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THE CII'S NEW CHIEF EXECUTIVE SIAN FISHER TALKS TO THE JOURNAL ABOUT HER PLANS TO ENHANCE THE IMAGE OF THE INSTITUTE





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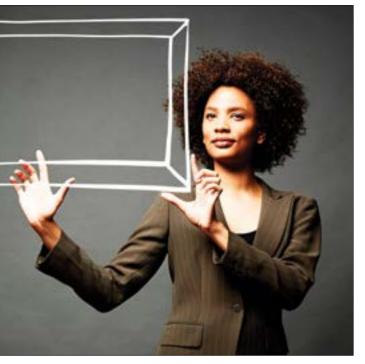
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## ROBERT FLETCHER **PRESIDENT'S LETTER**



## **Time for change**

Nothing stands still for long and, as **Robert Fletcher** comments, it seems we are facing ever increasing change. But, he explains, that is not always a bad thing...

ravelling through central London recently, it was great to see an advert about Chartered status proudly dominating the back wall of the underground station.

As my tube train thundered through the tunnels, I was able to smile and stand that inch taller in the knowledge that our profession really does have something to shout about and that the message is right in front of the public eye. The messaging and emphasis of the adverts are spot on and, for consumers who know nothing about the insurance sector, it is surely enough to make them curious and want to find out a little bit more.

It is also a good message for those of us within the profession - we do have something to be proud of but unless we can get that message out there, little will ever change.

## Staving relevant

There is plenty to worry about right now for many consumers. The end of the tax year looms and there is turmoil in the stock markets. Our job is to help guide consumers through the uncertainty with quality advice and clarity in communication.

Insurance has been at the forefront of the conversation for much of this year as the UK is battered by a stream of violent storms sweeping in from the Atlantic. Again, there has been much to be positive about in terms of the delivery of good service by insurers, brokers and loss adjusters, who have all been working flat out to sort out claims helping consumers and businesses through difficult times.

Inevitably, there have also been some negative stories and there is confusion among the general public about Flood Re and how it will work. The good news is that Flood Re now has backing in place, but we are still waiting on final regulatory approval. The general public and the industry both need clarity and for the programme to move forward as soon as possible - before we face yet another season of storms.

Flood Re should provide the sector with an opportunity to show the public that we can provide innovative solutions, working closely with government to deliver workable solutions for those most at risk.

## **Guiding customers**

Relevance is critical - and is a crucial message. I was very encouraged by some recent visits to the local Institutes, such as Sussex and Belfast/ Northern Ireland. Institute teams are working to be relevant to their local members and this is something which filters down through the companies and outwards to the public.

It is vital insurers remain relevant - like any business they cannot survive in a market of rapid change, unless they move with the times. It may seem like an old chestnut but this really is a message that cannot be repeated often enough.

More change has come at the Chartered Insurance Institute (CII) itself and I wish Sandy Scott a happy and fulfilled retirement. He has given so much to our profession and made meaningful and relevant changes to the CII - we all owe him a lot.

I would also like to add my welcome to the many good wishes Sian Fisher has already received. I am sure our new chief executive officer is looking forward to exciting times ahead. She certainly arrives at an organisation which is in good shape and is ready to adapt to the challenges it will undoubtedly face as the world evolves around us.

## **CII PUBLIC INTEREST AWARDS**

21 April 2016, Christ Church, Spitalfields, London

We would like to congratulate all the finalists for the third annual CII Public Interest Awards. The full shortlist is available to view at www.cii.co.uk/PIA2016

The Public Interest Awards recognise the individuals, teams and organisations that have gone above and beyond to educate, inform and ultimately benefit buyers of personal and commercial insurance in the UK.

Join us to celebrate those who have demonstrated either excellent customer service or pro-active educational campaigns at a special awards dinner at this iconic venue in London's Spitalfields.

Tables at this prestigious event are now available to buy: secure yours by contacting PIA@cii.co.uk or calling 020 7417 4438. Further details of the event are available online at www.cii.co.uk/PIA2016.

**POINTING THE WAY TO EXCELLENCE** 

Book your table now email PIA@cii.co.uk or call 020 7417 4438



## Insuring women's futures

Diversity, gender equality and the challenge of insuring women's futures will be under scrutiny on 11 March at the Women of the World (WOW) Festival's WOW Friday, at the Southbank Centre, London.

Global insurer AIG and the Chartered Insurance Institute (CII) are partnering with the festival and will be leading the conversation about risks faced by women in society and how the profession can respond.

Launching at WOW London, the Insuring Women's Futures initiative follows a yearlong collaboration by female thought-leaders from across the insurance profession via the Insurance Supper Club (ISC). Key to this initiative is a challenge to the insurance profession to play a more active role in promoting greater diversity - both as an employer as well as through the products and services it offers.

Sian Fisher, newly appointed chief executive officer (CEO) of the CII commented: "As the world's leading professional body operating in insurance and financial planning, the CII is



committed to diversity and to encouraging the profession to better address the women's risk agenda. The insurance profession plays an important role in ensuring women's needs are met as clients, customers and employees and I believe it should take a more creative and inclusive approach to developing products, encouraging diversity of talent, and promoting the importance of insurance in society."

Anthony Baldwin, CEO of AIG UK and AIG Europe, added: "For any business, diversity is not just a 'nice to have', it's essential.

Disruptive forces, together with demographic and technological change, make addressing the gender gap and embracing diversity crucial. We also need to consider our wider impact on society in the services and products that we offer.

"As a Chartered Insurer, we are delighted to be participating in WOW London and to be contributing to this inspirational festival to further gender equality."

Barbara Schonhofer, founder of the ISC, added: "This is the first step for the profession on its road towards a more creative, inclusive and contemporary approach. In bringing together AIG and the CII as sponsors of WOW London 2016 at the Southbank Centre, we aim to challenge outdated perceptions of the insurance sector within the broader community and at the same time encourage the necessary innovation to modernise thinking in terms of women, society and risk."

Further information can be found at: http://wow.southbankcentre.co.uk/whatson/wow-friday-day-pass-1731

## Horizon programme launched for new entrants

The Chartered Insurance Institute (CII) is launching a new development programme called Horizon, following a pilot last year. The Horizon programme has been developed to enhance the knowledge and skills of relatively new entrants to the insurance profession, enabling them to see their own work in the wider context of the sector.

The 2016 programme consists of a series of four continuing professional development (CPD) events, covering a combination of soft skills and technical insurance capabilities, as well as networking opportunities. CPD events will be held at the CII's head office in London and will include a full-day 'Communicating with Impact' workshop, as well as a business simulation exercise that allows participants to run their own fictional insurance company for the day.

The CII will be open to applications for

Horizon 2016 from 7 March via the website - www.cii.co.uk/horizon - which also contains further information about the programme. The programme is limited to 25 participants a year. Applicants should be CII members with between one and two years' insurance experience, who are able to demonstrate an interest in pursuing professional qualifications and who are not enrolled on a formal company graduate scheme

Participants in last year's pilot programme were recruited from the CII's claims, broking and underwriting faculties, and included representatives of Ageas, Aspen Risk Management, Aviva, Axa, Crawford & Company, Direct Line Group, Ecclesiastical, Lark Insurance, NFU Mutual, Touchstone Underwriting, Towergate Commercial Underwriting and Zurich.

## **Broker celebrates** 100 years by becoming Chartered

The Chartered Insurance Institute has awarded Chartered status to Hugh J Boswell Insurance Brokers. The company said the award comes at an opportune time, as it celebrates its 110th year of trading in 2016.

The company is an independently owned business, with 60 employees and offices in Norwich, Bury St Edmunds and London.

Managing director Peter Foster commented: "Achieving Chartered status is a proud milestone for us and it demonstrates the hard work and commitment we have provided to our customers, partners and employees over the years.

"Professional development isn't something we pay lip service to, but [instead] strive to embed within our business culture from top to bottom."



LinkedIn

in

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**Current discussions include:** 

emissions to impact insurance

• Extreme weather and greenhouse gas

Marine hull and associated liabilities

Initiatives around encouraging women

From the CII Twitterati...

Great to see @CIIGroup billboard for the

#choosechartered campaign at Bham

International this morning #insurance

Looking forward to hearing the insights

about the @CIIGroup's new #pensions

Really pleased for our claims team, who

have been shortlisted for Best Customer

Celebrating success of passing our FIT

Enjoying the beautiful surroundings at

dinner #peterborough #insurance

@pborocathedral at the @CIIGroup annual

CII LinkedIn Group → 38,214 members

**#CIIGroup Twitter** → 9,550 followers

exams today with @kirbs88 - absolutely

Service Initiative at the @CIIGroup

freedom research at this morning's seminar

back to work after a career break

P96 liability insurances

@yelloexile

@vanessachance

@Rachel Covea

**@SoapBarrett** 

buzzing! @CIIGroup

@KirstieSowter

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## Apprenticeships high on CII agenda

launched a revised version of its invaluable guide to apprenticeships, just days after holding an event showcasing apprenticeships in the sector

The new guide, designed to aid both employers and employees, is available in hard copy as well as online.

As the guide was launched, outgoing chief executive officer Dr Sandy Scott stressed: "The CII is committed to supporting our profession in attracting the best, brightest and most diverse talent for the future, as well as developing those already in the sector. Our Discover Risk and Discover Fortunes initiatives have proved powerful tools in introducing young people to the careers on offer in insurance and financial planning.

"To help firms navigate the changing landscape, we have also set up an Apprenticeships Unit. Apprenticeships will play a role in shaping tomorrow's profession and the CII is here to help employers get involved "

At the same time, the CII has recently held a financial services-wide apprenticeships event at Aldermanbury. The event was attended by Nadhim Zahawi MP, the Prime Minister's advisor for apprenticeships.

## Be Wiser Insurance wins apprenticeship award

Be Wiser Insurance, based in Andover, overcame stiff competition, including The Highways Agency and UBS, to be named one of the country's leading employers of apprentices as it picked up one of the top accolades at the National Apprenticeship Awards.

The Hampshire-based company triumphed in the Newcomer - Large Employer of the Year category at the awards ceremony in London, which recognised top apprentices and leading employers from around the country.

The company was chosen in recognition of its commitment to developing young people through apprenticeships. Be Wiser currently employs more than 700 people and has more



The Chartered Insurance Institute (CII) has

Employers were able to hear real case stories from apprentices who have been working in the sector, including Pria Nelson, of Mercer: and Ben Larkin. of Llovd's of London.

The delegates then heard a panel discussion on how to create and manage a successful apprenticeship programme, led by Phillip Paige, vice-president - junior talent pipeline manager (schools and college) J P Morgan: Karen Bennett, of Mercer: Michael Walby. director of professional qualification training at KPMG; and James Hammill, director, BPP Professional Apprenticeships and Financial Services.

Other sessions explored the arguments in favour of employing apprentices or graduates, as well as the value of an apprenticeship programme

Alex Wilson, from the Department for Business Innovation and Skills, discussed the Apprenticeship Levy and the government's five-year plan for apprenticeships.

Delegates were also warned of the need to properly assess such programmes throughout their operation and advised on how to interpret standards

To access the new guide, click on: www.cii. co.uk/knowledge/policy-and-public-affairs/ articles/apprenticeships/18849

than 250 apprentices - most of whom have trained with the insurance broking company in the past five years.

Crescens George, director of training and development at Be Wiser, said: For many of our employees, an apprenticeship scheme has given them an opportunity to re-engage in education and has enabled them to become valuable and professionally qualified members of staff."

The awards, now in their 12th year, are run by the National Apprenticeship Service and recognise excellence in two areas: businesses that grow their own talent with apprentices; and apprentices who have made a significant contribution to their workplaces.





## New this month for members...

## **Risk** net

Members have now access to Risk.net. a leading source of exclusive, in-depth news and analysis - delivering the latest breaking developments in risk management, derivatives pricing and trading, banking regulation, law and documentation. exchanges, clearing and settlement.

Risk.net is an online portal that incorporates seven key brands – risk, energy risk, operational risk & regulation, asia risk, structured products, insurance risk and hedge funds review.

Its in-depth and analytical content gives readers the knowledge to make informed decisions to help their organisations navigate the maze of new financial regulations being introduced around the globe and mitigate market, credit and operational risk.

## Access Risk.net at: www.cii.co.uk/risknet

## **Regulatory reports**

Extracts of Timetric's regulatory reports are now available online for members via Knowledge Services.

The extracts cover key regulations and market practices related to different types of insurance product in the following countries: UK, Bangladesh, China, Egypt, Ghana, Hong Kong, India, Indonesia, Kenya, Malaysia, Morocco, Oman, Saudi Arabia, Qatar, South Africa and Thailand. Access the reports at:

## www.cii.co.uk/regulatoryreports

Knowledge Services houses a collection of online technical and market information supplemented by a physical Londonbased library - which supports and informs Chartered Insurance Institute members, both those working in the industry and those who are undertaking their professional qualifications.

To contact Knowledge Services, please email knowledge@cii.co.uk

Visit ww.cii.co.uk/knowledge/resources for more information.

## **KNOWLEDGE COLUMN** PIA2016 shortlist revealed

The finalists for the Chartered Insurance Institute's (CII) annual Public Interest Awards have been revealed, with full details available online at: www.cii.co.uk/PIA2016

The awards, now in their third year, cover a wide variety of categories in customer service, journalism, corporate social responsibility and public relations. All entries were judged by a panel of experts examining how individuals. teams and organisations have demonstrated that they do the most to educate, inform and benefit buyers of personal and commercial insurance in the UK.

Ant Gould, chair of the judging panel, commented: "The judges were very impressed by the quality of the entries this year and all those that have been shortlisted should be justly proud of their achievements. They all demonstrate the insurance profession at its very best, going above and beyond to educate,

**Broker takes** 

apprentices

Harry Wood, 16, has secured an

apprenticeship in the company's claims

department, while Jamie West has been

qualification from Middlesbrough College.

insurance knowledge, using one-to-one

workshops and online resources. They also

will gain qualifications from the Chartered

Insurance Institute (CII) and receive local CII

hired as an apprentice broker. Tiegan Taylor-

Helm, 18, is also an apprentice broker, having

previously achieved a Level 3 Business Studies

The apprentices will be trained in technical

Henderson Insurance Brokers on Teesside is

on the career ladder, with the recruitment of

helping give local young people their first step

on three

three apprentices.

training.

inform and ultimately benefit consumers of personal and commercial insurance in the UK and wider society."

Campaigns and initiatives shortlisted this year are from the following companies or organisations: Advocacy by Consent, Ageas UK. Allianz, Aviva, Axa Insurance, Axa PPP. Cornish Mutual, Covea, Ecclesiastical, Glasgow Caledonian University, Hiscox Underwriting, Incisive Media, Insurance Times, Ladbrook Insurance, Launch Insurance Brokers, Legal & General, Lloyd's, Lloyd's Marine Under-35s Group, Mills & Reeve, Pool Reinsurance Company and Thomas Carroll Group.

The winners of the 2016 awards will be announced at a prestigious ceremony on 21 April at Christ Church Spitalfields in London. Tickets are available to purchase by emailing: pia@cii.co.uk

## **Charities book**

Retired loss adjuster Colin Bowes, who worked for Toplis and Harding for 26 years, has written and self-published a book based on his early career. entitled All Claims Great and Small. He has changed the names of the characters and businesses involved and writes under the pen name of James D Buchanan. All proceeds from the book are to be given to The Insurance Charities and Mr Bowes hopes to raise at least £1,000.

We have three copies of the book to give away to the first three people to email us with their names and addresses plus the answer to this question: On which date did The Insurance Benevolent Fund and the Insurance Orphans Fund come together to become The Insurance Charities?

To order a copy of the book please send a cheque payable to The Insurance Charities for £8.50 (£6.99 plus P&P) to C J D Bowes, 6 Fellborough Lodge, St Anne's Road East, St Anne's-on-the-Sea, FY8 3HF

## Covéa business becomes Chartered

The Chartered Insurance Institute (CII) has confirmed Covéa Insurance's commercial lines and high-net-worth business has been awarded the prestigious Chartered Insurer status.

Chartered status is an exclusive accreditation only awarded to firms that meet rigorous criteria relating to professionalism and capability.

In obtaining Chartered status, Covéa Insurance demonstrated achievement of the highest professional standards. More than half of the company's commercial lines and high-net-worth management team are qualified as individual Chartered insurers and 90% of its customer-facing team are active CII members, committed to ongoing development through a professional development programme.

Simon Cooter, commercial lines and highnet-worth director, said: "It's great to receive this acknowledgement, which underlines the dedication and professionalism of the highly skilled and experienced team we have in place supporting our broker and business partners. Gaining Chartered Insurer status was an important strategic objective for our commercial and high-net-worth business and forms part of our programme of work to fully align the high service standards previously offered by both Covéa Insurance and Sterling Insurance, as we start 2016 as a fully integrated business."

Dr Sandy Scott, outgoing chief executive officer at the CII. added: "Chartered status is recognised around the world as a mark of excellence and Covéa Insurance should be rightly proud of this achievement. Its commitment to high standards of competency is underpinned by an ethical culture and an approach to conduct that puts customers at the heart of everything it does."

## Extreme weather and greenhouse gas emissions to impact insurance

The Chartered Insurance Institute (CII) has released new research setting out the challenges for the insurance sector following the recent United Nations Climate Change Conference in Paris

The report has also been released in the wake of the World Economic Forum's Annual Global Risk report, in which the failure of climate change mitigation and adaptation was found at the top of its main risks. The research identifies two key challenges facing the insurance sector:

- The mitigation policies that have been put into place to reduce greenhouse gas emissions – this process will transform the technologies that underpin our mode of life with consequent shifts in economic power between countries and companies
- Adapting to extreme weather patterns - the current climate has become more extreme. As this pattern is expected to continue it implies greater risk for weather perils. In particular, Greenland ice-melt has created a huge temperature anomaly in the north Atlantic, raising the prospect

of freakish conditions for the UK. Laurence Baxter, head of policy and research at the CII, said: "These key issues debated at the Paris conference present both new risks and opportunities. The insurance sector can play an important role in both areas. But it needs to take a more proactive role and collaborate with other stakeholders to prevent some risks becoming uninsurable, safeguard its assets under management, and take advantage of new markets. This applies to general insurance and life insurance, with pensions and investment, though the issues are somewhat different for the three sectors." The report also discusses the commitment the G7 has made to provide support on developing specific insurance and risk management tools aimed at climate change. This was agreed after the Paris conference observed development had been slow in this

area.

