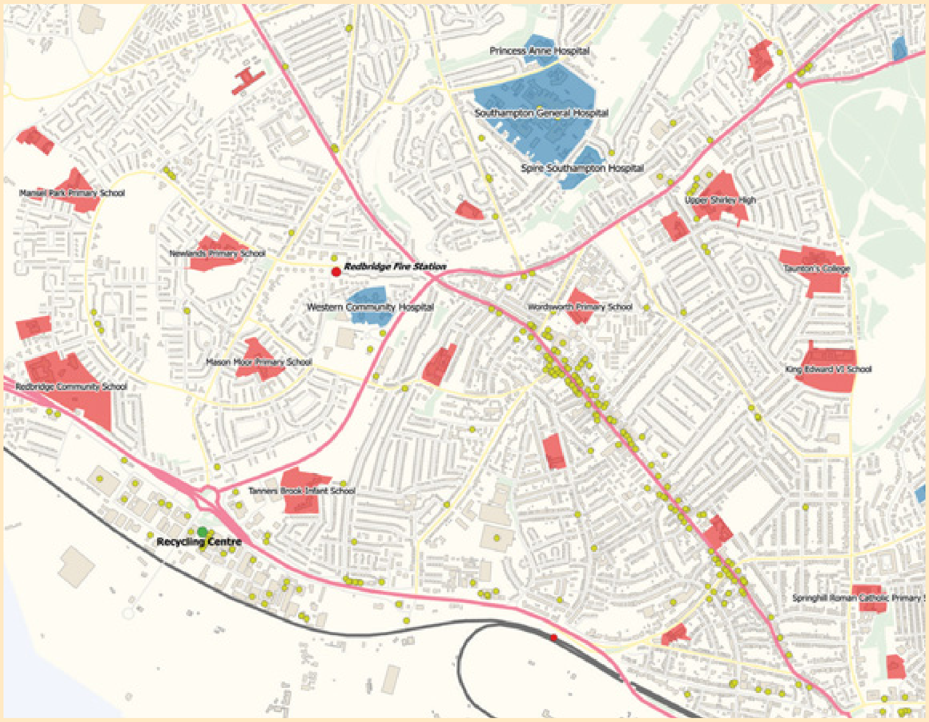
"There is an opportunity for underwriters to apply their technical skills and be selective rather than using a broad brush. Underwriters used to just use a blanket rate and that is inappropriate. It's not a one-size-fits-all approach in the waste industry."

However, Adamson concedes there is still an element of the waste sector that needs to be eliminated, saying: "There is a business model that some of the waste industry embraces, which is exactly what we don't want — that is companies taking waste for the first year, taking gate money for it and then wondering what to do with it. Some of these characters, strangely enough, seem to suffer a fire in the first year and that is not what we want at all."

To show just how rogue this element can be, he explains: "Where there is tight competition in an industrial area, there has been, it would appear, a tendency for someone else in the area to get involved in arson. That really is a matter for the authorities."

> " The waste industry has great opportunities and is one of the few growth industries left

Mapping the risks



"Ordnance Survey has more than four million Points of Interest in its database, including the location of approximately 28,000 waste management, recycling and disposal facilities," says James MacTavish, account manager at Ordnance Survey. "Insurers can identify the precise proximity of such hazards to their portfolios. Such insight could assist in determining which properties are most at risk, the potential for business interruption, and the likely response times from emergency services (especially when combined with public infrastructure capture such as nearby fire stations and hospitals). Increasingly, the insurance sector is taking a proactive approach to its customers, providing them with indicative risk assessment of an area, and first-call response in the unfortunate event of an incident."

But Adamson has seen signs the sector is starting to clean up its act, saying: "The industry is evolving. Those stable businesses know what they are doing and I would not class them in the same bracket as some of the rogues that unfortunately do populate the waste industry.

"The industry has to clean itself up and put risk management to the fore. The WISH initiative is a very good one, and a strong step in the right direction."

Adamson sees Germany as a role model for UK underwriters, and comments: "Underwriters have to be a little bit more open-minded in their approach. We do lots in Germany and it seems to be more advanced there. Waste is seen as more mainstream than rogue and that kind of mentality has to come into the UK."

That being said, if underwriters and insurers are to evolve, the waste sector must also make strides forward. As Adamson says: "At the moment there are guidelines, but there will be standards developed, slowly. Many companies have old fashioned sites that will need to be updated. If a waste company has a two-acre site but three acres worth of waste, that isn't going to work."

Newly-launched Solon is taking "over a dozen new enquiries a week", but Adamson admits the company does not underwrite them all.

There are many who would question the wisdom of launching a new firm dedicated to the waste sector, but Adamson is unconcerned what others may think. He says: "If I could somehow show them the detail of some of the risks we have got on our books, companies that have been working for many years without incident, then they might think again because you can make good money as a waste underwriter — but you have to be selective." ■

International

PIRATES MOVE IN ON ASIA

Although there has been good progress tackling piracy in both East and West Africa, with global attacks declining for the fourth year in a row last year, it continues to thrive elsewhere

By Captain Rahul Khanna

South East Asian waters represent one area which has bucked the trend of piracy being on the decline. Activity was up year-on-year during 2014, with this heightened activity continuing through the first quarter of 2015.

Pirate attacks on commercial shipping continued to decline overall around the globe during 2014, dropping 7% year-on-year (245 compared with 264 in 2013), according to statistics from the International Chamber of Commerce's International Maritime Bureau.

Such a decline is the result of joint industry and cross-border cooperation to tackle the root causes of piracy on land, as well as using armed force at sea.

For example, in the Gulf of Aden, the highly-successful European Union Naval Force's Operation Atalanta and the carriage of armed guards on board ships — the industry's own initiative which required significant investment — was largely responsible for the 95% fall in reported attacks by Somali pirates since the start of this decade. Attacks fell from 219 in 2010 to 11 in 2014 and the initiative has been extended through to December 2016.

On the west coast of Africa, attempts to reduce piracy incidents have also proven successful, with reported incidents off Nigeria alone down over 40% year-on-year from 31 in 2013 to 18 in 2014.

Ongoing programs include the European Union's Critical Maritime Routes Gulf of Guinea initiative, aimed at complementing and reinforcing regional or international work against piracy and armed robbery at sea.

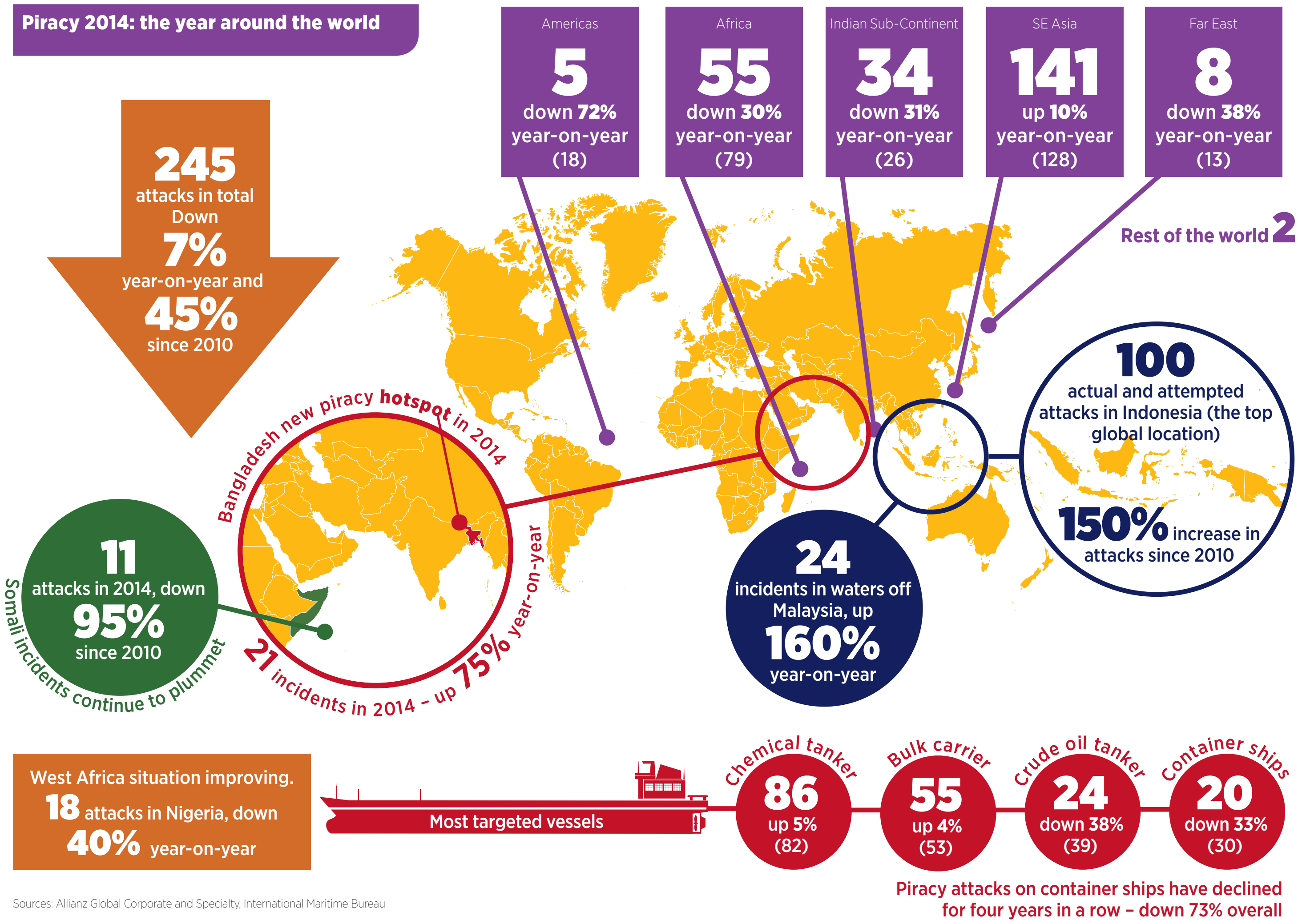
The implementation of an International Maritime Organisation Code of Conduct, addressing the repression of piracy, armed robbery against ships and illicit maritime activity in west and central Africa is also ongoing.