The full report - The Last Generation? The Paris climate conference and its implications for insurance - can be found at: www.cii.co.uk/39538

## Going the extra mile

Insurers and brokers have been urged to go the extra mile when it comes to doing business with people from the rest of the European Union (EU).

Chartered Insurance Institute vice-president Robert Reid told The Journal: "I recently organised a hotel scheme, which involved a lot of Polish workers who did not speak English.

"Working with the Polish embassy, I was able to translate the information and we were able to help with their auto-enrolment scheme."

Following that, he attended a meeting at the House Of Commons, organised by the Polish Embassy in London, which outlined how the development of Polish entrepreneurs in the UK, Polish business ideas and consistency in their conduct is appreciated by both the British and the British government.

Chartered Financial Planner Filip Slipaczek, who moderated the meeting of representatives of Polish and British business and British parliamentarians, thanked everyone for coming and underlined the special contribution of all organisations that unite and support Poles in the UK.

Mr Reid added: "The insurance industry and the financial planning community can all benefit from going that extra mile when it comes to working with non-English speaking members of the EU. It will be really appreciated and can open doors to new areas of business."

## **Global seminars listed**

The Institute of International Finance has published a list of forthcoming seminars, which will be of interest to Chartered Insurance Institute members. These include:

- Islamic Finance Istanbul, 4-6 April
- Financial Crime Risk Management London, 20-21 April
- Country and Sovereign Risk Management -New York, 20-22 June
- Insurance Risk Management New York, 22-23 June

Please go to www.iif.com/events/training for more details of the events.

## Share cookbook competiion

The winners of the Share cookbook competition are: Kellie Thompson Naomi Stuart Trish Woods Noel Davy Kathy Reid



## TAXING TIMES

An invidious tax was mentioned on pages 4 and 21 of the December 2015/January 2016 edition of The Journal.

George Osborne has become a master in raising taxes which are unlikely to cause his party electoral damage, so insurance premium tax (IPT) is probably high on the list of options whenever additional funds need to be raised through taxation.

It is time for the insurance business as a whole to mount a campaign against this tax. Largely thanks to Jamie Oliver, 153,545 people signed an online parliamentary petition about a sugar tax, thereby forcing the government to set aside time for a parliamentary debate. Our industry should campaign in the same high-profile way for IPT to be, ideally, abolished; a minimum of 100,000 signatures are required. IPT directly taxes those very people and businesses who are managing their affairs properly rather

than assuming the state will pick up the tab if premium tax was a tax on the company and something goes wrong.

Simultaneously, rather than including a small print statement to the effect that premiums on quotations and renewals include IPT, insurers could quote their premium for the risk and show IPT as an explicit addition, described as (for example) 'Insurance Premium Tax to be collected by us and paid to the government'. This would reduce the possibility of people thinking IPT is a tax paid by insurers and not them personally.

## Keith Billinghurst FCII APFS **Chartered Financial Planner**

## **EVEN MORE TAXING**

I refer to the article on page 21 of the December 2015/January 2016 edition of The Journal. The Chancellor did explain the insurance not the policy or policyholder. At the same time, he reduced corporation

tax on companies from 20% to 18% and he hoped companies would be able to offset the increased policy tax against the decrease in corporation tax.

So, the implication is there should be no change in premiums companies charge as a result of the tax changes.

## **GE Clark ACII Chartered Insurer**

## **CHARTERED INSURANCE INSTITUTE** LINKEDIN GROUP

To join the discussion and keep up with the latest changes, visit the LinkedIn group at: www.linkedin.com and search for 'The Chartered Insurance Institute' under groups to become a member.

> The Journal is delighted to receive letters on any topic; please email the editor at: michelle.worvell@cii.co.uk



The leading insurance broker network for female start-up independent brokers.

## DISCIPLINARY MATTERS

The CII wishes to make clear that, unless the case reported indicates otherwise, allegations and findings against members do not implicate those members' employers in any way.

## Breach of examination and/or assessment regulations

Michael Platt, The Platt Partnership, 21 Chester Street, Mold CH7 1EG, UK (Order effective from 25 November 2015)

Ben Radford Cert CII, Willis, Willis Building, 51 Lime Street, London, EC3M 7DQ, UK (Order effective from 18 December 2015)

John Hector Dip CII, Allianz Insurance, Allianz House, Trinity Park,

Bickenhill Lane, Birmingham, UK (Order effective from 11 January 2016) Luke Greenfield Dip CII, Allianz Insurance, Allianz House, Trinity Park, Bickenhill Lane, Birmingham, UK (Order effective from 14 January 2016) The above candidates were found to have plagiarised an assignment written by another candidate in breach of the assessment guidelines. The Chartered Insurance Institute (CII) case examiner invited the respondents to approve and sign a consensual order under Rule 9.1 of the CII

Disciplinary Procedure Rules 2015, to which the respondents agreed. The sanctions issued were:

- a) The respondents were reprimanded;
- b) Their assignment result was disallowed;

c) They were excluded from CII examinations and assessments for 18 months and would have to take the CII online ethics course before taking any CII exams and assessments or applying for recognition of prior learning in future;

d) No examinations, assessments or qualifications obtained by the respondents during the period of exclusion would be eligible for CII recognition of prior learning for 18 months.

The case examiner reduced the sanction which would otherwise have applied in respect of offences c) and d) from two years in light of the respondents' early admission of the charge.

## Anita Mensah, Metropolitan Insurance Co, PO Box 20084, Accra, Ghana (Order effective from 18 December 2015)

The candidate was found to have obtained unauthorised access to an assignment written by another candidate, which she then plagiarised. The CII case examiner invited the respondent to approve and sign a consensual order under Rule 9.1 of the CII Disciplinary Procedure Rules 2015, to which the respondent agreed. The sanctions issued were: a) The respondent was reprimanded;

b) Her continuous assessment assignment and examination result were disallowed.

c) She was excluded from CII examinations and assessments for two CII exams or assessments: years and would have to take the CII online ethics course before taking any c) He was suspended from membership of the CII for three years. CII exams and assessments or applying for recognition of prior learning in future:

d) No examinations, assessments or qualifications obtained by the respondent during the period of exclusion would be eligible for CII recognition of prior learning for two years.

Where the disciplinary panel or case examiner has decided to publish details of a disciplinary case ascribed (ie where an individual has been named), every care has been taken to identify members correctly. Please The case examiner reduced the sanction which would otherwise have been contact the CII if there is any doubt about the identity of a member who applied in respect of offences c) and d) from two years and six months in may have been the subject of disciplinary proceedings and in relation to light of the respondent's early admission of the charge. whom a report has been published.



Daniel Syms ACII, Willis Group, The Willis Building, 51 Lime Street, London, EC3M 7DO, UK (Order effective from 22 December 2015) The candidate was found to have given his assignment to another candidate, in breach of the assessment guidelines. The CII case examiner invited the respondent to approve and sign a consensual order under Rule 9.1 of the CII Disciplinary Procedure Rules 2015, to which the respondent agreed. The respondent was reprimanded and required to complete the CII online ethics course.

## Breach of CII code of ethics

Alison Waters, ACII, Chartered Insurer, Aston Scott, Malling House, West Malling, Kent, UK (Order effective from 15 December 2015) The respondent had been convicted of drink driving in 2010 and had failed to disclose her conviction to the CII. The CII case examiner invited the respondent to approve and sign a consensual order under Rule 9.1 of the CII Disciplinary Procedure Rules 2015, to which the respondent agreed. The respondent was reprimanded and required to complete the CII online ethics course.

## David Williamson, Wandsworth, London, UK

(Order effective from 22 December 2015)

The respondent falsified an exam result notification and passed himself off as having passed an examination which he had in fact failed. The CII case examiner invited the respondent to approve and sign a consensual order under Rule 9.1 of the CII Disciplinary Procedure Rules 2015, to which the respondent agreed. The sanctions imposed were: a) The respondent was reprimanded;

b) He was excluded from CII examinations and assessments for two years and would have to take the CII online ethics course before taking any CII exams or assessments;

d) He was ineligible to apply for membership of the CII for three years.

## James Gent ACII, Tunbridge Wells, Kent, UK

(Order effective from 23 December 2015)

The respondent has accepted he was in breach of the CII code of ethics as he was the subject of a consent order lodged in the High Court, in which he accepted he had taken documents and confidential information from his former employer without authority. Moreover, he had failed to disclose the offence and consent order to the Institute. The CII case examiner invited the respondent to approve and sign a consensual order under Rule 9.1 of the CII Disciplinary Procedure Rules 2015, to which the respondent agreed. The sanctions imposed were :

a) The respondent was reprimanded;

b) He was required to take the CII online ethics course before taking any





## Cardiff president's challenge for 2016

John Newnes, 2015-2016 Insurance Institute of Cardiff (IIC) president, is about to embark on a Welsh coastal walk to raise money for local Cardiff charity, Velindre Cancer Centre.

The centre is a specialist cancer treatment centre, which provides services for more than 1.5 million people across southeast Wales and beyond. Each year, the centre treats more than 5,000 new referrals and around 50,000 new outpatients. Alongside The Insurance Charities, the centre was chosen as a local cause for the IIC to support.

Mr Newnes' challenge will be a walk along the west coast of Wales at the end of February. The walk will be between 53 and 62 miles, depending on the tide, in a two-day period walking from Broad Haven and following the coast around to Angle, Pembrokeshire.

Mr Newnes aims to raise £2,500 - if you would like to support him, please visit:

www.justgiving.com/owneremail/pleasesponsor/CII

## Are you ready for the digital revolution?

The UK's leading professional institutions are coming together in Manchester on 16 March for a full-day conference to share ideas, business models and knowledge about the current and future impact of digital technologies.

The event is led by the Insurance Institute of Manchester and will bring together representatives from The Chartered Institute of Marketing, Chartered Institute of Management Accounting. Chartered Institute of Professional Development, Royal Institution of Chartered Surveyors, Institute of Chartered Accountants in England & Wales and Manchester Law Society. Sessions and speakers include: Modern working: how technology will transform the way you work James Akrigg, head of technology for partners at Microsoft Marketing, social media engagement and the law Steve Kuncewicz, head of intellectual property and media at Bermans

Cyber liability: emerging risks for your company Stephen Ridley, head of technology,

cyber and data at Hiscox UK and Ireland Generation Z at work: coming

soon, are you ready? Andrew Lund, Google for Work change agent Digital issues for UK business schools and higher education provision Eileen Roddy, associate dean at

Salford Business School Predicting future trends Mike Ryan, futurist, Fusion Futures

The conference is sponsored by Hiscox UK and Ireland and will be hosted by Steve Swientozielskyj, who has had a successful executive career working with leading multinational and UK large corporates on change management. Full details, including

registration, are available at: www.cii.co.uk/manchester

## Newcastle support Royal British Legion

In November, the Insurance Institute of Newcastle-upon-Tyne held its annual dinner, with more than 250 attendees, to celebrate the achievements of local members during the past 12 months. The dinner is also the annual flagship fundraising event for the Insurance Charities and the president's chosen charity, this year the Royal British Legion.

Last year was a momentous one for the UK's armed forces, being the 75th anniversary of the Battle of Britain and the 70th anniversary of VE day. Newcastle president, Brian Stonehouse BA Assoc CIPD, is a former member of the armed forces so it was a fitting charity for



his presidential year. The event was held in November, close to Remembrance Day, at Newcastle Civic Centre, with a poppy theme throughout. As the dinner took place just after the tragic terrorist attacks in Paris, the colours of the French flag were projected onto the walls of the Great Hall, with a minute's silence was observed by members and guests.

This was followed by generous donations in honour of the two chosen charities, resulting in a total of £1,250.80 raised in aid of the continued work of the Royal British Legion.

For further information on events and news from the Insurance Institute of Newcastleupon-Tyne visit www.cii.co.uk/ newcastle or tweet @NewcastleCII IIP hosts 84th annual dinner The Insurance Institute of Peterborough hosted its 84th

annual dinner in the opulent surroundings of Peterborough Cathedral on 5 February 2016. More than 230 members and guests attended the grand event, 100 more than at previous dinners, including Joseph Valente, winner of The Apprentice 2015. Support was received from both local companies and those further afield.

Guests enjoyed a four-course meal, together with responses from Grant Scott, Chartered Insurance Institute (CII) vicepresident of local Institutes and The Very Reverend Charles Taylor, Dean of Peterborough.

> A poignant speech came from Phil Hayes, president of the Datachersough

Peterborough Institute, who told the story of

his recent life-threatening car crash, his determination to walk again and how the local Institute, colleagues and friends supported his recovery.

Cathedral choristers and comedienne Debra Stephenson entertained throughout the evening.

Seventeen companies sponsored the evening, all listed on the Institute website at www.cii.co.uk/peterborough. This valuable support, along

with a raffle, heads-and-tails competition and an auction raised more than £4,000 for the Cathedral 900 appeal. Details of forthcoming Peterborough events can be

Peterborough events can be viewed at: www.cii.co.uk/ peterborough

## Birmingham Institute and LV help a hero

om left to right: Sharon Williams, Mark

nds. Dave Watson. John O'Roarke

amputations had been so high, the

prosthetic legs provided by the NHS

difficult for him to walk. He was due

Eve 2015 and desperately wanted to

to marry his fiancée on New Year's

amputations carried out, the NHS

changing prosthetic legs Mr Watson

needed, however he was able to

pay for an operation in Australia.

The operation would allow him to

use the new prosthetic legs, which

Mr Watson had been struggling

would also bring him back to his

to obtain travel insurance for

the journey, with insurers not

full height.

be able to walk down the aisle.

was unable to provide the life-

Due to the nature of the

were uncomfortable and made it

Because Mr Watson's leg

rehabilitation.

At a recent Birmingham Insurance Institute's (BII) Birmingham Leaders event, a chance conversation started a chain of events which led to a hero receiving the helping hand he was seeking.

The Birmingham Leaders event brought together a group of leaders from various companies across the Birmingham insurance and financial services sector with guest speaker Mark Rogers, chief executive of Birmingham City Council.

Discussion and conversation was wide-ranging – including the fantastic work done within Birmingham hospitals for injured military personnel and, in particular, the care provided at the Queen Elizabeth Hospital and Fisher House.

Mark Hands, head of the BII's Black Country Committee and head of trading North for LV General Insurance, and Sharon Williams, Chartered Insurance Institute regional membership executive, found themselves talking about Dave Watson, a former soldier who had been supported by Fisher House, a charity for military patients and their families.

Mr Watson is a former soldier who lost both legs and an arm in Helmand, Afghanistan, after stepping on an improvised explosive device in 2010. Fisher House helped to provide support during his long recovery and

comfortable providing cover and no

Axa Business Insurance's successful modern apprenticeship programme has helped it become Skills Development Scotland's (SDS) Youth Employer of the Month.

Having employed 11 modern apprentices in the past 16 months, Axa is also a leading member of the Glasgow Economic Leadership Workstream for Financial and Business Services, with a particular involvement in its forum for 'People and skills in the financial sector', which works to develop links between industry and education.

Most recently, Axa has been supporting development of the new foundation apprenticeship pathway in financial services. provider willing to give a quotation. Mr Hands believed LV could offer a solution and with the support of John O'Roarke, managing director of LV General Insurance, put the company's travel insurance underwriters on the case. In the end, they were not only able to provide Mr Watson with the bespoke cover he required – they also did it free of charge.

The operation was a tremendous success and in January 2016 Mr Hands and Mr O'Roarke caught up with the former soldier at Fisher House.

Mr Hands commented: "Our visit was an experience that will live long in the memory. Not only did we hear about the remarkable treatment Dave had undergone to restore his mobility but we got to hear about the incredible work that the Queen Elizabeth Hospital and Fisher House provide to injured and sick armed service personnel.

"I returned to the office proud to have played a small part in being able to help Dave – it's great to have brought the BII and the company I work for together to provide support in making a real difference."

To find out more about support that Fisher HouseHouse provides military patients and their families, visit: www.fisherhouseuk.org/ Visit the BII blog: https:// birminghamcii.wordpress.com

## IIB joins Dorset Chamber of Commerce and Industry

The Insurance Institute of Bournemouth (IIB) has joined the Dorset Chamber of Commerce and Industry (DCCI) as a business associate member. As the local Institute in Dorset, the IIB represents the local insurance profession and financial advisers concentrated in the Bournemouth and Poole area as well as other areas of Dorset, so this is a key strategic relationship.

The DCCI and the IIB will work together to publicise each other's events through their online platforms. There will also be an annual joint event hosted by both bodies, along with many opportunities for IIB members to attend networking events hosted by the DCCI. The IIB will also benefit from relevant information on business and economic policies, through the accredited chamber, the British Chambers of Commerce.

Full details of all forthcoming events can be found at www.cii.co.uk/bournemouth



## Axa named top youth employer by Skills Development Scotland

Based at Atlantic Quay in the heart of the International Financial Services District, Axa also promotes careers in the financial sector at a large number of careers events, supports Scottish Apprenticeship Week and recently gained Investors in Young People status.

The company's managing director, Darrell Sansom, said: "Axa

is well known as a great place to work and awards like this recognise the effort we all put in to welcome and support the next generation of employees. Our business success is thanks to the wide range of people who work for us, and the young people we employ make an enthusiastic and valued contribution right from the start."

## THE PURSUIT **UF APPYNE**

It is projected that next year there will be more than 250 billion app downloads worldwide. Luke Holloway takes a look at how the insurance industry is capitalising on this ever-expanding distribution channel

th the rise of the martphone during the past decade, the surge in both the quantity and variety of applications (apps)

that have been developed for consumers to use on their phones has been astronomical. Apple recently revealed it now has around two million apps available on its iTunes App Store, with the nearest competitor Google Play on around the same mark.

These pocket-sized software platforms, which can be downloaded in seconds and often at no or little cost, cover a vast landscape, from brain-training to cooking recipes, fitness regimes to train times, dating, fashion, history, music and thousands more subjects. A wealth of information, tutorials and entertainment right at our fingertips.