Attacks in Asian waters

Yet while African campaigns have proved effective, piracy attacks in Asian waters continue to rise. Together, the Indian Sub-Continent, South East Asia and Far East regions accounted for 75% of attacks around the globe during 2014 while Africa accounted for around 22% (*see graphic*).

Meanwhile, IMB figures show there were 141 reported attacks in South East Asian waters

Will initiatives such as Operation Atlanta help stamp out piracy?
www.postonline.co.uk/tag/piracy



Sources: Allianz Global Corporate and Specialty, International Maritime Bureau

in 2014, up 10% year-on-year. There were 24 incidents in waters off Malaysia, up 160% over the past year alone, and 100 off Indonesia — the top global hotspot which has been driving this activity, although Indonesian incidents actually declined slightly year-on-year in 2014.

However, such a number should perhaps be considered in the context that in 2009 there were just 15 attacks recorded over 12 months in Indonesian waters.

The increased activity appears to have continued through the first quarter of 2015, judging by the latest IMB numbers, with South East Asia accounting for 55% of the world's 54 piracy and armed robbery incidents since the start of the year.

Worryingly, this also appears to be partially offsetting the aforementioned steady decline in global piracy over the last four years. The overall number of piracy incidents was up 10% during the first quarter of 2015 compared with the same period in 2014.

Evolving piracy tactics always present new challenges. There has also been a significant rise in ship hijackings, with 23 occurring in South East Asia alone since April last year and six taking place in the last three months, according to the IMB.

Most have been carried out by armed gangs targeting small coastal tankers to steal their cargoes of fuel and there is potential for such attacks to escalate further unless they are controlled.

New tactics

Unfortunately, such numbers indicate piracy is here to stay. We have seen it rise and fall in the Gulf of Aden and to an extent in West Africa, only to rise again in the Far East. The *modus operandi* may be different in each area but the bottom line is that merchant ships make for easy targets because their primary purpose is trade. Most vessels don't carry weapons and small crew numbers mean they can easily be overpowered.

Even minor skirmishes can have a significant impact on costs to seafarers and the wider shipping industry, from expensive rerouting to security costs — not to mention the risk to cargoes and crews.

Seafarers around the world need to stay vigilant to guard against this threat, whichever quarter it may come from. ■

Captain Rahul Khanna, global head of marine risk consulting, AGCS

Legal Update

Internet of Things: who is liable?

The legacy of low-quality components could be challenging for insurers, says **Jim Sherwood**

The era of connectivity is upon us and the benefits and risks of the Internet of Things are quickly becoming apparent. The IoT is the interconnection of multiple devices through the use of radio frequency technology, which enables the exchange of data across multiple industry sectors.

It's estimated that by 2020 there will be 26 billion connected devices including wearable/implantable devices, mobile devices, and a range of domestic appliances from smart TVs, fridges and radiator thermostats to coffee makers and security systems. The potential for managing lifestyle and health is clear, but when such products fail — causing loss or injury — who will be liable?

The home will soon be a connected living space of smart sensors monitoring services and security and alerting customers — and perhaps emergency services and insurers — to any risk of fire, flood, or service failure. The data generated can be used to reduce risk and enable smarter underwriting, predictive modelling and deliver quicker assessment in the event of losses. However, regulators warn of product safety issues arising from a legacy of low-quality components installed into smart domestic appliances.

Meanwhile, your car is becoming a computer with wheels and an engine, connecting key fobs or keyless access, Bluetooth, wifi and mobile internet connections.

A recent Department of Transport review of automated vehicle technology expressed confidence in the insurance market to deliver innovative products while also concluding the liability framework — whether European Union, sale of goods or common law-based — would be sufficiently flexible to adapt to the challenges of new technology. It helpfully speculated liability could rest with manufacturers, operators, suppliers/importers, service or data providers and even drivers.

In healthcare, increasing talk of the 'internet of living things' focuses on delivering health data from wearable or implantable devices monitoring a range of metrics which may be processed through mobile device apps — known as mHealth — and transmitted to healthcare professionals. Today's healthcare professionals expect delivery of health services to rely upon digital technology, while regulators attempt to match the pace of innovation.

The providers of mHealth technology have already seen the recall of apps that have been calibrated incorrectly and failed to correctly monitor medical conditions. Healthcare professionals may be exposed in the management and analysis of digital data received from patients. While patients may benefit from reduced healthcare premiums in exchange for supplying their personal data, inevitable concerns are raised as to cyber security.

As to property damage or injury, a defective smart boiler thermostat or timer fails to respond correctly to instructions, thus causing a fire, and potentially relaying incorrect data to other connected safety or security devices — where does liability rest? Such claims may target manufacturers, own-branders, service companies, designers, retailers and importers, all potentially calling upon cover across various lines of business. While insurers may limit their cyber exposure in general liability policies, liability arising as the result of a defect or fitness for purpose issue may trigger cover.

Establishing how and why a software/component fault occurred — if at all, or of what type — poses fresh challenges, particularly with innovative start-ups developing new technology. As with most product liability disputes, the outcome may hinge upon the credibility and industry knowledge of the experts involved. Expert disciplines are developing fast to match the need to gather and analyse forensic evidence in indemnity/liability investigations.

Emerging technologies offer insurers huge opportunity both in the assessment of risks and in identifying new markets and innovative products. Targeted questions at inception should focus on supply chains and traceability of components and designs. Knowledge of the changing regulatory regime and ensuring appropriate wordings, conditions and jurisdictional limitations apply will be critical in managing exposure. However even where exclusions are applied, understanding the mechanism of a failure will be critical and, as with assessing liability, will require specialist expertise and legal advice.

Jim Sherwood
Partner and head of product liability, BLM

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Fee Earner Assistant - Complex Credit Hire
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"Probably the most interesting account in Yorkshire", is how a well-known industry leader describes the make-up of this portfolio that the successful candidate will manage. Comprising 'big ticket' clients from mainstream industries, as well as more niche sectors such as Aviation, it is hard not to agree. Managing such a diverse portfolio of complex risks will surely appeal to industry-orientated corporate brokers seeking a challenging role. Knowledge of the full suite of commercial covers is a prerequisite, and it is anticipated that the job holder will possess ACII. Being a large organisation, future career development opportunities are widely available and you will benefit from industry-leading training.

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Market moves

MARKET MOVES

Insurers

Axa

Axa commercial lines and personal intermediary has appointed **Gareth Hughes** as branch manager for Reading and its satellite branch, Maidstone. Hughes, who has over a decade of management experience at Norwich Union and Aviva, will have responsibility for delivering profitable growth across the two locations and will be a key member of the wider management team for the Southern region.

CFC

Specialist lines underwriting agency CFC has extended its kidnap and ransom team with the appointment of **Mark Baker**. Baker joins the business from Catlin where he spent four years as a K&R underwriter focusing on both land and marine. Previously, he worked at Aon for 20 years, most recently in the crisis management team specifically focusing on terrorism and more latterly, product recall. He can be contacted on 0207 220 8500 or mbaker@cfcunderwriting.com.

Marketform

Specialist Lloyd's underwriter Marketform has promoted **Ian West** and **Antonio Bellanca**. West has been promoted to head of financial and professional lines, while remaining the class underwriter for financial lines. He will report to chief underwriting officer Simon Lotter. Meanwhile, Bellanca has been promoted to class underwriter, professional indemnity, reporting to West.