As a tool for customer engagement, apps are becoming of ever-greater significance. Next year it is projected there will be more than 250 billion app downloads worldwide and, already, it is estimated that 85% of time spent on our mobile phones is using apps of some description.

## What about insurance?

So where is the insurance industry in relation to this technological revolution? Can apps play a major role in how insurance is bought and sold? Do they make it easier for companies to provide customers with the right policy? Are they expensive to develop and above all, are they safe?

On the consumer side, two sectors of the general insurance market that are embracing the benefits of apps are motor and travel. Insurers have woken up to the fact that in modern life, most of us are seldom without our phones, so have begun utilising this by tracking consumer behaviour through the use of apps. This has proved a valuable method of compiling customer data and tailoring insurance policies to individuals' needs as well as monitoring the ongoing risk associated with a specific customer.

In the case of motor insurance, many UK insurers are actively pursuing usage-based insurance (UBI), with the aim of deriving a simple, accurate driver score that is demonstratively related to loss propensity. UBI driving scores are particularly powerful because they give incremental lift to traditional data sources, such as credit scores or demographic data.

In recent years, carriers have considered different ways to collect UBI data, many of which have proven to be very expensive. As a result, smartphone apps have emerged as the most cost-efficient way to obtain UBI driving data.

Global telematics leader Wunelli, a LexisNexis company, has so far launched 17 motor insurance apps in countries such as the UK, China, the US, South Africa and Brazil. One of its most successful has been the Safe Driver app created for Australian insurer AAMI to engage and incentivise drivers to improve their driving behaviours through a mixture of intuitive, interactive and gamified features - it was

downloaded more than 150,000 times in its first four months.

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Founding director at Wunelli, Paul Stacy, says: "The data accumulated via smartphone apps allows insurers to better understand driver behaviour across multiple dimensions, such as how many drivers brake hard during a journey, how many accelerate hard at least once in their journey, average speed and the gender and age split.

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"As an example, recent analysis of driving data from the AAMI Safe Driver app found that almost half (45%) of users used their phone while a journey was being recorded, and one in five (20%) may even be breaking the law by not using hands-free."

These findings strongly reaffirm that mobile phone use increases driver distraction to the point that they could have, or cause, an accident. This type of knowledge is hugely valuable to insurers, providing them with insights on driver behaviour and potential claims impact, as well as allowing them to better understand where they should focus driver education and engagement.

Another successful app developed by Wunelli, this time in the UK, is the Drivology app, underwritten by Axa. This is the first app to be used for collecting data for full motor policy administration and the first to allow photographic evidence of key documents to be uploaded, such as a driver's licence, logbook

is at the forefront of everything we do. Personal information provided by the customer is fully encrypted and when it is transferred it is sent through a completely secure tunnel; we realise it is of the highest importance."

Within the travel sector, Arthur J Gallagher has launched the TravelCert app. They were aware that many of their clients had thousands of student and staff journeys to manage every single year, creating a huge administration burden with many essential tasks still carried out manually. This was not only generating a massive drain on resources but increasing the risk of inaccuracy and means information.

Among its features, the app allows organisations to easily identify the number of travellers and their location at any one time, enables users to directly input their travel details and emergency contact information, and automatically generates and issues travel certificates. In the first four months since the app was launched there has been over 2,000 trips logged using the new software.

Other markets Vivek Banga, chief digital officer at Arthur J Gallacher, highlights the key things to consider when developing an app: "It is important to remember that although apps are quick to download, they are also quick to delete. Our number one question was: what is the customer goal we are trying to meet? And why is it best met with an app rather

details. noclaims bonus information and even photos of the vehicle itself. But while the profession is reaching new frontiers in terms of data processing, Mr Stacy maintains that data protection is paramount: "Security than a website or another platform?

"Of course fundamentally it is travel-related, so people will be using it while overseas, perhaps with limited access to the internet. Therefore your profile is saved, there is no re-entering details, and you can log everything while offline if you have no access to a data connection."

"The main challenges with an app are in terms of the design. Your app may be sitting on someone's phone next to a Facebook or Twitter app, so the design is very important. We focused on making the interface intuitive and the navigation clear so it feels familiar to the user."

And the life and protection industry has not being resting on its laurels either. In 2014, Zurich launched the M-Office app in the UK for its professional advisers and paraplanners. giving them instant access to the progress of protection applications. It was a first for the industry, providing quick and easy protection pipeline management in one place and the ability to track, organise and filter specific cases. It has been downloaded by 700 professionals, who are using it frequently.

Chris Atkinson, retail protection proposition manager at Zurich, developed the app. He says: "For those advisers that are mobile, the app has been exceptional. We wanted to make something meaningful and with real purpose, and the two key tools we aimed to provide were instruction and communication, so functionality was crucial. The app allows our advisers to actually put cases into force when they are with a customer, no matter where they are, and start policies within the app then and there, giving them complete control."

## Huge potential

Insurers have realised the huge potential of apps and the positive effect they can have on the dayto-day lives of their employees and customers. But they are also seeing that is it important not to try and do too much with an app, as this risks confusing matters. If an app's fundamental purpose is to make things quicker and simpler, it has to be clear and functional.

Furthermore, app development is certainly not static; once they are launched it is common for companies to continually issue updated versions of the software, sometimes as often as every couple of months, so companies must be vigilant of new technology around them and be certain their apps continue to evolve with the help of customer feedback. After all, they are the ones with the software in the palm of their hand.

It is clear that apps are more than just the future of the insurance industry - they are the now. 🔂

## Tell us about your career to date

I have been really lucky in the sense that I have essentially had four very distinct careers.

I started as a graduate trainee at Marsh, in its broking arm, but soon after I was offered the role of trainee underwriter at Hiscox. Then I had what you would call a well managed and well trained technical career, which gave me a good overall grounding in insurance.

At that time the area which appealed to me most – because I have a law degree – was always tort or negligence. Professional indemnity (PI) was just developing when I came into the market and it was sheer luck that the underwriter at Hiscox, Malcolm Beecham, was one of the early specialists in PI, so I took to that class really early on.

Then I had a secondary piece of luck in that most of my friends were going into the emerging professions - media and advertising etc - areas which had not existed before Margaret Thatcher and the 1980s revolution.

It struck me very quickly that PI was very focused on the traditional professions, most of which were shrinking rather than growing. Almost by accident I had the background, the knowledge and the interest to create a suite of products for media tech, which took off very successfully. As a result, I got pushed up through the organisation even though I was quite young.

Hiscox subsequently decided to buy an insurance company and I was asked if I, my team and my product would come out of the syndicate and into the insurance company. This meant phase two of my career was all about management.

You don't know if you have the skills to be a really good corporate manager, as opposed to being an extremely effective technical head, so I fell into it really. The challenge was to mix a very strong culture with trying to find an external commercial opportunity in a very crowded space. So what we did was create a professions package, which took all the expertise we had in PI and directors' and officers', and merged it with the commercial package for white-collar businesses.

Having built up a business that I was very proud of, I then took the seemingly mad decision to start up Oxygen with Nigel Barton, which is probably the most terrifying thing I have done in my life!

He saw we had created a highly adversarial market between brokers and underwriters and had allowed a lot of inefficient practice

¿he magic

Incoming CII chief executive Sian Fisher talks to The Journal about her three-pronged strategy for the Institute

to become endemic in that relationship. Nigel wanted to cut all of that out and start again. It was the concept of a hybrid intermediary: which became the broker owning the managing general agent (MGA) model.

Oxygen Insurance Managers (OIM), which was the MGA part of the business, was my area. After the concept took off we had all the major brokers approach us to buy OIM. Then it was a question of choosing who to sell to. We really liked Gallaghers as they had a similar model

in the US and as a result this created career number four, which led me into understanding the mechanics of an M&A business.

Now I have a different career, which is more of a market role, running a professional standards body.

## What are your first objectives at the CII?

There are three main objectives. The Chartered Insurance Institute (CII) has a Royal Charter -

which specifically sets out our role as being to justify and secure the confidence of the public in insurance - which forms the public interest element. Point two is we are a learning, awarding and accreditation body. Finally, because we are not for profit, we are ideally placed to be thought-leaders for the sector.

If you look at the main initiatives the CII is currently involved in - Chartered, Insurance Risk Manager, Made Simple, Apprenticeships, the consultation with the government on

pension advice etc - you can clearly see how they project the three objectives.

However, the CII is behind the times in terms of its image as it appears quite old-fashioned, which is not helped by the building we currently reside in. That is why I am extending an open invitation to members to tell me what there is to love about this building.

I am open to persuasion that we could do something with this building and I have every intention of investigating those options. It was looking backwards [even] when it was built, but if there is a way of now converting the building to make it more engaging, then I am all for that. Heritage is one thing but old and past it is quite another.

We will also be working hard to improve our website. As a professional body and an information source it is important our members can find everything they need easily, and because our remit is so broad it is essential we communicate in the best possible way.

## Where do you feel the professionalism agenda sits within most firms?

Unless you worked for a company where the person in charge felt professionalism was an important aspect, then it was probably low on the agenda. Charlie Phillips, who worked very closely with Sandy Scott on the professionalism agenda and Aldermanbury Declaration had the opinion: "If we are not professionals, what are we?" But many others have not had it on their agenda.

It is true regulation has driven some of that agenda and when the senior managers regime is implemented, there will no longer be a place for people who do not believe in either ethical conduct or professionalism. It is professionalism or regulation, so choose.

## What has Chartered achieved so far and what are its next steps?

It is clear the sector has made great efforts to increase its professionalism and technical proficiency but for that to really take hold it is important the public understands the difference.

In the traditional professions that has been the case for hundreds of years and no one would consider going to a surveyor or accountant if it wasn't a Chartered firm, for example. When you think of the importance of insurance and the wider financial services sector to people's life risks, you can see why

we need to give the public every reason to believe in the professionalism of Chartered individuals or firms.

## Are women in insurance in a strong place now or is there some way to go?

It is immensely encouraging that wherever you go now you are encountering senior women in all positions. However, in many boardrooms you will still encounter a strong gender bias.

We haven't vet cracked the fact women are still dropping out of the workforce to have children. Women do have to have a period of their lives to have children if they wish. As far as I am concerned, that is not a problem. We just have to look squarely at it and ask what needs to be done to ensure a goodly proportion of qualified women feel able and willing to come back to work, otherwise the loss of resource and talent is chronic.

## How do you make insurance a more attractive option to school-leavers?

There is a two-fold issue. First, in terms of the language we use - the CII has been very active in encouraging, through its Discover Risk and Discover Fortunes initiatives, terminology which is both attractive and engaging.

We are talking to people who are new to insurance so why use terminology which we know is off-putting? Build up knowledge before you introduce the terminology. Hopefully by then they will have positive, rather than negative, associations with it.

Second, you then need a practical route for everyone to access the profession, something which is portable and career-enhancing going forward. That is why work experience programmes and apprenticeships are so vital, as they provide alternative practical options for people to enter the profession.

Insurance has always had a great deal of social diversity and has encouraged individuals from difficult social backgrounds to become verv successful. What we don't want to do. while working to bring in graduate-level people, is to lose the ability for our wide social diversity to be a valuable part of the profession.

## If you could sum up your vision for the CII in the next five years in five words what would they be?

Relevant, Simple, Professional, Inclusive and Engaging. 🔂

isruptive technologies will bring great benefits to society. However, this disruption will create losers as well as winners. Politicians and regulators will have to address the public policy challenges disruptive change brings, while being ever vigilant for new risks to the safety and security of citizens.

## What the issue is...

Joseph Schumpeter famously wrote of creative destruction, the endless process of disruptive change that he said was the driving force of capitalism. Technological innovation is a key agent of this change - creating new markets and destroying old ones. This is clearly illustrated by the emergence of online platforms which change the way existing services are marketed, sold and delivered.

Take Uber, for instance, probably the highest profile example of this in 2015. It has shaken up the taxi business in major cities across the world by adeptly mixing savvy mobile technology, software and building a large network of drivers who it does not directly employ. This makes it lean and able to grow rapidly - so long as regulators do not get in the way.

## Why it matters...

The debate about Uber encapsulates the point. Its business model has placed it into conflict with taxicab regulators, regulated minicab and hackney carriage drivers as well as its own drivers. It claims the way it is organised allows it to stay outside of the usual regulatory restrictions on taxi services.

This has provoked myriad responses, including deep anger from existing drivers who feel new entrants have gamed the system. Some jurisdictions have effectively banned the service, while others have encouraged it. Many, including London, are considering new rules to take account of new entrants. In almost all cases, regulators have been put on the back foot. This is symptomatic of the way politicians and regulators struggle to deal with disruptive services, which can enjoy deep consumer support but do not necessarily operate within the rules of the game.

Rapid and fundamental change can create dislocation and conflict in society. Later in this article we consider how the automation of white-collar jobs could be highly disruptive. Those with previously stable



## **SURVIVAL OF THE TECHES**

This is an excerpt from a joint CII and Cicero report, which looked at a number of emerging risks, including the Internet of Things, automation, big data, cyber warfare, drones. driverless cars and AI

livelihoods may find themselves jobless and without the right skills for the labour market they find themselves competing in. Traditional ways of life can be undermined and the social glue that hold communities weakens.

This is not a far-fetched scenario: some deindustrialised regions across the West remain ravaged by persistent unemployment and social deprivation. We should bear in mind that where the UK once had shipyards and collieries, it now has service-sector workers in banks and government backoffices, call centres and taxi drivers. Could we see history repeat itself?

## What could happen next...

Mr Schumpeter argued, in the long run, the process of creative destruction works boosting the economy and prosperity. Yet, one of the key challenges of technological disruption is, while the benefits are often widely spread, the losses are highly

concentrated. This can create pockets of human discontent.

Policymakers are challenged to either change the rules to accommodate the disruptor, to enforce the status quo or to devise some compromise. Politicians arguably do not spend enough time thinking about the losers which technology presents lest they be characterised as luddites, or worse. However, it is important a level playing field applies to all forms of commercial activity. The Uber example shows regulation needs to be more nimble and more adaptable to disruptive entrants.

Looking to the future, if white-collar roles are indeed close to automation, the changes to the way our economy operates could be profound. Public policy will have to find a way to stop people from being left behind, or from being exploited by the forces of constant destruction and reinvention. A major challenge will be to identify new opportunities for displaced workers and to ensure they have the correct skills for the future. High levels of entrenched unemployment are typically a precursor of social disintegration, so the issue must be taken seriously.

## **Rising to the challenge**

Looking back at old science fiction films often gives the sense that we have not lived up to the optimism or pessimism of past predictions - change hasn't been as dramatic as Hollywood sold us. Last year, we passed the future predicted in Back to the Future II and, yet, no hoverboards. However, this masks the significant technological changes our society has undergone in recent times. Many of the technologies we use on a daily basis did not feature in such films - think of your smartphone - and this kind of change will continue in the near future.

This report is focused on technological risks but many of these risks are aligned with huge opportunities - driverless cars, nanotechnology, artificial intelligence and the Internet of Things could all make a significant beneficial impact on society. The challenge is how government and industry responds to such change, to ensure we reap more benefits than negative impacts.

It may be true that politicians rarely come from a scientific background and place their primary focus on current human values rather than a future that draws ever nearer - shortterm thinking is a criticism regularly levelled at both politics and business. So the solution

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must be to place such concerns nearer the forefront of policymaking and for policymakers to be assisted by scientific advisers providing impartial, evidence-based advice.

In the UK, every department has a scientific adviser. Perhaps this, and the work of the Government Office for Science, has played a role in convincing Prime Minister David Cameron of the danger of antimicrobial resistance and cybercrime. But this only scratches the surface - this report explores additional challenges and there are still more.

Nanotech is moving out the realm of the future and into the everyday. Artificial intelligence will one day be smarter than us. These challenges cannot be ignored for much longer. Politics is so often a discussion of tax and spend, or jobs and growth. These fundamentals will be upturned in a society where jobs are no longer guaranteed and workers no longer needed. Will robots pay tax?

It will not always be enough for action to be taken at a local level - many of these challenges are global and require global solutions. Regulation will only be effective when it is harmonised across borders.

Unfortunately, standards are not the same in all countries, or even institutions.

Supranational organisations and trade blocs could play a crucial role and they will rely on the views of scientists, industry and the public to deliver robust judgements. The insurance industry, alert to risk, can lead this charge, raising the issues and offering solutions whether on liability, scope for investment, or risk mitigation.

Change is constant throughout history and society has adapted admirably to many of them - the industrial revolution moved somewhat smoothly into a technological one and the world has prospered as a result.

However, change is now happening at an unprecedented speed and society's response to this change will have to rapid without being rushed. It may sound like a difficult task, but the challenge will be will be less daunting if we start now. 권

To read the full version online go: www.cii.co.uk/39427



## We're investing in talent, in the business and in the industry's future.

Commitment to learning and development is key to the future of my company, but also to the whole of insurance.

The real challenge is to build a business and an industry that's sustainable, and that means educating talent.

We need high calibre technical training and we need to demonstrate that we're professional and have it independently verified.

By being Chartered we're making an investment in the future of Marsh and in the future of people – building a cadre of professionalism which influences and sustains the industry for the long term.

Individually it offers recognition, corporately it is evidence of our commitment.

Joe Grogan, Chartered Insurance Practitioner **CEO, Corporate Division UK & Ireland** Marsh

CHOOSE CHARTERED



Luke Holloway speaks to Simon Cooter, commercial lines and high net worth director at Covéa, about why the decision to become Chartered was a no-brainer following Sterling's acquisition by the larger group

## **PUTTING THE CUSTOMER FIRST**

## Why did you decide to become Chartered?

In essence, Sterling Insurance was Chartered and of course Covéa acquired Sterling last year, so when we were bringing the two businesses together it was a no-brainer to ensure the combined business had Chartered status across the board

## What would you say to other companies thinking of becoming Chartered?

There are probably three key characteristics a business needs to have. The first is brilliant customer service, which we invest in very heavily. We work with the Institute of Customer Services (ICS) to ensure our frontline operators are ICS accredited and we also closely monitor our customer satisfaction and customer delivery. The other two key characteristics are technical expertise and professionalism; when you consider those aspects that is where Chartered status is a natural bedfellow.