Nelson Sport & Leisure

Nelson Sport & Leisure has hired **Stewart Croker**, an underwriter with over 10 years' experience in the sports and leisure insurance market. Stewart was previously employed by Towergate as a new business manager within the sport and leisure division and continued his development with Thames Underwriting, where he led a team to build the existing leisure book. He can be reached at 020 3058 2496 and scroker@nelsonpolicies.co.uk

RSA

RSA has promoted **Suzy Tiffany** to head of UK legacy, with effect from 1 July 2015. She has been with the insurer for more than a decade in roles including finance change manager, head of strategy and projects and most recently head of development and commercial motor claims. In her new role, she will report to Graham Hughes, commercial claims director, and join the commercial claims leadership team. Tiffany will be responsible for managing all legacy risks including long tail disease claims, such as deafness, asbestos and abuse.

Brokers

Insurance Initiatives

IIL has hired **Anna-Marie Powell** as chief marketing officer. Powell was previously broking marketing director at Towergate, and has worked at Aviva and Arthur J Gallagher over the course of her career. She can be reached at 07949632110.

Trade bodies

LMA

The Lloyd's Market Association has appointed **Frances Shaw** to the role of technical executive, wordings. Shaw joins from Liberty Specialty Markets where she was a wordings specialist. She has also worked for Brit during her 19 years in the London insurance market. She will report to Alison Colver, the LMA's manager, wordings. In her new role, Shaw will support the drafting of LMA model wordings and work closely with the LMA's wordings forum.


Ian West


Frances Shaw


Frank Hughes

Contact us

To submit an appointment for *Post*'s Market Moves page, please send an email to senior reporter James Verrinder at: *james.verrinder@incisivemedia.com*

Please try to include employment history, as well as contact details for the new appointment, including an email address and telephone number.

Print-resolution photographs are also recommended. The preferred format is at least 5cm by 5cm at a resolution of 300dpi.

INSURANCE RECRUITMENT SERVICES CLIENTS & CANDIDATES JOBS

Career file

One Commercial

One Commercial adds three to boost regional presence

One Commercial, the re-launched commercial division of UK General, has made a trio of senior appointments as it looks to bolster its regional presence and business development capability.

Karen Halpin has been named regional sales manager for Northern Ireland, **Jim Bowles** (pictured), has joined as regional sales manager for Scotland and **Alexandra Price** has been appointed marketing executive.

Halpin joins from Marsh where she was a placement broker in Dublin and has spent more than 15 years in the broking sector, including roles with PJT Insurance Services and O'Driscoll O'Neill.

Bowles was last at NIG and has spent more than 40 years working with commercial brokers while employed at major insurers such as Aviva.

Price has joined from KPMG where she managed the marketing and events programme in Yorkshire.

Mike Keating, One Commercial's managing director, said: "Finding and hiring high quality and experienced people who are passionate about the regional independent broker market is essential to us. Therefore, Karen is a great addition to the business."

He added: "With Jim, we now have additional resource to support fully our Scottish brokers... and Alexandra brings blue chip brand marketing experience to our new venture."

Legal

BLM

BLM has expanded its team in Scotland with the appointment of new partner **Frank Hughes**. Hughes joins the team in Glasgow from DAC Beachcroft and specialises in catastrophic injury and disease litigation. He is an experienced lawyer within the insurance industry conducting litigation across a wide area of expertise specialising in catastrophic injury and disease litigation, and is also vice-chair of the Forum of Insurance Lawyers in Scotland.

DAS LawAssist

Specialist after the event insurance division DAS LawAssist, part of the DAS UK Group, has appointed **John O'Connor** to the role of commercial risks development manager. O'Connor brings over 20 years' experience in business development to the role, joining from Law Sure Insurance where he was responsible for implementing its business development function.

Career development

Arag wins Employer Award

Arag has won the Employer Award at this year's Adult Learners' Week Festival of Learning, South West Region. The judges applauded the way in which Arag embeds learning into its everyday work.

Praise was levelled at Arag's use of innovative and creative learning techniques while also ensuring that any approach is tailored to the specific learning needs of the individual. The outcome according to the judges was a happier, more fulfilled and motivated workforce.

Michelle Blakeley, accounting technician, who accepted the award on the company's behalf, told the assembled guests at Weston-Super-Mare's Grand Pier: "Continuing my studies and being supported by my employer has given me great opportunities. It has increased my confidence and given me the ability to tackle more tasks which I would have been hesitant to do in the past. I have also developed my technical skills, which has given me an added advantage within my job role and better prospects to further my career. Arag is a great employer."