## Can you tell us a little bit about the process?

About 18 months ago we began to invest in a commercial academy, which is a significant

programme of technical training as well as initiatives available to all our underwriting and customer-facing staff. That is now well established within our business. Sterling already had its own academy for both commercial and high net worth, so once we combined the two and invested further into them this became a key plank of our Chartered submission.

## What kind of initiatives do you offer for your staff?

We have a programme called Toolbox Talks, which are short, sharp training sessions on a whole range of subjects, such as property insurance and reinsurance. Through this project we are making the training available and delivering the most appropriate modules to the right people. In the insurance industry, this is the type of initiative which most companies did very well around 20 years ago but in time, possibly as companies started cutting costs, it's something that you see less. We think it should be at the heart of our business because if we're going to recruit and retain underwriting talent, one of the things we need to offer them is the opportunity to develop in the role. As a company, we are growing and therefore recruiting - the better

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quality people we can attract to our company the more successful we will be.

## How will you keep the momentum going now you have achieved Chartered status?

The commercial and high net worth academy is going to be a huge investment for the business in 2016. Then, on the other side of the coin, we have our broker academy where we deliver broker training, particularly targeting our partner brokers. So those will be the two big things we are pushing this year. This includes courses around the country, from Glasgow to West Malling, Bristol, Birmingham, Newcastle, London and Manchester. Anywhere we have customers and anywhere we have our own offices, we are making a huge effort to deliver high quality, Chartered Insurance Instituteaccredited training at all levels.

I feel you can look at Chartered two ways, either as a process you go through and a level you reach, or as an indicator of the culture which you want embedded in your business. We very much see it as the latter. It says we are an organisation which truly values technical expertise, professionalism and, most importantly of all, its customers.

Open up the world of risk to the professionals of tomorrow.

Help us promote our world to today's learners.



Email discover@cii.co.uk to play your part.



## **REGULATORY RADAR**

The world of regulation and legislation is ever-changing, so to help keep you up-to-date with developments, our Regulatory Radar covers the latest news from regulators and legislators, both in the UK and Europe

Insurance Distribution Directive implemented The Insurance Distribution Directive (IDD) previously known as the Insurance Mediation Directive (IMD-2) - has been passed by the European Union legislative process after debates lasting nearly four years. Member states now have until January 2018 to adopt the Directive into national legislation. The final text marks a significant change from the 2002 Insurance Mediation Directive it will replace and even from the original IMD-2 proposal first tabled by the European Commission in 2012. It sets out consumer protection provisions in insurance, including expanding the scope to include direct sellers, and uplifting professional standards.

Insurance Fraud Task Force The final report by the Insurance Fraud Task Force, chaired by former Law Commissioner David Hertzell, has been published. The report covers the scale and impact of fraud. regulatory and legal frameworks and what has already been done to tackle fraud, as well as making a range of recommendations. These include tackling fraudulent activity ranging from organised or premeditated crime to opportunistic fraud, improving consumer trust in the insurance sector and raising the public profile of insurance fraud as a criminal activity. The report also encourages greater use of data sharing and collaboration between

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the insurance sector and regulatory bodies to better prevent organised insurance fraud.

## Pensions exit fee cap announced by Chancellor

The Chancellor George Osborne has announced a cap on charges faced by people looking to access their pension pot. A duty is to be placed on the Financial Conduct Authority (FCA) to cap early exit charges for those eligible to access the pension freedoms. The new duty, introduced through legislation, will form part of the response to the government's pension transfers and exit charges consultation and will help people take full advantage of the new flexibilities.

## FCA retirement income market data

The FCA has published retirement income market data covering July to September 2015. The data shows 178,990 pensions were accessed by consumers to take an income or fully withdraw their money as cash. Overall, 120,969 pensions were fully cashed out. Customers' use of regulated advisers differs across each product type and by pension pot size. The highest levels of adviser use were for customers going into drawdown (58%). Across all products and withdrawals, consumers with larger pots were more likely to have used a regulated adviser.

## FCA names new chief executive

Andrew Bailey had been appointed chief executive officer (CEO) of the FCA. He is currently the deputy governor for prudential regulation at the Bank of England and CEO of the Prudential Regulation Authority. He is expected to take up the role in July 2016, and will replace Tracey McDermott (currently acting CEO). 🔂



To read more stories like these, visit our public affairs webpages: www.cii.co.uk/policy

## Latest content includes:

- The last generation the Paris climate change conference and its implications for insurance: www.cii.co.uk/39538
- Latest public affairs update (February): www.cii.co.uk/39615
- Latest European update (January): www.cii.co.uk/39266



# 

Returning to work after having a child can be a challenging process for many mums. A new website from the CII aims to offer guidance to those looking to get back into the industry, as Michelle Worvell explains...

he new Women Returning to Work site from the Chartered Insurance Institute (CII) is aimed specifically at women looking to return to work after a career break. It includes the details of women who have successfully returned

to work in the sector by sharing their unique stories and helping to explore some of the varied career paths available.

One of the return-to-work mums featured on the site is Vicki Pye ACII, Chartered

Insurance Broker at VPi Risk Solutions. who says: "I was delighted to be asked to participate with the CII's Women Returning To Work website. Having worked in the industry for the past 17 years, I have personally experienced how insurance can provide fantastic opportunities for women to progress professionally, especially when undertaking the CII professional qualifications.

"In my time in the industry, working in various roles for both insurers and broking firms, I have attained the highest

qualification level by examination - the ACII - and enhanced my business and insurance knowledge greatly. By doing so, I am now fortunate enough to have my own broking firm. For those with young children and those looking for a better work/life balance, insurance offers numerous opportunities at all levels."

The site also includes an advice and tips section, which covers the types of jobs available in the sector, the employers that women could work for, CV and covering letter



Denise Eastlake has been working for DAC Beachcroft in its property damage insurance team in London for just over nine years. She was made an associate after five years and, although she had never worked in insurance before, Ms Eastlake stayed as she loved working with both her team and her clients. She had her first child Sebastian four years ago, coming back to work four days a week and then in

2014 went back on maternity leave to have her second child, a daughter. Ms Eastlake says that her job has essentially stayed the same but that she does it in four days a week instead of five: "In fact, I am more qualified [than] before I went off and I have even greater responsibility for junior fee-earners coming up through the firm. It really is the same - I just do the role for fewer days. "When you first go off on maternity leave it can be quite daunting - especially as I was off both times for 13 months. You worry that your clients will forget who you are or that colleagues might look at your

files and wonder what you have done! But in fact you just slot back in."

When asked what advice she would give to other return-to-work mums, her answer is not to worry. She says: "You are more focused when you come back to work; you are more efficient and you will be amazed how quickly you can get something done when you are switched on and you know you have to get away by 5:30pm. All statistics show that return to work mums - and dads - make really good emplovees."

To hear Ms Eastlake's full story or more stories from return-to-work mums in the insurance industry, simply go to the website:

www.women.cii-talent.com

preparation, interview techniques, advice for partners, frequently asked questions and useful links.

David Ross, director of communications at the CII, says: "This initiative is part of our broader strategy to encourage diversity in the sector. We have successfully promoted ourselves and the profession to young adults for a number of years, specifically through our work with apprentices and the Discover Risk initiative.

"We are now looking to widen the net

and target specific groups whose skills and experiences could be crucial to the future of the profession and public confidence." The CII will be promoting the site during the coming months as part of a campaign to encourage women to consider a career in

insurance and risk.

ONLINE ///

-• ] ► The site can be found here:

## WOMEN RETURNERS CV TIPS

It is very important to have a modern and up-todate CV. Your CV is your shopfront and, together with your LinkedIn profile, should showcase your experience and knowledge. Always make sure that your CV is relevant to the job that you are applying for. If you are not sure how to write your CV, there are a number of good websites that will guide you.

## Ten top tips for writing your CV

- 1. Embrace your career break and state it clearly in your CV.
- 2. Never cover up a career break it can cause confusion to the reader. Remember this is not a 'gap' in employment but a temporary change in direction while you cared for your family.
- 3. Do not have a one-size-fits-all CV match your CV to the job in hand.
- 4. State any voluntary work alongside any of your professional work or experience; this can include being on the PTA, a school governor, secretary of a local club or society, as well as other more general volunteering.
- 5. Always include any business activities that you have undertaken during your career break - this can demonstrate your business and entrepreneurial skills.
- 6. Make sure that your LinkedIn profile is up to date. If you do not have one, create one. Use LinkedIn to reconnect to old colleagues, let them know you are looking for a role.
- 7. Write your CV as a 'functional' CV that is, highlight your skills and achievements rather than writing a simply chronological CV.
- 8. Be punchy. Make sure that your personal profile is really strong and is no longer than 50 words. This is where you sell your skills and experience that would make you a great hire for the prospective employer. Demonstrate the value that your experience would bring to the role.
- 9. Emphasise your achievements and contributions to the business. It is not what you did but how you did it that counts. Highlight the achievements that relate to the role.
- 10. Try not to have a CV that is longer than two pages. Include your name, email address and mobile number in the footer of each page. Avoid jokey email addresses - use a professional one.

If you would like to get involved in the website please contact communications manager Michelle Worvell at michelle.worvell@cii.co.uk

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# The falling global oil price has been bad news for the Kazakhstani economy and its

insurance markets. But is there hope for the future? Jay Patel finds out...

azakhstan's non-life insurance sector dominates the country's insurance market, accounting for more than 80% of insurance premiums. The sector is fairly concentrated, with the 10 largest insurance companies controlling 56.3% of the market.

Since independence 25 years ago, Kazakhstan's economy has grown rapidly, in large part due to extraction of the country's oil reserves. The oil sector accounts for a quarter of the country's economic output. This has meant the recent dramatic fall in oil prices has impeded growth before the government has been able to truly diversify the economy.

This fall in oil price has come at a time when the reserves of low cost oil in Kazakhstan have dried up and most of the oil to be extracted from existing wells will come at a higher cost. This puts Kazakhstan at risk of losing its market share in the global oil market if oversupply continues to blight the industry. This could reduce the long-term growth and income prospects for the industry and would have implications for insurers in the energy industry sector. It could also possibly discourage foreign investors.

In addition, the current price is causing

many companies to cancel new exploration projects and this could mean a further reduction in the potential business for insurers in a few years as many fields running out of oil will not be replaced by newer ones. When, according to estimates by industry experts, 10% of insurance premiums in the non-life sector are earned from commodities companies (20% if you include peripheral industries relying on the commodities sector), the effects of the low oil price could be severely felt by the industry.

Taking into account the peripheral industries dependent on the oil sector, the reliance of the economy on oil production by some estimates doubles to half of all output. These adverse effects of the oil slump were demonstrated in 2015 as growth slowed to 1.5% per annum after growing 4%-6% per annum between 2012 and 2014. Negative growth is forecast for 2016. This slowdown in growth will feed through to a reduction in the rise or an absolute fall in disposable incomes, thus reducing demand for individual lines of insurance.

## Depreciation of the tenge

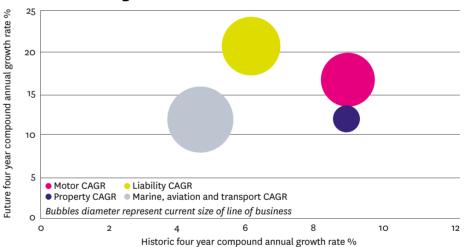
Furthermore, the move towards a freefloating exchange rate in August 2015 (abandoning the peg to the US dollar) led to a 50% depreciation of the tenge against the US dollar. This has caused the price of imported food in Kazakhstan to rise sharply and thus reduced the ability of consumers to purchase other products. The malign effects of the currency depreciation have also been felt through the large proportion of rental, mortgage and loan contracts linked to the US dollar. This has put an additional strain on individual and commercial debtors. This is likely to reduce their demand for insurance, particularly in non-compulsory lines (which is approximately 73% of the market).

The weaker tenge is also causing more direct problems for insurers in Kazakhstan. The lack of capacity in the insurance sector means a high proportion of non-life risks are ceded to reinsurers. This is especially true for insurers of commodity-related business lines. The commodities sector is so big relative to the insurance sector that the insurers do not have the capacity to hold all the risk. With there being no large domestic reinsurer, the majority of the risk which is reinsured is done so overseas. This means insurers in Kazakhstan usually cede reinsurance in US dollars or other major currencies. As a result, Kazakhstani insurers would have seen the cost of many of their reinsurance contracts soar when the central bank abandoned the

## Kazakhstan non-life GWPs (ex PA&H)



## Non-life insurance growth matrix



peg and in the future may be constrained from writing more lines of business as it is much more costly to reinsure the policies.

In a report by the Kazakhstani central bank - the National Bank of Kazakhstan (NBK) - on the state of the insurance sector, it was found that total reinsurance premiums were 31.8% of total insurance premiums (with 26.6% passed to non-resident companies). Taking note of the fact that non-life insurance uses reinsurance much more intensively than life insurance, it hints domestic insurers could face severe financial headwinds from currency variations. (Assuming non-life insurance firms are responsible for all of this risk, the upper bound of reinsurance premiums as a

percentage of general insurance premiums is 38%).

The regulatory regime of Kazakhstan's insurance industry is, by regional standards, quite advanced. Some insurance professionals working in the country have stated it has a regulatory environment far more developed than that of Russia. It is thought to be one of the toughest regulatory regimes in central Asia, evidenced in part by its strenuous reporting requirements, whereby insurers are mandated to report every 10 days with data on capital, claims, reinsurance arrangements, risk exposure and solvency by line of business. Kazakhstan has a risk-based system of insurance regulation which is commonly

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used in developed insurance markets around the world. According to the International Monetary Fund, in its Financial System Stability Assessment on Kazakhstan, published in late 2014, the solvency regime "is basically Solvency I with some enhancements". These enhancements are regular sensitivity testing and asset liability matching analysis on a regular basis, which is required by the NBK.

In the same report, concerns were expressed around the effectiveness of the risk transfer taking place through the cession of risk to reinsurance ceded. The problem is, while the extensive use of reinsurance may have led to a mechanical improvement in the solvency positions of Kazakhstani insurers, it is suspected on more detailed inspection of a significant number reinsurance contracts it would be found there was actually no substantial transfer of risk to the reinsurer. This would mean the insurance companies were more vulnerable than their solvency ratios suggested.

## Difficult time

The reliance of the economy on oil and other commodities makes it a difficult time for all sectors of the Kazakhstani economy. The lack of domestic insurance and reinsurance capacity has led to a reliance on foreign insurers and the potential downside of these arrangements has been realised due to the depreciation of the tenge.

The increase in the cost of reinsurance coupled with the damage done to disposable incomes by a stagnating economy and a much weaker currency means the short-term outlook for the Kazakhstani insurance industry is fairly bleak.

However, a relatively stable and stringent - if not infallible - regulatory regime is an asset for the industry, especially when compared to other countries within the region. This should help the industry to attract foreign investment and, if there is an oil price rebound, with the Kashagan oil field coming onstream in 2017, the prospects for the economy and the insurance sector become brighter by the barrel. 🕡

Jay Patel is an insurance analyst at Timetric

## ONLINE ///

For more information on this article, or to speak to one of the analysts please contact us at: insurance-ic.con T: +44 (0)20 3096 2594 referencing that you are a CII member www.insurance-ic.com

**-**

## The number of

apprenticeship starts in 2015 was higher than the number of graduate scheme positions. This ever-increasing uptake has seen impressive results across the industry, with broker Sutton Winson being one such example



## **APPRENTICESHIPS GO HIGHER**

hile the UK government's Trailblazer ideas were gathering momentum in 2014, a Level 4 insurance

apprenticeship was launched without too much fanfare. Yet this was the first time that the Chartered Insurance Institute (CII) Diploma in Insurance had been included in an apprenticeship and reflected the upward movement of frameworks and standards across all sectors, as the programme vies more competitively with university study as a foundation for a successful career.

Among the first training providers to deliver the Level 4 programme was Apex Consultants. Led by David Toomey, a Fellow of the CII who also holds Chartered status, Apex was also the first apprenticeship provider to secure CIIaccredited provider status.

One of the first companies Apex worked with to deliver the framework was the independent broker Sutton Winson. The business is no stranger to high standards, having already gained Investors in People accreditation, due in part to its commitment to staff development and study support. Indeed, since 2012, more than 50 of its staff have achieved Cert CII status, several of whom have gone on to achieve Dip CII.

The way the apprenticeship balances formal and informal study techniques has proven to be very successful with Sutton Winson's candidates. A recent staff survey there showed:

- 94% of Sutton Winson employees feel the opportunity to gain CII qualifications strengthens loyalty to the company as it makes them feel valued.
- 92% of Sutton Winson employees believe it builds credibility with clients, to discuss their needs with an accredited professional.

Mr Toomey explains: "Since we started working with Sutton Winson 15 years ago, we have seen a very impressive commitment to apprenticeships as well as other learning. The fact that more than 30% of its staff have gone through the apprenticeship route demonstrates the value it places on the programme and its structured, supported learning.

"Sutton Winson was a natural early adopter for the Level 4 apprenticeship and it's pleasing to see high numbers of Level 3 apprentices moving to the next level and, in so doing, achieving the CII Diploma in Insurance. We expect the Level 4 apprenticeship to result in higher numbers of people across the sector completing the Advanced Diploma in Insurance."



INSURANCE AND RISK MANAGERS

## Increasing uptake

Take a look at the numbers and the wider context of apprenticeship take-up is striking. The sector has seen a 50% increase in technical apprenticeship starts since 2013 and, with the introduction of the apprenticeship levy due in 2017, it would not be a surprise to see a doubling of numbers by 2018 as insurance steadily increases its numbers to meet the government's target of three million apprenticeship starts by 2020.

Caspar Bartington, the CII's relationship manager for education, has promoted apprenticeships to students as well as employers for several years.

"What excites me is not just the growth in apprenticeships per se. That is a good thing for social mobility and for employee diversity. It's the fact that each year sees more students take a genuine interest in the programme and view it no longer as a second-best option but as a smart choice."

"You can look at it another way – the number of apprenticeship starts in 2015 was higher than the number of graduate scheme positions. I expect that gap to increase for several years to come, which should result in a balanced workforce and one which has robust succession planning built in to it."



► If you would like to find out more about apprenticeships that contain CII qualifications, you can contact the newlyestablished Apprenticeship Unit by phone or by emailing: customer.serv@cii.co.uk

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Issues affecting insurers worldwide were on the agenda at the World Economic Forum's annual meeting in Davos recently, which came just days after the body released its annual global risks report. Liz Booth was there...

## he failure of climate change nitigation and adaptation has

risen to the top of the most impactful risks list in the 11th edition of The Global Risks Report from the World Economic Forum (WEF), and is now perceived in to be the most impactful risk in the years to come, ahead of weapons of mass destruction, ranking

second, and water crises, ranking third. The 2016 report, which had Marsh

and Zurich as its strategic partners, found large-scale involuntary migration was also rated among the top five for impact, as was severe energy price shock (increase or decrease). The risk rated most likely was large-scale involuntary migration, with last year's top scorer interstate conflict with regional consequences - giving way to the environmental risks of extreme weather events and the failure of climate change mitigation and adaptation, followed by major natural catastrophes.

Global risks which remain serious because of their combined impact and likelihood involve some economic risks, including fiscal crises in key economies and high

structural unemployment and underemployment, concludes the report. These are compounded by cyber attacks and profound social instability.

It says: "Their assessment reflects the potentially profound impact of the Fourth Industrial Revolution on the economy and society and emphasises the need for safeguarding future benefits. Respondents were also asked which risks were related and could give rise to cascading risks.

"Three emerged strongly: the potential for climate change to exacerbate water crises, with impacts including conflicts and more forced migration, calling for improved water governance to adapt to climate change and accommodate a growing population and economic development; the need to address the global refugee crisis, adding emphasis to policies that can build resilience in addition to responding to the immediate crisis; and

the risks of failing to fully understand the risks around the Fourth Industrial Revolution and how this transition will impact countries, economies and people at a time of persistently sluggish growth."

## On the agenda

The risk report was published days before world leaders met in the Swiss town of Davos for their annual debate about the challenges ahead. Top of mind in many of those discussions was the changing nature of technology and the speed of change.

Looking at the so-called Fourth Industrial revolution, delegates agreed rapid advances underway across a range of technologies are changing how people live, work and interact with each other, with both positive and negative impact.

"Think about the changes in the world happening in terms of hope or fear," advised Sheryl Sandberg, chief operating officer and board member of Facebook in the US. "The question Davos is trying to answer this year is how hopeful or how fearful the world should be. The challenge needs to be to [see] the triumph of hope over fear."

Technology can be a great equaliser, noted Paul Kagame, president of the Republic of Rwanda. "Technology has a huge multiplier effect on finding solutions to many problems by [allowing] even the poorest people access to the technologies that can improve their lives," he said.

But there will be winners and losers in the Fourth Industrial Revolution, he acknowledged: "Our job is to make sure that we narrow the gap and that there are fewer losers and more winners."

Satya Nadella, chief executive officer of Microsoft, agreed, saying: "Is there a digital dividend or a digital divide? That is the right debate to have. The emphasis should be on skills. Rather than worry about jobs being lost, we as a society will have to spend the money to educate people so they can find new jobs." The key: improve productivity to drive growth and achieve a surplus. "The question is how the dividend is going to get spread," he added. "Is it going to spread out geographically, to all sectors of the economy, to help people of different economic strata?"

Ms Sandberg agreed: "Connectivity and data access are too important to keep to the world's rich."

Taking technology to rural areas will have enormous benefits, stressed Ananda Mahindra, chairman and managing director of Mahindra & Mahindra, India. "If we can make our villages smart, there will be huge productivity gains." But technology such as mobile phones and artificial intelligence can make people feel disengaged and remote, he added. "There has to be empathy. But how do we programme

artificial empathy?"

For many, the success of the middle class and the emergence of a middle class - is key to business success.

US vice-president Joe Biden said: "The middle class is about possibilities - the possibilities for anyone willing to work hard to achieve a decent life." A thriving and growing middle class has been the main reason for social stability in the world's democracies. Vice-President Biden stressed. "When the middle class does well, the wealthy do very well and the poor have a ladder up."

But he warned: "The [Fourth Industrial] Revolution has the potential to further hollow out the middle class. It is our responsibility to bend these changes to the benefit of society to make sure that the digital revolution creates more winners than losers."

He outlined five ways to bolster the middle class - invest in education and training, strengthen core social protection and obligations to employees, modernise infrastructure, ensure tax regimes are more progressive with everyone paying their fair share and make capital more widely available.

"We have to go back to more of the basics," Mr Biden said. "Rebuilding pathways to the middle class is an economic imperative." If the middle class loses its belief in the possibility of a better life, "then we have lost something really special - the soul of our humanity that no machine can replace," he observed.

Johann Schneider-Ammann, president of the Swiss Confederation and federal councillor of economic affairs, education and research of Switzerland, added strong states and institutions are critical for markets to flourish and for economies to grow.

"Open markets are the only way to raise per capita income," he argued. "Globalisation has been much more of a blessing than a curse." People must have the capacity and tools to cope with the rapid changes brought on by technology, said Mr Schneider-Ammann.

Other issues on the agenda at the WEF annual meeting included the following topics.

## The state of the economy

Despite significant market turbulence at the beginning of this year, there are reasons to remain cautiously optimistic about the trajectory of the global economy throughout 2016 and beyond, according to participants at the WEF annual meeting.

Global growth in 2016 will be modest and uneven, according to Christine Lagarde, managing director, International Monetary

Fund (IMF). Global growth is estimated at 3.4% (it | growth. Communication is key - there is a was 3.1% in 2015) and 3.6% in 2017. "We see global growth in 2016 as modest and uneven," said Ms Lagarde. "There is modest optimism but significant risks."

These downside risks include the profound transition of the Chinese economy, lower-trending commodity prices as a result of oil prices and asynchronous monetary policies around the world.

She said the global economy is presenting a "completely different picture, which is changing". This is due to growth in India and China and a downturn in Russia and Brazil.

Europe's economy is in better shape at 1.5% growth, but Ms Lagarde pointed to two major concerns: a potential Brexit and the refugee crisis. "If the refugee crisis is handled well and the integration process is conducted in a cohesive and organised way, it will be an upside for growth," she said.

While the event was happening in Davos, the WEF and International Centre for Trade and Sustainable Development released a sweeping set of proposed reforms to international trade and investment rules and institutions.

The new report outlines a pathway for better aligning and eventually reintegrating the world's 'spaghetti bowl' of regional free trade and investment agreements, as well as for adapting rules and institutions to recent changes in the world economy, such as global value chains, the digital economy, services, climate change, sustainable development goals and more.

The report – Strengthening the Global Trade and Investment System in the 21st Century - takes a long-term, systemic perspective. It makes proposals for the evolution of not only trade law and institutions but also traderelated aspects of international development, financial, environmental, agricultural, labour and technological cooperation in the next 10 years up to 2025.

## China

China is going through a series of historic transitions, according to speakers at the WEF Forum. Its economy is moving from industry to services and from exports to consumption. Governance is also changing as its anti-corruption drive bears fruit

"China has reached the point of no return the country needs to deepen reforms to avoid the middle-income trap," said Jiang Jianging, chairman of the board, Industrial and Commercial Bank of China.

"We can no longer depend on investment; we need to rely on innovation and economic reforms to deliver the next wave of economic misunderstanding of policy in the new normal, said Mr Jianging.

It is a difficult transition for any country, let alone during the digital era and with the lack of market liquidity in the post-crisis world, said Gary Cohn, president and chief operating officer at Goldman Sachs. "The shift from a capex to an opex economy means the government has less control of economic growth," he added.

The IMF's Ms Lagarde stressed calm in the face of recent volatility. There needs to be acceptance that there will be a certain degree of volatility: this is entirely compatible with market-driven principles. "The IMF is forecasting a 6.5% growth rate in 2016 and we see the transitions as manageable." she added.

## Sanctions

With the lifting of international economic sanctions on Iran, the country's economy is forecast to grow by at least 5% in 2016 and has the potential to average 8% growth during the next five years, Mohammad Agha Nahavandian, chief of staff of the presidency of Iran, told participants in a special session

"The immediate result is Iran will have access to its own reserves and will be able to finance more investment projects with its own capital and welcome international investment in development projects, whether national or regional," he said.

## Water

The secretary general of the United Nations (UN) and the president of the World Bank are planning a new panel to mobilise urgent action on the sustainable development goal (SDG) for water, sanitation and related targets.

Co-chaired by the president of Mauritius and the president of Mexico, the panel will comprise a group of heads of state and government from developed and developing countries. It will also engage with a wide range of stakeholders and experts and leverage the networks and platforms of the forum in support of its objectives.

"Water is a precious resource, crucial to realising the SDGs. which at their heart aim to eradicate poverty," said UN secretary general Ban Ki-moon. "The new panel can help motivate the action we need to turn ideas into reality. The UN system, including through UN Water and the UN development system's universal operational presence, is committed to promoting inclusive and country-led action on SDG6 and related targets."

## Pandemics

The recent Ebola epidemic challenged leaders of all nations and sectors and brought to light the need

for resilience and infrastructure to prevent and mitigate risks of future outbreaks.

"Dealing with epidemics presents growth, economic and stability issues," said Margaret Chan, director general, World Health Organization. "The world is ill-prepared. We need national and local capacity," she added.

Strengthening surveillance and primary care are critical to building resiliency, said William Gates. co-chair of the Bill & Melinda Gates Foundation. He pointed to the insights that technology can provide: "If we are serious about dealing with future epidemics, we must do simulations. Primary healthcare will be digitised in the next 10 years. This will be a huge benefit."

There is shared recognition that slow action will not be an option moving forward. "The Ebola epidemic was difficult and complicated, but it was slow moving," said Jim Yong Kim, president of The World Bank. "It is much more difficult to deal with fast-moving epidemics."

"The motivation of fear that brought us together should not be our motivation in the future," added Ertharin Cousin, executive director, UN World Food Programme.

## Gender

In a session on gender parity, government and business leaders agreed that to make meaningful progress in narrowing the gender gap requires abandoning set expectations for the roles of men and women, recognising the benefits of diversity and getting more men to commit to addressing this global challenge.

Even from a young age, "men are expected to lead and women are expected to nurture," said Facebook's Ms Sandberg. Jonas Prising, chairman and chief executive officer of ManpowerGroup, added: "To have women not participate when they do have the skills is sub-optimisation on a massive scale."

A key step to making progress towards gender parity is to have a clear and accurate picture of the gaps, said Melinda Gates, co-chair of the Bill & Melinda Gates Foundation. "We need a good repository of data to know where we are with men and women in the world," she noted. Gender inclusion has a multiplier effect. Ms Gates argued. "When society gets that virtual circle going for men and women, everybody is lifted up."

Ms Sandberg agreed. "The reason to work towards equality - whether woman or man - is that it is better for you," she explained. "We should be doing this not because it's the right thing, but because it's the smart thing. If you engage and build diverse teams, you will outperform. So do it because it will help you," she said. 🔃

rofessional negligence claims are, in general, counter-cyclical to the economy. What we continue to see however, is there are key factors across a range of sectors which continue to drive claims against professionals.

In the financial sector, there has been continued contraction of the market, with fewer claims being made in recent years. However, the rise of automated services - or 'robo-advice' - provided by financial services firms is one of the drivers of risk. In addition to this, numerous recent high profile cases of mis-selling and misbehaviour within the financial sector - from payment protection insurance and interest rate swaps, to LIBOR rigging and FOREX manipulation - have resulted in extensive litigation.

The Financial Conduct Authority's retail distribution review has replaced the commission paid to financial institutions with fees, which some clients are reluctant to pay. This has had a two-fold effect: firstly, engendering a growing 'advice gap', whereby customers find it difficult to access advice; and secondly, of enticing new, untested, entrants into the market. Both of these scenarios could lead to an increase in claims. In the pensions field also, new claims could be fuelled by institutions providing sub-standard pensions advice or mis-selling annuities.

## **Construction sector**

In the construction space, the growing number of first-time buyers has led to a surge in the construction of new developments, in a segment of the market where developers can potentially generate large profits from small margins. This has the knock-on effect of increasing the number of claims against construction professionals - both developers and contractors - for poor quality work.

In terms of the funding of such developments, due to the contraction of private funding during the crisis, the Private Finance Initiative (PFI) proved costly and had to be supplemented by government funds. Consequently, the PFI model was changed to PF2 in an attempt to deliver better longterm value for money. This has resulted in an increase in claims against the parties involved - including construction professionals - in an attempt to claw back costs from overrunning projects.

A combination of regulation and legislation has also impacted the construction industry. The government's recent implementation of the mandatory use of Building Information

Modelling is likely to result in an increase in new contractual, intellectual property and other legal challenges, which could expose construction professionals to claims. However, the extension, in 2011, of the right to adjudicate on oral and partly-written construction contracts has led to a significant reduction in the number of claims being litigated.

In addition, the Housing and Planning Act Bill 2015 could see a rise in claims against surveyors, whose job it is to advise on planning prior to the purchase of land. This is reminiscent of the huge number of claims in the previous development 'boom' driven by surveyors' lack of awareness of changes and who subsequently neglected to advise purchasers or developers of any changes coming into effect.



A variety of factors across the financial services and construction sectors are leading to an increase in professional negligence claims. Julian Smart explains what you need to know...



In association with



## WHAT IT MEANS FOR YOU

- Regulation in the financial sector encourages a level playing field but opens the door for inexperienced new players.
- Property boom raises risks for construction professionals as low-cost housing is built quickly.
- Measures to alleviate the housing crisis could lead to litigation for planners and surveyors.

The relaxation of planning laws to deal with the housing crisis have had the effect of encouraging many to embark on property extensions or additional floors for private letting. However, this could potentially result in a spate of claims against surveyors for a number of reasons including failure to meet deadlines, failure to properly prepare a schedule of condition or failure to properly arrange money held in escrow.

Finally, large-scale constructions projects such as HS2 are likely to bring about large numbers of compulsory purchase orders (CPOs). In circumstances where the value of the land is not determined by a tribunal, there is potential for claims against surveyors in cases where they fail to advise those subject to CPOs of the full value of their property. 😰

Julian Smart is a partner and head of professional indemnity at BLM

# Building problems?

he crucial achievement for the treaty agreed at the United Nations Climate Change Conference (COP21) in Paris in December 2015 was an agreement supported by every country, which aims to handle the risk of climate change by:

- Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
- Increasing countries' ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development.
- Directing finance flows to be consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

There are several reasons for this welcome outcome. The treaty - known as the United Nations Framework Convention on Climate Change - shows valuable lessons were learned from the fiasco at Copenhagen in 2009 and considerable efforts were made to develop a shared understanding among negotiators during the subsequent period.

## Long-term goal: decarbonisation and greater ambition

The Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report (2014) found a threshold of 1.5°C could only be achieved after overshooting the target, essentially by taking emissions out of the atmosphere, and even then only if policies for a low-carbon economy were introduced immediately.

Ultimately, the Paris treaty aims to see a balance between global emissions and removals into 'sinks' such as forests before 2100. From the IPCC's analysis, even this bold aim is probably insufficient for a target of 1.5°C. Nevertheless, it sends an important signal to markets and policymakers.

- Finance: The Paris treaty impresses on developed nations the need to enhance the provision of urgent and adequate finance, technology and capacity-building support to other parties, with a roadmap to achieve the goal of \$100bn annually by 2020 for mitigation and adaptation, increasing after 2025.
- Technology transfer: The treaty recognises the need to support the adoption of

CHANGE N THE A

Last December's conference on climate change in Paris saw a landmark agreement reached. In an extract from a CII report on the treaty, **Dr Andrew Dlugolecki** looks at the implications for insurance

renewable energy, particularly in Africa where parties are less developed, and seeks to strengthen the 'technology mechanism' (the process and systems that will accomplish this, including training, regulation, institutions and technology transfer).

• Adaptation: There will be a technical examination process on adaptation (in parallel to one on technology transfer), which will try to identify concrete opportunities for strengthening resilience, reducing vulnerabilities and increasing the understanding and implementation of adaptation actions through best practice.

## Loss and damage

The Paris treaty includes the creation of a 'mechanism' to handle loss and damage. meaning the financial losses vulnerable countries face from climate impacts such as extreme weather. It stipulates this "does not involve or provide a basis for any liability or compensation". In other words, there is no claim against emitters.

The treaty also envisages the Warsaw International Mechanism (WIM), for loss and damage associated with climate change impacts, will be a key step forwards in the

process. Sadly, this is well behind with its research, although it covers various issues of interest to insurers:

- Early warning systems;
- Emergency preparedness;
- Slow onset events:
- Events which may involve irreversible and permanent loss and damage;
- Comprehensive risk assessment and management;
- Risk insurance facilities, climate riskpooling and other insurance solutions;
- Non-economic losses;
- Resilience of communities, livelihoods and ecosystems.

## Time for a reality check

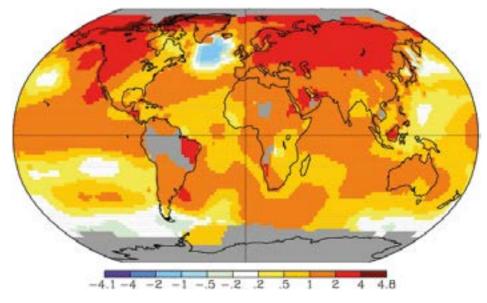
*Current climate:* The global temperature is going to be about 1.1°C above pre-industrial levels in 2015. The trend in recent decades has been an increase of 0.2°C per decade, so we will cross the 1.5°C threshold around 2035. Given the inertia in the climate system, this is inevitable; new policies or actions cannot affect the trend before then.

Some research suggests ice sheets may be more sensitive to warming than was previously thought, which means a strategy of 'overshoot, then reverse' on emissions

Figure 1: Number of years at current emission levels remaining in the global carbon budget for a given probability of meeting the specified temperature threshold:

Probability	For 1.5°C threshold	2°C threshold	3°C threshold					
66%	6 yrs	21 yrs	56 yrs					
50%	10 yrs	28 yrs	66 yrs					
33%	17 yrs	33 yrs	77 yrs					
Calculations by Carbon Brief based on data contained in the IPCC AR5 Synthesis Report								

## Figure 2: Temperature change 2015 versus early industrial period (1881-1910)



Period is 12 months ending November. Grey areas represent insufficient data. Source: NASA

may not avoid the risks of exceeding the thresholds, even if they are only crossed for a few decades

Emissions trend: Figure 1 shows how many vears we can continue at current emission levels before we cross the 1.5°C, 2°C and 3°C thresholds relative to the 'natural' climate. The table does not allow for the fact that emissions cannot be suddenly cut to zero, so it gives an overoptimistic view. For example, we could continue for six years at today's levels, and have a 66% chance of meeting the 1.5°C target, but only if emissions miraculously fell in the seventh year to a sustainable level.