In recent years, Arag has wholly funded colleagues' learning across a variety of professional courses including: ILM Level 3 in Leadership and Management, Association of Accounting Technicians, the Chartered Institute of Insurance, and the Chartered Institute of Marketing. The company also regularly invites business partners to talk about new concepts and developments in their fields for the benefit of our colleagues and overall collaboration.

Since adopting it's pro-learning and development ethos, Arag has achieved notable success picking up various other accolades including back-to-back victories of the Personal Injury Awards Insurance Provider of the Year as well as being named at the Underwriting Services Awards, as both Legal Expenses Team of the year and overall Underwriting Team of the Year.

Postscript

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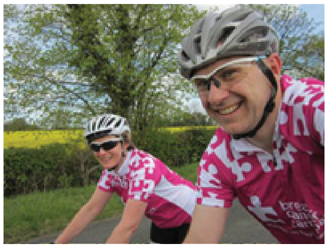
Penny Black's Social World

The Big Picture

Chris Thornton, managing director of automotive glazing replacement company, Auto Windscreens and his wife, Sue celebrated 24 years of marriage in a less than conventional way on Saturday 7th June when they took on the 100km Nightrider cycle challenge in aid of Breast Cancer Campaign and Breakthrough Breast Cancer. Setting off at 11pm in London, passing 50 iconic landmarks along the way and finishing at the Olympic Velodrome in the early hours, the keen cyclists tackled city traffic and even the odd fox in a bid to raise money for the UK's largest dedicated breast cancer research charity.



The Big Debate

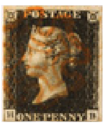
Will Fidelis's insurance model spark a change in underwriting practice? Lancashire founder and former CEO Richard Brindle has returned to the insurance market with a new company called Fidelis, which has received a $1.5bn (£970m) capital injection. Brindle wants Fidelis to use an insurance model that pursues a "total return strategy" meaning it will tactically shift capital and risk between insurance and investments to maximise return on equity across market cycles. If other firms follow Fidelis's lead it could result in more disciplined underwriting in a soft market, he predicts.

Do you think insurers will move to an operating model akin to Fidelis? Is the Fidelis model likely to result in more disciplined underwriting as Brindle predicts?

Katie Marriner, reporter, Post

Have your say at *linkd.in/1I3z4Cm*

Penny Black's Insurance Week



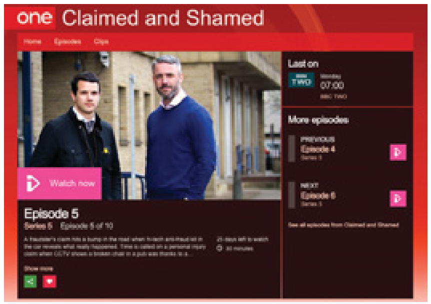
Penny is no stranger to **glitzy black tie awards dos**, but *Post*'s recent **Claims Awards** provided a rare first for even this seasoned veteran. Judging by the looks on some of the faces scattered around the plush Kensington venue, Penny wasn't alone in being surprised and amused by **guest speaker Colin Murray's** impromptu decision to start handing out **awards he had made up himself** – such as the best dressed, the baldest head and even the most likely to get drunk and get up to something they shouldn't. Thankfully the lady from the LV table who had the **dubious honour** of picking up the latter 'award' took it all in good humour.

twitter.com/PennyBlackPost

Fresh from Facebook

During RSA's Volunteer Week, 20 primary school children visited RSA's London office to take part in an Enabling Enterprise workshop, which helped them to develop essential skills including teamwork and problem solving. The highlight of their day was meeting group CEO Stephen Hester and admiring the views from his office in the Walkie Talkie.

Did you see?



Medical assistance and claims specialist Cega was featured on the BBC's *Claimed and Shamed* series, looking at fraudulent travel insurance claims. A kidnap at gunpoint in Venezuela and a life-threatening case of malaria turned out to be nothing more than travellers' tales when the firm looked closely at them. You can catch up with the episode on the BBC iplayer at *www.bbc.co.uk/programmes/b05y3vks*.

Tweet of the Week

Graeme Trudgill @GraemeBIBA · Jun 11

Good to get a reply from George Osborne on the @BIBAbroker budget submission. Looking forward to 8th July!