Even meeting the 2°C target would require major changes to the economy in the next 20 years. We can only afford 21 years at current emission levels and still be fairly sure (66%) of

staying below that target. So, although there is unanimous agreement on the temperature thresholds, it will mean enormous changes if we are to achieve them.

## Government policy

Many governments and industries are dependent on fossil fuel, so changing to clean technology will require a transformation, even a disruption, of current mindsets. Even in the UK, administrations are still supportive of oil exploration despite the clash with emissions policy and the prospective fierce competition from cheaper producers wishing to maximise their revenue before alternative technologies and emission targets close their markets. Often, other objectives are given priority over emissions reductions, such as the

recent UK decisions to weaken the insulation standards for new homes and reduce incentives for clean energy.

## **Prospects and implications for** insurers

Recent weather events confirm the predictions of the 2009 Chartered Insurance Institute report on climate change; the weather has become more extreme. The UK record for the amount of rainfall in a 24-hour period was broken in Cumbria during 4-5 December 2015. That month also smashed the record for average temperature since 1659.

The prospects are for more erratic, even freakish, weather in the UK. Figure 2 shows. while the climate around the world has been warming, sometimes very significantly, it has actually fallen quite markedly in the Atlantic. between Canada and the UK, placing us on the boundary of two divergent patterns.

One noteworthy insurance initiative publicised at COP21 was the G7 Initiative on Climate Risk Insurance, which aims to increase access to direct or indirect insurance coverage against the impacts of climate change for up to 400 million of the most vulnerable people in developing countries by 2020

According to recent estimates, only about 100 million people in developing countries and emerging economies are currently covered by climate risk insurance. Known as 'InsuResilience', the initiative is to be implemented in close partnership between the G7 states, developing countries and emerging economies. The G7 intends to share risk with the private sector to the tune of several billion US dollars.

The Munich Climate Insurance Initiative. a collaborative thinktank sponsored by the German government with seed funding from Munich Re, has played an important part in this development.

As noted earlier, the Paris treaty has helped insurers, by refusing to link loss and damage from climate change with liability or blame from emitters. On the other hand, the WIM has been very slow to address the issue of how to manage the risk of loss and damage. 권

Dr Andrew Dlugolecki FCII, Chartered Insurer

This is an abridged section from a full report published by the CII on the Paris conference and the implications for insurance. Read more here: www.cii.co.uk/39538

# Seven ON THE UP

Since its inception at the end of 2014, the Seven Families campaign has gone from strength to strength. **Peter Le Beau** explains how the initiative is helping people and raising the profile of income protection at the same time



dvising clients on protecting their income against disability or ill health can be out an a challenge. While people understand the financial risks, someone they often do not believe it

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To highlight this issue, the charity-led Seven Families campaign was launched at the end of 2014 by Disability Rights UK and the Income Protection Task Force. It supports seven families across the UK who have lost an income without having financial support in place. Seven Families puts them in the position they would have been had they bought income protection insurance and tells each family's story through bite-sized films on social media, showing the impact that ill health and disability has had on their lives.

This can be used to highlight the difference which both the financial support and physical support makes when people unexpectedly find themselves unable to work. It can help encourage people to really think about whether they could cope financially in a similar situation, particularly given the imminent changes to the welfare system, which make protecting your income even more of a priority.

Income protection policies pay a tax-free monthly income if someone is unable to work in the long term. Around 60% of an individual's gross salary can be covered and







the campaign shows the value of 'added benefits'. Most protection policies come with access to a host of support services such as rehabilitation. emotional support and medical experts of which many policyholders would be unaware. All of which can help people return to a productive life after suffering ill health.

To date, Seven Families has been promoted across TV, radio, newspapers and online and social media, with almost 650 pieces of coverage valued at £1.4m. The campaign has galvanised the protection industry like never before and has been a real breakthrough in helping to strike a chord with advisers on the importance of income protection.

## Who are the Seven Families? Family one: Tracey Clarke is losing her eyesight. Having been unable to continue working, Ms Clarke, her husband and guide dog had to sell their house and became the first guide dog partnership to live aboard a narrowboat. With the help of Seven Families, Ms Clarke has been able to gain access to technology which allows

her to use a computer again, enabling her to

begin earning from writing.

Family two: Daniel Pinder has been unable to continue in his job since being diagnosed with multiple sclerosis. Seven Families is helping him adapt to his changing needs and review his options for future employment.

Family three: Paul Pickford suffered a brain stem stroke at the age of 42 and now requires full-time care from his wife. Initially told by doctors that he would never breathe independently again, Mr Pickford continues to make astounding progress. Seven Families has enabled him to receive increased physio and rehab care.

Family four: Police Officer Nikki Thornley, paralysed after a motorcycle accident, spent more than 11 months in hospital. She is now adapting to life, looking after her small children in a wheelchair. Seven Families is helping Ms Thornley take the time she needs before hopefully returning to her job.

Family five: Graeme Snell suffered a bilateral stroke and is learning to take one step at a time with his recovery. He is being supported by Seven Families with rehab and emotional support and has begun voluntary work as a prelude to securing paid employment.

Family six: Paul Norbert suffers with bipolar disorder and is currently unable to work. Seven Families is helping him to live better with his condition and provides the support and space for him to feel able to return to work.

Family seven: In 2014, Melanie Knights lost her iob as a midwife due to prolonged absence from work, primarily caused by arthritis. She has since had a hip replacement and also been diagnosed with Ehlers-Danlos syndrome.

 $\mathbf{-}$ 

Peter Le Beau, Seven Families

## ONLINE ///

► For further information and to see all the Seven Families' stories go to: www.Facebook.com/7Families

## **Fast track your career**

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## The CII has undertaken a fundamental review and upgrade of its regional Broker Academy training course programme. **Niall Boyd** finds out what's new...

one in the broking profession needs telling now demanding the market s. Intense competition. increased regulatory burden.

Consolidation. New distribution channels. Soft market conditions. It's tough out there.

So how do you respond? How do you continue to contribute to the success of your firm and, at the same time, secure your career prospects?

The best way to survive and flourish is to raise your levels of knowledge, capability and ethical practice. Professionalism and continuing professional development (CPD) have never been so important.

But what is the best way to achieve them?

## Face-to-face training anachronistic or tried and trusted?

In today's digital age, the fashion is for everything digital. People no longer can imagine a time when

communication was not instantaneous. But while the advantages of digital communication cannot be denied - fast, cheap and supremely convenient - it is worth remembering the value of human interaction.

Is there any substitute for being in the same room as other people you need to connect with? Sure, there are times when a video link. conference call or simple group email can do the job. But for the key moments? The really important stuff, such as your personal learning and development? That is when face-to-face contact shows its true worth.

The dynamic relationship between students - and between students and their tutor encourages interaction, fosters understanding and encourages collaboration.

## Birmingham Bristol 3

Cardiff 4 Doncaster 5

Belfast

- Edinburgh
- Glasgow Leeds 8
- Leicester 9
- 10 London
- 11 Manchester 12 Newcastle
- 13 Norwich
- 14 Perth
- 15 Reading

## CLASS OF 2016

## Broker Academy: training developed by brokers, for brokers

With this in mind, the Chartered Insurance Institute (CII) - in conjunction with the British Insurance Brokers Association and Axa - has undertaken a fundamental review and upgrade of its regional Broker Academy training course programme.

Introduced in 2007, the Broker Academy programme is the UK's leading provider of targeted technical, business and soft skills training and this year will offer more than 70 courses at 15 locations UK-wide.

Courses deliver a stimulating and rewarding learning environment to sharpen skills and enhance career potential. Each one is delivered by an experienced market practitioner who can share first-hand experience of the issues facing today's insurance professionals.

While developed with the broking community in mind, these courses are also popular with professionals from a variety of disciplines, including underwriting, claims, risk management, customer services, compliance and IT support.

## New for 2016

Following extensive consultation with insurance brokers, a range of new courses has been introduced for 2016. These include:

- Introduction to household and high-net-worth insurance;
- Intermediate household and high-net-worth insurance;
- Intermediate contract vetting;
- Advanced business interruption insurance;
- Advanced liability insurance;
- Advanced professional indemnity insurance.

Available at 15 locations across the UK, Broker Academy provides accessible, local, competitively priced training. A full day's training starts from only £125 for CII members and £145 for non-members.

For full details go to www.cii.co.uk/ BrokerAcademyTraining

## Flexible options

Additionally. Broker Academy training offers:

- In-house delivery any of our courses can be delivered 'off the shelf', or we can tailor course content to meet specific needs. These can be delivered at any of our training locations across the country, or at a company's own premises, saving on travel expenses and reducing the time which staff members spend away from the office.
- Bespoke course development we can work with companies to design a training solution tailored to the needs of your business, whether it is an adapted or completely new course. Our

## WHAT CII CUSTOMERS THINK.

the knowledge and skills of our colleagues." Scott Fairgrieve Dip CII

"As an Investor in People and Chartered broker committed to CPD, the CII Broker Academy courses play a key role within our training and development plans. With dozens of courses available locally, accessibility isn't an issue and the wide range of topics and ability levels on offer make them beneficial for a broad range of people. Delivered by experienced professionals in a style to suit the audience, it is a winning formula. Broker Academy courses, combined with our own CPD training programme, ensure our people are engaged and motivated to learn not only new skills but to maintain and build existing competencies." **Richard Blackburn ACII** Managing director, Wilby

"Nick [the trainer] really brought training and competency (T&C) to life; I found the course extremely helpful for me to use in my current role. Everything I previously knew regarding T&C schemes was self taught, so it was great to know what I am doing is right and to give me further ideas and guidance. I now feel that I can run the T&C scheme in the department I train more effectively and assist my colleges in the implementation of their T&C schemes. Nick's knowledge of T&C is very in-depth; he answered all of the questions that we had and also allowed us to explore ideas and ways forward with T&C as a group. His input helped us take these further and question how these would work." Sarah Kirkcaldy - Barbon Insurance Group **Developing a Training & Competency Scheme - Leeds** 

"This course was the most pertinent course that I have been on to date. Duncan [the trainer] was brilliant and explained everything in simple terms and, by being interactive, the info actually sinks in. I have never been on a course that made the day go so fast - I was totally engrossed. I am so pleased that I attended. Thank you to the CII and all involved." Tamara Tudor

Excel for Brokers Intermediate - London

"Kevin [the trainer] was approachable, knowledgeable and made the whole day enjoyable while being incredibly informative. The style and delivery was of such high quality that I think the course was possibly the best I have experienced in my 15 years as a broker." Tammy Noble Cert CII – Sagar Insurances Project Management - Manchester

systematic approach covers scoping, creation and delivery, right through to evaluation and feedback.

## Practical, effective, CII-recognised CPD

CPD - activity undertaken to ensure skills and knowledge are up to date - has never been so important or so high on insurance practitioners' agendas.



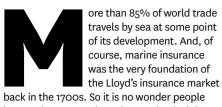
"Our colleagues learn more from face-to-face courses than any other form of training. This is why we value the sessions provided by Broker Academy, which are well structured and informative. They value being able to discuss the details with someone who has in-depth knowledge of the subject. As Chartered insurance brokers we find these courses very useful in maintaining and building upon

## **Broking director, Bruce Stevenson Insurance Brokers**

Broker Academy training is, for many insurance professionals, an ideal way to develop practical knowledge which can be applied on the job, improving performance and career prospects.

And for those CII-qualified members, these courses are suitable for use towards the annual requirement to undertake 35 hours of CPD.

Niall Boyd is head of marketing at the CII



keep a close eye on how that market is doing both in terms of the wellbeing of the shipping industry and of its insurance market too.

Marine experts, however, complain most people outside the sector only know about the marine world when a ship washes up on their coastline, there is a terrible accident or when a hijacking makes front-page news, or even becomes subject of a movie.

Fans of the Discovery Channel might remember the channel following shipping giant Maersk as it built what was then the world's largest ship. During the past couple of years, there has been concern raised in marine insurance markets about the sheer size of vessels and the aggregated values of their huge cargo.

## Marine developments

So what is actually happening in the marine world in 2016? It seems to be both good and bad news.

Fitch Ratings, for example, has revised its global shipping sector outlook for 2016 to negative from stable in 2015. It expects muted global trade growth and the economic slowdown in emerging markets to exacerbate overcapacity, leading to declining and volatile freight rates. But performance will vary across the segments, with dry-bulk and container shipping under pressure, while tanker and liquefied natural gas (LNG) shipping fare better.

Fitch says China's slower growth and economic transition will pose particularly significant risks for the shipping sector due to its key role in global trade, accounting for two-thirds of global iron ore imports and 20% of world coal imports. Weaker demand growth will increase overcapacity, the key factor blighting the shipping sector's recovery prospects and putting pressure on freight rates. Fitch expects container shipping capacity to rise 6% in 2016 on top of a 9% increase in 2015, easily outpacing demand growth of 2% this year and 3%-4.5% in 2016.

The rating agency says: "Shipping companies will continue to implement defensive measures including cost-cutting, which will be helped by lower bunker prices, slow steaming, idling and the cancellation of sailings to achieve

profitability. But we believe these measures are insufficient to lead to a protracted recovery in the sector. Rigorous capacity discipline along with a pick-up in demand would be necessary to reach a sustained equilibrium.

"We expect larger container shipping companies which have successfully implemented cost-containment measures to remain profitable in 2016. But the financials of smaller, unrated, especially dry-bulk shippers will remain stretched, which will probably lead to more bankruptcies. Tanker shipping companies will outperform their peers in other segments, due to more moderate fleet growth and healthy demand resulting from oil stockpiling and high refinery throughput due to low oil prices."

Meanwhile, accountant and shipping adviser Moore Stephens has warned the shipping industry is likely to remain volatile and indispensable in 2016.

Moore Stephens shipping partner Richard Greiner says: "The ultimate definition of an optimist has been characterised as an accordion player with an answerphone. Such extreme optimism might be difficult to find in shipping today, but the portents for 2016 are not all bad.

"The Baltic Dry Index, a measure of shipping

**STAYING AFLOAT?** 

Like all industries, the marine market goes through cycles of good and bad times, often reflecting the world's economy. **Liz Booth** takes a look at the current state of play

rates for everything from pins to elephants, dropped to an all-time low in December last year, and has fallen still further in January. Most people blamed this on China not consuming as much of anything as it did previously. Nevertheless, the dry bulk sector will probably have to reduce the new-building order book and increase ship recycling in 2016 to restore the balance."

He adds: "Shipping will remain volatile and uncertain throughout 2016. Operating costs will go up, as will the cost of regulation – for example, implementation of the Ballast Water Management Convention. The threat from cyber security will rise. Interest in refinancing, as a means of getting cash out of the business, is likely to increase, as are calls for accelerated ship recycling and a cap on new buildings. The effect of geopolitical developments should not be underestimated, while speculation about the UK's planned Brexit referendum in 2017 will add spice to the pot."

Despite all of that, Mr Griener believes: "Now is nevertheless a good time to invest if you have access to finance and a credible business plan, preferably one with the badge of green approval. It is no coincidence the International Maritime Organization recently endorsed a proposal to adopt 'Shipping: Indispensable to the World' as the theme for World Maritime Day 2016. You don't need to be an accordion player to take heart from that."

## P&I clubs

Much of the marine liability insurance market is governed by a series of mutuals - the protection and indemnity clubs (P&I). Each year, renewal for this business falls on 20 February.

Willis Towers Watson reports, for 2016, despite P&I clubs trying to achieve on average 2% increases in premium, shipowners with good records could look forward to reductions in

premiums for P&I insurance at the 2016 renewals. \$10m and the attachment point on the GXL "The international group (IG) market has announced an average general increase of around 2%, with two or three clubs at zero, the majority around 2.5% and one club at 5%," notes Willis Towers Watson in its P&I Review 2015/16

report. "It is almost certain, however, that market The report also highlights a generally positive

forces will prevail and lower actual renewal results will be widely achieved. In the continuing challenging shipping market, we expect shipowning members to be pressing for the lowest renewal proposals in the 2016 renewals." picture for P&I clubs, noting the IG (which acts as a reinsurer for the P&I clubs) is in the healthiest state in its history.

"Claims remain volatile and investment markets fragile but a relative slowdown in number of major claims has allowed the IG market to make its first overall underwriting surplus since 2010," states the report. This, it notes, is off the back of a 4% increase in total market premiums and a 3% reduction in net incurred claims. Ben Abraham, head of Willis Towers Watson's marine division, says: "We are seeing the P&I market picking up, with the first surplus since 2010/2011 and nine out of 13 clubs reporting an increase in underwriting results. Nevertheless, the industry faces challenges: investment market returns have reduced compared to the previous year (down 2.9% from 3.7%) and claims remain

volatile."

## Changes ahead

The IG has announced some changes for 2016, after finalising the renewal of its general excess of loss reinsurance contract and the group's captive Hydra reinsurance programme for 2016/2017

It says the individual club retention will increase with effect from 20 February 2016 to



contract will remain unchanged, at \$80m, for the 2016/2017 policy year.

The loss experience of the reinsurance programme on the 2012/2013, 2013/2014, 2014/2015 and 2015/2016 (year to date) remains favourable to reinsurers, with currently only one claim notified for 2015/2016. As a result, and combined with increased market capacity as well as improving financial performance by the captive, the group says premiums will fall.

In addition, the scope of the reinsurance cover has been extended from 20 February 2016 to include nuclear risk liabilities arising under approved certificates, guarantees or undertakings, up to a limit of \$1bn. For 2016/2017, there is also a new, simplified twolaver pool structure for claims.

Looking at the claims history, the group says. in the tanker category, the 2015 Alpine Eternity incident brought a run of five years of reducing claims to an end, although tanker claims still only account for just above 10% of overall claims.

It adds, in the passenger category, there were significant increases in reinsurance costs allocated in the 2013/2014 and 2014/2015 policy years, principally reflecting the substantial continuing adverse development during those years on claims arising from the Costa Concordia incident. "There is unlikely to be any further significant development on these claims and, in the absence of any further major passenger vessel incidents, the sector should continue to move towards claims/premium equilibrium over the medium term," it believes.

So, overall, it is a case of watch this space as demand for shipping continues but, for insurers, some breathing space in terms of major claims. The question remains: how long will the status quo be maintained and when will the global economy pick up? 🔃

BANK

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STUDY ZONE

# Cyber rules TO BE BEEFED UP

## Liz Booth looks at new data protection rules about to be implemented across Europe...

ata protection at European level first made an appearance back in 2012, when the European Commission put forward its European Union (EU) Data Protection Reform "to make Europe fit for the digital age".

It took until December 2015 for an agreement to be found with the European Parliament and the Council, following final negotiations between the three institutions.

The EU said at the time that more than 90% of Europeans had indicated they wanted the same data protection rights across the EU, regardless of where their data is processed. This will soon be a reality. The reform package will put an end to the patchwork system of data protection rules currently existing.

As the EU rolled out its new rules, Andrus Ansip, vice-president for the digital single market, said: "Today's agreement is a major step towards a digital single market. With solid common standards for data protection, people can be sure they are in control of their personal information. And they can enjoy all the services and opportunities of a digital single market.

"Our next step is now to remove unjustified barriers which limit cross-border data flow: local practice and sometimes national law, limiting storage and processing of certain data outside national territory. So let us move ahead and build an open and thriving data economy in the EU - based on the highest data protection standards and without unjustified barriers."

Věra Jourová, commissioner for justice, consumers and gender equality added: "Today

we deliver on the promise to finalise data protection reform in 2015. These new pan-European rules are good for citizens and good for businesses. Citizens and businesses will profit from clear rules fit for the digital age, that give strong protection and at the same time create opportunities and encourage innovation in a European digital single market."

The reform consists of two instruments: • The General Data Protection

Regulation will enable people to better control their personal data. At the same time, modernised and unified rules will allow businesses to make the most of the opportunities of the digital single market

by cutting red tape and benefiting from

reinforced consumer trust. • The Data Protection Directive for the police and criminal justice sector will ensure the data of victims, witnesses and suspects of crimes is duly protected in the context of a criminal investigation or a law enforcement action. At the same time, more harmonised laws will also facilitate cross-border cooperation of police or prosecutors to combat crime and terrorism more effectively across Europe.

The EU believes: "Reform will allow people to regain control of their personal data. Twothirds of Europeans (67%), according to a recent Eurobarometer survey, stated they are concerned about not having complete control over the information they provide online. Seven Europeans out of ten worry about the potential use that companies may make of the information disclosed. The data protection



reform will strengthen the right to data protection, which is a fundamental right in the EU, and allow them to have trust when they give their personal data."

It says the new rules address these concerns by strengthening the existing rights and empowering individuals with more control of their personal data. Most notably, these include:

- Easier access to your own data;
- A right to data portability;
- A clarified 'right to be forgotten'; • The right to know when data has been hacked.

## **Business benefits**

The EU has not forgotten businesses. It says: "In today's digital economy, personal data has acquired enormous economic significance, in particular in the area of big data. By unifying Europe's rules on data protection, lawmakers are creating a business opportunity and encouraging innovation."

- It believes:
- The regulation will establish one single set of rules, which will make it simpler and cheaper for companies to do business in the EU;
- Businesses will only have to deal with one single supervisory authority, saving an estimated €2.3bn per year;
- Companies based outside of Europe will

have to apply the same rules when offering services in the FU:

- The rules will avoid a burdensome onesize-fits-all obligation, tailoring them to the respective risks;
- The regulation will guarantee data protection safeguards are built into products and services from the earliest stage of development.

Rhiannon Webster, partner and data privacy expert at DAC Beachcroft, explains: "What the regulation does do is make the obligations on companies processing personal data more prescriptive and the rights of data subjects clearer and easier to enforce.

"It also expands the scope of data protection law in Europe, with many companies outside Europe previously not obliged to comply with the European legislation, now being caught. Many companies outside the European Economic Area falling within this category should therefore be looking at what these new obligations mean for them."

## Small businesses

The EU also believes reform will stimulate economic growth by cutting costs and red tape for European business, especially for small and medium-sized enterprises (SMEs). The EU's data protection reform will help SMEs break

into new markets.

four reductions in red tape:

- formality that represents a cost for business of €130m every year. The reform will scrap these entirely.
- Where requests to access data are manifestly unfounded or excessive. SMEs will be able to charge a fee.
- SMEs are exempt from the obligation to appoint a data protection officer insofar as data processing is not their core business activity.
- SMEs will have no obligation to carry out an impact assessment unless there is a high risk

However, data protection and cyber security The issue for SMEs could be far worse The key issue is, while hackers are most

lawyers are not so sure, warning SMEs could suffer disproportionately due to a malicious data protection leak. Moore Blatch recently carried out research among SMEs in the UK, which showed 76% of the companies surveyed were concerned about cyber security, with 17% having experienced a cyber attack. financially due to the often more personal relationship they have with customers and the less utility-based products and services they provide, compared to larger businesses. interested in financial information, new legislation allows a customer to seek financial recompense for the distress caused by the loss of all their data. Financial losses because of reputational damage and loss of trust are also likely to hit SMEs harder as, for many, this is one of their key trading propositions.

## Enforcement

With the new Data Protection Directive for Police and Criminal Justice Authorities. law enforcement authorities in EU member states will be able to exchange information necessary for investigations more efficiently and effectively.

The EU also says individuals' personal data will be better protected, when processed for any law enforcement purpose including prevention of crime. It will protect everyone regardless of whether they are a victim, criminal or witness. All law enforcement processing in the Union must comply with the principles of necessity, proportionality and legality. Supervision is ensured by independent national data protection authorities and

Under the new rules, SMEs will benefit from

Notifications to supervisory authorities are a

effective judicial remedies must be provided.

## **Programme of change**

The final texts will be formally adopted by the European Parliament and Council early this year. The new rules will become applicable two years thereafter.

The Commission will work closely with member state data protection authorities to ensure a uniform application of the new rules. During the two-year transition phase, the Commission will inform citizens about their rights and companies about their obligations.

John Farrell and Roshan Sidhu, of Kennedys, warn: "Since 2012, we have seen a transformation in the threats faced by companies from hacks and associated data breaches.

"Likewise, the associated regulatory consequences and the impact both in respect of reputational and financial damage. The most recent high profile data breach was that following the cyber attack on Talk Talk. At the time, there was the suggestion Talk Talk could be fined up to £500,000. Such a fine will seem small beer once the new rules comes into force by 2018."

Businesses should note the maximum potential fines for data breaches have been doubled from early proposals, from 2% of global annual turnover to 4%, and they face joint liability with their data management partners.

The Kennedys pair suggests companies must have appropriate security procedures in place to prevent loss of data by the time the reform is implemented in early 2018.

They warn: "The risks faced by insureds have changed and therefore so has insurers' exposure. The knock-on impact for insurers is clear.

"Initially, there was some scepticism in respect of the benefits of cyber insurance. The regulations, coupled with the large-scale hacks in recent years, should remove any existing doubts. The existing market may wish to review the level of premium in light of the dramatic increase in penalties.

"Consider the impact of the imposition of an EU Data Protection Reform fine on a major UK company. Where previously they could face a maximum fine of £500,000, they will now face fines of up to 4%, not of UK or even EU sales, but of global sales. To put that in context, a company such as Talk Talk could have been fined up to £36.5m in addition to the substantial costs it has already incurred."

Clemency Gavir

Matthew Gould

Robert Grant

Danielle Gree

Ashwani Grewal

David Griffiths

Zahra Hammad

Jack Hammor

Sophie Hart

Olfa Hasni

Victoria Harke

Melissa Hickey

Brigitte Hogba

Benjamin Holde

Eleanor Hopton

Vijith Jayakuma

Oliver Howell

Adam Jones

Mark Josephs

Nicola Kinsey

Alfred Klutsey

Wayne Leech

David Lim

Andrew Levens

Darren Locker

Stuart Macrae

Alex Matheson

Carol McIntosh

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Nick Mowbrav

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Charley Penny

Jonathan Perk

Thomas Pextor

Elavia Pritchard

David Probert

Victoria Proud

Daniel Purkis

R Nicholas Rakowsk

Lisa Pixton

N Fadi Nakhle

Mary Nixon

O Dennis Odongo

Akua Ose

P Emma Parker

Zara Maieed

Shi Lau

Madeleine Larke

J Laura Jackson

Philip Green

Lara Green

Bibi Gooljar

STUDY 70NF

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James Gadbury

Jack Garwoo

Reshmi Menor George Richardsor Rebecca Roberts Hannah Graham Victoria Roberts Charles Graham-Brendan Roche Kathrvn Rodd Darren Rodger Benjamin Ryar S Faisal Sadaqat Abdullah Saleh Siyakumar Selambaram H Christopher Haggar Michael Selby Anne Sharpe Byron Shepherd William Shenherd-Barron Christina Short Kirsty Simmons Henry Smith Luke Speight Michael Spinks Vanessa Hollawa Joanne Stenher **Richard Stiling** Eftim Stoianov **Timothy Sumner** Abdul-Salaam Tacki Osama Tamin Andy Tan K Amelie Keeble-Buckle Thomas Taylo Clementine Kingstone Satkirat Thethy Gareth Tidbal Lynsey Tong L Christopher Lapha Lucy Tovey Guy Tyler Vinayan Vijayan Pattiyath Ernest Waithaka Ben Wakeham Clare Wakely Thomas Wallace emarie Lovenc Roddy Wallace M Andrew Mackenzie David Watson Georgina Wheele Rachel Whitten Charlotte Marling Julie Wild Joanna Woo Caroline Matthey Y Kaan Yardimc Mariama Momori DIP CII A Mark Adams Ruth Adams Stephanie Nightingal Samer Ahmad Gemma Aire Amy Akrovd Yenatfanta Alemaveh Frank Anderson Jayne Ashton Roula Assad Jessica Avlard B Claire Babingto Jennifer Baker Simon Baker Natalie Barke Craig Barlow Adam Barnes Sarah Barry David Bartor Emily Bateman

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N Lana Neale Yong Ng Kwok Na Katie O'Brier P Sara Packett Leong Pol R Ola Raji

Roxanne Morris Laura Moss-Bromage Courage Mundandi Netsitsidzashe Musinak Masayuki Negish Andrew Nevill Georgia Nightingal Matthew Norman Alexander North teven O'Rourk Calum Parke Joshua Parker Matthew Pasl Robert Payne Joanne Payne Elizabeth Pearso Harrison Pepper Andrew Perfect Daniel Pirozzolo Douglas Pleydel Hayley Pollard Luke Porritt Raiesh Poselay Sandra Proudfoo Christopher Quae Mark Randell Helen Reeves Jennifer Riddick Jessica Riggs Jessica Rilev Madison Robinso Victoria Robinsor Sinead Roche Thomas Rogers Andrew Ross Kerstin Roth Hayley Royle Lucia Rubin Toby Ruder Matthew Ryde S Sanya Sachdeva William Scamme Oliver Scott Siann Sealy Charlotte Seller Jatin Shah David Shedder Alice Simison David Sincock Roshan Sivaraja William Slade Matthew Small Nicholas Smith Angela Smith Michelle Smith Sean Snead Karolina Sokolowska Julie Southall Nickyle Spiteri Thomas Spraggs Malcolm Stewart Kelly Storey

Natasha Streetin T Elham Taleb Hui Tan Hui Tan Li Tan Nicholas Ta 7hi Tan Laurence Taylo Richard Taylor Boon Teng Jin Teo Rishi Thapa Thenuwara Thenuwar Damien Thompson Elizabeth Thompson Karen Thomson James Tingley Richard Tod Hui Toh Samantha Tromar Mark Turner Juliet Underwood v Fleur Van der Ende Gwyn Varney Luke Vassel W Andrew Walsh Rebecca Warburtor Nicola Wareham David Watkin Alison Watts Mark Weathe Zofia Weave Ruth Webste James Welch Paul Wenborn Harriet Westlak Matthew West-Robin Henrietta Wharton Vincent White Rachel Whiteley Kayleigh Wicks Robert Wilde Katherine Willet Jamie Wilson William Wong Caroline Wynr Jingxuan Yang z Lyuba Zagarova Susan Zammi Christopher Zhang Zhiyuar Sandra Zukowska CERT CII A Sadarat Abbasi Luke Abbots-Darbyshir Ahmed Abd El Hak Mohamed Abdou Simi Abdul Rahiman Assel Abdykhadyrova Nisha Abraham Robi Sheriff Abudu Tarek Abuobaidalla David Adams Michael Adams Gillian Adrain Ladonna Agyeman-Buah Sharif Ahmed Mahmood Ahmer Marie Ah-Nien Emmanuel Aiibade Bader Akbar Khalid Al Eig Ibtihaj Al Naje Ashraf Al-Abbas AI Ali Avsha Alnadhari Saud AlSadoun Mohammed Al-Zee Francesca Amandin

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Harrison Bradle

Edward Beckerlegge

Stewart Beckwith

Michael Galea

Haya Gammo

Mark Deguara

Georgios Delis Brandon Dem Nikhil Desai Atulya Dev Kristine Devli Sinead Devlin Samantha Dick Sharon Diep Emma Dietman Evelvn Dodoo Pakinam Doghain Christopher Doherty Emma Dollemore Eleanor Donnelly Lavinia Drozd Stewart D'urso Jamie Dutton Emmanuel Dzivo E Ashok Eapen Rachel Fastmear Jordan Fastoe Sam Eaton Kelly Eccleston Matthew Eddy Julie Edwards William Edward Chadi El Deek Joseph El Naccou Basma El Saved Youssef Elarbi Kristin Elde Vikki Ellis-Jone Isabel Embure Carl English Tim Evans Aseel Ezrique F Simon Falvey Elena Fanell George Farme Farah Farooha Emma Farrell Sandrine Feignie Sophie Fennel Evelyn Fernande Ionathan Field Natalie Fineberg Nicholas Fletcher Andrew Fletcher Jacqueline Flower James Floye Sam Forhe Keeley Ford Adrienne Ford Thomas Formar Karen Formosa Endalkachew Forsid Alison Forster Kirsty Forsyth Julian Fountain Darren Fox Ben Fox Rachel Franklin Neil Frase Jessica French Maria Frost G Sophie Gainsford Christian Gallaghe Jessica Gallienn Carolina Garcia Paladino Mava Garnadozo James Gartside Catherine Gaskel Laoisha Gaughar Daniel George Louise Georgiades Elena Georgiou-Van Trotsenburg Alain Georr Michail Gerasimov Luke Gethins Papia Ghai Saleem Gham

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STUDY ROOM | O&A

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Christian Muscat Adam Mussellwhite Gastone Muvundik Adlem Mwanza Macknon Mwash Jacqueline Mwin Ann Myrtle N Alagirisamy Naidu Kalpna Naidu Manjula Nair Hanifa Nanditta Dhirai Nankani Muhammad Naveed Karen Neal Jack Neale Kelly Neave Tatika Neel Thi Nguyer Luke Nichols Hugo Nickolds Derek Nicol Craig Norrey Andrew North Nuru Nyamziga Vera Nvantaky Limon Nvirenda O Jonathan Oak Alex O'Brien Emmanual Ocanse Stella Odame Kwasi Ofori-Kuragu Thomas O'Keeffe David Olive Esther Opoki Louise Orme Will Ostler Kwesi Owusu P William Paine Vivek Pandit Nikoleta Pantazido Amelia Parkes Avril Parry Zachery Parsons Ashleigh Partingtor Phillip Partridge Alpesh Patel Chandani Pate Nikita Patel Sara Paul Georgina Pearham Thomas Pearsor Kayleigh Peet Tiffany Pena Santo Mohammed Perage Nirosh Perera Michael Petchev Michael Phillips Adam Phillips homas Picket Kevin Pierre Amanda Pinnoc Wavne Pitchford Katie Plant Karen Plastow Dean Plumridge ennifer-Lody Ponk John Portal William Pountne Heather Press William Prest Jessica Price Jenni Pritcha Julius Proches Jack Pryar Sally Pryor Donna Pulis Zammi Renjith Puthenpurayil Augustine Quaino Phillip Rage Muthu Rajı

Viiav Ramanand Sewkumar Ramchund Luxmi Ramdoo Gaurav Rampal Gregory Ranc Simone Range Deborah Raoul Michael Raywoo Bethany Read Miriam Reaso Gareth Rees Aaron Reeve Guillaume Regou Hanis Rehman Mark Reidv Ajitpal Rekhi Kevin Reynolds Michelle Revnold Karen Revnolds Chaluk Richards Alana Richards Jamie Richard Matthew Richardso Jessica Rigby Liam Rigbye Toni Rilev Rachel Riley Christopher Robert Claire Robertson Philin Robertson Karl Sullivan Paul Robinson Paul Robinson Clodagh Roche Alexander Roman Adrian Romero Pere Samuel Rowley Jack Rovce Marie Sylva-Toocaran Judith Rugaiganis Daniel Taherian lan Rugg Claire Rumsey Risha Rutah Janeth Rwechung Edward Rvan S Maria Saggers Sesi Tettev Kevin Sanders Nicholas Santo Ritika Sapru Sampson Sarfo Justin Saunders Andrew Saunder Michelle Saunders Katie Savage Clare Saxby Karan Saxena Kunal Saxena Becki Savward Adam Schreibe Ursula Schrils Adam Scott Rachel Scott Stephanie Scullion Varna Shahatit Joe Shakran Amy Tyte Manar Shamayle Jeffrey Valentino Thomas Sharp Lindsay Shaw Alice Sheringhan Sarah Sherman Graham Shiell Abdul Siddiai Matthew Siddle Ednol Siffrard Melanie Silveste Connah Simmon Matthew Simmons W Jon Wagg Joshua Simpson Alexandra Sinclair Joice Imogen Sinfield Surendra Singupall Andrea Sivier Katy Wallace

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Kelly Smith

**Belinda** Smith

Brandon Smith

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Celia Smith

Will Smith

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Manoi Solanki

Luke Spicer

Saul Sproson

Ann Stammers

James Steele

Adam Steinberg

Adam Stonema

Jackie Storr

Mirka Strano

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Michael Stuart

Kelly Sturgess

Kumar Sudheesh Rushmee Sugunasingha

Marie Summerford

Adam Sumner

Yumeng Sun

Emma Suttor

William Swain

Suleman Syal

Jugal Taneja

Nathan Taylo

Harry Taylor

Omar Terhi

Nitin Thomas

Jency Thomas

Bethany Thomas

Emily Thompson

David Thornberry

Matthew Titche

Christopher Toyr

Constantinos Tsianida

lisabeth Van Der Velde

George Trafford

Jack Trennerv

James Turner

Armand van Hier

Angelica Vassallo

Kaylesh Vara

Craig Verdon

Shirley Vinsor

Frances Vivian

Hoang Vuong

Emily Wake

Lauren Walke

Jamie Walke

Katrina Wallaco

William Vernon

Elizabeth Vinning

Shea Tyler

Kevin Todd

Alice Toohev

Naomi Thompson

Katherine Thompson

Samantha Thapar

Nattapong Thawornra

Sean Taliana Sammu

Paul Stott

Nathan Spence



Congratulations to the following **CII** members who became **Chartered Insurers. Chartered** Insurance Brokers and Chartered Insurance Practitioners during 1 December 2015 to 8 January 2016

A Lois Aiken

Steven Duff

Paul Evans

Bibi Gooliar

Robert Hill

Mark Williamso

Hugh Willis

Jake Wilson

Marc Jones Anthony Allansor Muhammad Khan Joseph Bado K Eunice Kwarteng B Benjamin Bailey Sam Leeder John Baldwin Oliver Lombard Neville Balfour Felicity Lyne Michael Barnett M Sami Maatook David Bathgate Sara Meehan Margaret Boyle Peter Bunker Natalie Moore Alison Bush **Richard Murrav** C Barrie Cambridge N Gavin Narainsamy Stuart Camm Edward Noble Yvonne Campbe Maibritt Olesen an Charleswort R Wesley Richard D Rachel Dawes Mark Ritchie Darren Rodger E David Edwards Claire Romeniul Rebecca Edwards S Deana Scott Nadim Semaan Kirsty Elwell-Tilley Russell Sessions F Matthijs Ford Josenh Sladen Matthew Foy Angela Stewart G Anna Goodley David Stratton T Yongli Tan Hilda Hadikusuma Jacqueline Hervey Jacob Hickinbotto Jason Tvas W Clare Wakely David Horne Roddy Wallace Stephen Howel Timothy Wescombe Emma Huntor David Worthington hohidul Islam Thomas Yorke Lim Zhengxin naka Jasinarachchi z Mark Wallaker Sarah Winterburi Liam Wallis Nicola Wiseman Martin Walsh Robert Wood Joshua Warburtor Sophie Woolsey Philip Ward Martha Worrel Charlotte Wate Nathan Wrencl Rebecca Watkin Florence Watterso Bethan Wright Beniamin Wavmark **Beverley Wright** Martin Webster Ashleigh Wright Georgina Weekes Danving Wu Amanda Weldon X Chentao Xie Joseph Wellingto Dan Xu Matthew White Y Yining Yang Tom White Nan Yin Nicola Whitehous Peter Young Frederick Whitfield Kamran Yousa Peter Wilkin Z Laura Zammit Jonathan William Chenxi Zhang

Arkadiusz Malolepszy Assvnia Tavlor-Cupid Piranaven Thavaparan Christopher Wright

Dastan Zhui

Layla Ziadi

П

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provided by the policy?

while giving birth

while giving birth

A Detailed and confidentia

Basic and low key

Detailed and open

member states?

B Motor

C Travel

1-3 POOR

4-6 GOOD

A Goods in transit

Employers' liability

G Basic but confidential

investigations?

Question 1: A department store requires theft insurance to cover its large range of stock. Which of these types of cover is likely to be most appropriate?

- A Agreed value cover
- B First loss cover
- C Day one cover
- D Reinstatement cover

## **Ouestion 2:** According to the Insurance Act 2015, if a fraudulent claim has been submitted

## and the insurer has chosen to terminate the

## contract, what happens to the premium? A The insurers do not have to return the premium.

- but they must pay a percentage of the claim B The insurers have to return the premium,
- but can deduct a percentage for administration charges **G** The insurers have to return the premium
- D The insurers do not have to return the premium

## **Question 3:** Which one of these statements about the difference between co-insurance and reinsurance is correct?

- With co-insurance each insurer is required to underwrite the same proportion of the risk; reinsurers can accept different shares
- B With reinsurance each reinsurer is required to underwrite the same proportion of the risk: co-insurers can accept different shares
- G With co-insurance each insurer has a direct contractual relationship with the original insured; reinsurers have no relationship with the original insured П
- With reinsurance each reinsurer has a direct contractual relationship with the original insured; co-insurers have no relationship with the original insured П

## YOUR SCORE

.91ft 9ft which resulted directly from , as is the water damage, covered but the fire damage The storm damage is not eaging to uninsured perit. peril leading to insured peril events here is uninsured oc. The sequence of back in the same position. emedied - putting the risk si nosende the preach is breach of the warranty, but while the insured is in liable for losses occurring

the insurer will not become payments, tor instance, by conditions, meaning that steps to ensure automated avising suspension should take reasonable nowever, warranties should 83. I ne intermediary he Insurance Act 2015, who lives in another state. of the breach. Under insurer of a visiting motorist compensation from the terminate from the date Act 2015, cover would of road accidents to claim e. Prior to the insurance easier for innocent victims day after receipt. member states, to making it later than the next business of cover that applies in all crient money account no minimum tegat requirement must be transferred to the scope from establishing a nto another account, they DIRECTIVE 2009), ranging in noney account. If they go THE EU MOTOR INSURANCE αικεςτιλ ιυτο τυε ςτιευτ heen consolidated in direct debit, are received adopted (these have now electronic tunds transfer or Directives have been

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## **G TE** N THIS SET OF QUESTIONS, COURTESY OF ONLINE CII TRAINING PACKAGE INSURANCE ASSESS, WILL TEST YOUR KNOWLEDGE OF KEY INSURANCE TOPICS. THE ANSWERS ARE AT THE BOTTOM...

## Question 4: A planned trip to which two specific countries/territories would cause an underwriter of travel insurance to make the highest charge for medical expenses cover? Australia and New Zealand

UK and the Republic of Ireland	
C North Africa and South Africa	
US and Canada	

## Question 5: A policyholder has lifetime pet insurance on their pedigree dog, which is expecting puppies. What cover, if any, is

A There is no cover for pregnancy, but there is cover while the dog gives birth to her puppies  $\Box$ B Cover is only provided for complications 

G Full cover applies during pregnancy and

D No cover is provided: treatment in connection with pregnancy or giving birth is excluded

## Question 6: A claim under a fidelity guarantee policy is likely to result in what type of

l			

Question 7: For which class of insurance have European Union (EU) Directives established standard minimum levels of cover across all

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<b>Question 8: If an automate</b>	d client money
payment is received in a no	on-client money
account, which of these ac	tions must the
intermediary take?	

A	Transfer it to the client money account no later	
	than the next business day after receipt	
B	Transfer it to the client money account no later	
	than close of business on the day of receipt	

G Transfer it to the client money account within three business days of receipt D Transfer it to the client money account no later than 25 business days after receipt 

## Question 9: Prior to the Insurance Act 2015, if it were discovered that a warranty applicable under a policy had been breached, when would cover terminate?

٥	When insurers receive notification of breach	
ß	From the date of renewal or inception of cover	
G	From the date of breach	П

- G From the date of breach
- When the claim is notified

Question 10: A storm blows a telegraph pole onto a warehouse, causing damage and an electrical short circuit. leading to a fire that causes further damage. The fire brigade puts out the fire, causing water damage. Fire damage is insured under the policy covering the warehouse but storm and water damage are not. What will the insurer pay for?

A	Nothing	
В	The fire damage only	
C	The fire damage and subsequent water damage	
	caused by the fire brigade	
D	All the damage	

These questions are from the Assess online learning system and are based on content provided within the system. Please be mindful that they are being used here separately from that content. Whilst every effort is made to ensure technical accuracy, we will aim to correct any confirmed errors quickly If you are interested in finding out more about Broker Assess or Insurance Assess, please e-mail:

assess.sales@cii.co.uk

occurring arter the date iability for all matters then the insurer can retuse to terminate the contract, ruq the insurer chooses made a fraudulent claim Sd. If the insured has uəlots gniəc IKELINOOD OT ALL THE SLOCK likely loss as there is little mumixem and guizemize ις μεματιλ σεισμιστέα σλ The sum insured required of the property covered. total loss of the full value IL IS DIMCULT TO ENVISABE A uauw basis are used when b. Policies written on a first

as a result, these choices anywhere in the world and, เมลินคละ เมลิตอาเวลา อาจาริ Canada would experience td. Travellers to the US and accept a part of the risk. WITH ALL CO-INSULVEYS WID contractual relationship rue insured nas a direct reinsurer(s). In contrast, relationship with the and has no contractual a reinsurance contract may not even know about sc. i ne original insured ις does not nave to return of the fraudulent act, and

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heart of the employer's ισταξατιοπς ιπτο της νέτγ detailed and confidential claim is likely to instigate a specific approach. A means that claims require of fidelity guarantee cover ea. The complex nature

or giving birth. counection with pregnancy the cost of any treatment in policy exclusions include

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ot destination are likely to

## UDY ZONE THE ABC OF .... VICARIOUS LIABILITY THE OUESTION OF VICABIOUS LIABILITY IS A COMPLEX MATTER SUBJECT TO A TWO-STAGE TEST. TWO RECENT TEST CASES HIGHLIGHT THE PROCEDURE, AS DAVID WILLIAMS EXPLAINS...

The **question** of the liability of employers for their employees' actions is the subject of evolving case law.

The two-stage test for establishing vicarious liability adopted following *Lister* vs Hesley Hall (2002) requires the following to be considered:

- 1. Could the **relationship** between the primary wrongdoer and the person alleged to be liable give rise to vicarious liability?
- 2. Is the **connectio**n between the wrongdoing and that relationship sufficiently close? In Mohamud vs Wm Morrison, a supermarket employee assaulted a customer.

Amjid Khan was employed in a petrol station kiosk. When asked by the claimant if he could print some documents from a **USB** stick, he racially abused him. Despite being told not to by his **supervisor**, he then followed the claimant onto the forecourt and physically assaulted him.

The first stage of the test was satisfied, as Morrisons emploved Khan.

As to the second stage, the claimant needed to prove Khan's actions were in furtherance of Morrisons' aims, were akin to tasks he was authorised to do or were inherent in the employment. The need for contact between Khan and customers did not fix Morrisons with vicarious liability for an unprovoked assault. Lord Justice Treacy

commented: "If Morrisons were liable it would mean in practically every case where an employee was required to engage with the public, his employer would be liable for any assault which followed from such an engagement. That appears to me to be a step too far." The claim failed. In contrast, the Court of Appeal allowed the claimant's appeal in Cox vs Ministry of

Justice. The prison's catering manager, Ms Cox, was injured as inmates helped her with a delivery of food supplies. As she knelt down to pick up some spilled rice, an inmate dropped some supplies onto her back. Although not deliberate, was the first stage of the test established?

Lord Justice McCombe identified five features that usually impose vicarious liability on an employer:

- 1. The employer is more likely to have the means to compensate the victim than the employee via **insurance** 2. The **tort** will have been
- committed as a result of the employee's activity on the employer's behalf;
- 3. The employee's activity is likely to be part of the employer's **business** activity
- 4. The employer, by employing the employee to carry on the activity, will have created the risk of the tort committed by the employee 5. The employee will have

been under the employer's control.

While there was no employer/employee relationship, the judge concluded the relationship between the inmate and the prison satisfied features 1, 4 and 5. As to 2 and 3, the prison had to **feed** its inmates and would have needed to engage paid employees. The Ministry was vicariously liable for the inmate's negligence.

In **GB** vs Stoke City FC and Fox, GB was employed by Stoke City as an apprentice footballer. He alleged he was assaulted by Mr Fox, the first-team goalkeeper, who smeared **Deep Heat** on him in punishment for a perceived misdemeanour. The claim failed as the claimant did not prove the assaults had occurred.

Had the claimant proved the assaults occurred, were the assaults so closely connected to their employment that the

N... negligence

D... prison

0... question

R... relationship

S... supervisor

O... organisations

A... assaulted B... business **G**... connection D... deliberate **B**... employers G... feed **G**... **GB** ... Deep Heat **I**... insurance **O**... judge K... Khan

**D**... Lister

M... Morrisons

O... tort U... USB ♥... vicarious ... wrongdoer 8... FoX Y... year 2... Zurich

The club conferred no duties or powers on Mr Fox to train, discipline or chastise the trainees. The judge concluded, if he were to hold the club vicariously liable for a serious assault outside the course of Mr Fox's employment, it could place most, if not all, sporting

club could be liable?

organisations and employers in a position where they would be liable for any assault on a trainee by a full-time employee. This was a step too far. The Supreme Court will

consider the scope of vicarious liability for assault in Mohamud in the near future. Zurich Insurance Company vs Colin Hayward, while not a vicarious liability claim, is another personal injury claim, listed for the Supreme Court this year. Ð

David Williams is a partner in the casualty team at law firm DAC Beachcroft

4 - 7 . . .



Insurance Sales Agent/NFU Group Secretary Indemnity NFU Mutual Scarborough, North East England	11/02/2016
Paraplanner/Finance Planner Morgan McKinley Middlesex, Greater London	27/01/2016
<b>Property &amp; Casualty Manager</b> IPS Group Manchester, Northwest England	02/02/2016
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## For details on the positions below and others in **General & Financial Services Insurance**

## In her last blog for The Journal, Felicity Lyne reveals the challenges and benefits of studying for the ACII

# LOOKING BACK Going Forwards



uring the past year, I have talked about my experience of the insurance industry; n particular, the process of studying towards my ACII exams and the benefits of having the ACII qualification.

Having started my insurance career on the underwriting side and then moved across into broking, it is clear to me that the ACII is a transferable qualification relevant across all areas of the insurance industry.

The 13 or so modules may seem like a daunting prospect but, with the right attitude and approach it needn't be too overwhelming. There are plenty of module formats available to accommodate different methods of studying. It is worth considering these, as the modules are not restricted to purely exam format; it is possible to take some of the exams in the form of coursework or even a mixed assessment consisting of coursework and a multiple choice exam. It may be that not all of the modules you wish to take offer coursework or mixed assessment as an alternative to an exam. For this reason. I would highly recommend planning exactly which modules you want to take and when you want to take them before starting, as well as reading up on the changing ACII requirements which come into effect from next year. That way, you can balance exams with coursework and mixed assessment and also ensure the exams you have picked actually add up to the right amount of credits.

## Picking the modules you want to take is a difficult decision to make and I found the most important thing when choosing is to pick subjects which complement each other. That



way, not only are you building on what you have already learnt but you already have some background knowledge and context, making it slightly easier to learn for the next exam. For example, and as previously discussed, I noticed a lot of crossover between the Po5 Insurance Law and the P21 Commercial Insurance Contract Wording modules. Much of the basis for insurance law comes from disputes over wordings, which are discussed in both modules. The contract wording

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module was also probably the more relevant to my day-to-day job. Whether you work as a broker, underwriter, in claims or in many other roles in the insurance industry, you will need to be able to interpret and understand wordings. This reinforces how transferable the ACII qualification is across all areas of the insurance industry.

Having completed my ACII qualification, I have just been awarded Chartered insurance broker status. If you have completed your ACII and have five years' experience working in the insurance industry, you can apply for Chartered status. From my perspective, I think it's worthwhile attaining this, adding extra differentiation and an acknowledged professionalism to your qualification. The Chartered Insurance Institute (CII) has conducted research which found people favour Chartered organisations over non-Chartered organisations. Equally, a survey of SMEs found more than half of those interviewed said they would pay more for an individual committed to the Chartered status criteria for their business and would be less likely to trust advice from a broker not educated on the latest insurance and financial issues.

I would really encourage anyone working in the insurance industry to sign up to the ACII qualification. Not only is there is a network of people in the market doing the same thing. there is also a lot of study support available: revision workshops offered by the CII, the new Insurance Institute of London mentor buddy programme, support from colleagues, study leave and exam awards. And alongside all of this, you can gain a well respected qualification. 🔂

Felicity Lyne is an energy liability broker/ account handler at Miller Insurance Services

## Surety Bond Underwriter To £50,000 + Benefits

- London – Londor Major insurer is seeking an Operations Analyst to support the overall underwriting performance by delivering key analytical information. You will be involved in the processing, control, reporting and analysis of underwriting risk for all reinsurance lines of business. We are happy to consider individuals Ideally you will already be in a similar role with an insurer, however, candidates from banking in bond guarantee, indemnities or counterparty risk will also be considered. You will have the opportunity to grow a varied book at one of the world's biggest players in this space. Contact: Jeremy.Cameron@ipsgroup.co.uk - London Ref:CII126762JCR who have held a similar role previously in the London market but preference will be given to those who have used Subscribe Conduct Risk Executive Contact: Dana.Hill@ipsgroup.co.uk - London Ref-CII126878DH

## To £75,000 + Benefits

- City of London As part of the newly formed Conduct team of this Lloyd's Syndicate, you will be a key part of the 1st line of defence, driving the development of the Conduct Risk Framework, providing Conduct advice on new products. You will need knowledge and practical experience of Conduct Risk with a UK based Insurance firm. Contact: Tim.Southworth@ipsgroup.co.uk - London Ref:CII126495TS

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## Underwriter - Agriculture

£ Competitive Working in the heart of the City for a Lloyds Underwriting business. Underwriting a range of complex, unusual and non-standard risks in accordance within the stated underwriting appetite. Candidates can have an Agricultural or Commercial Motor Underwriting background. Contact: Charlie.Guest@ipsgroup.co.uk - London Ref:CII127034CG

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Reporting directly the Head of Underwriting you will manage all existing schemes and implement new schemes in line with company targets and budgets. It will be your responsibility to ensure underwriting rules are adhered to and risks are accepted in line with underwriting guidelines. Ref:CII127025CG Contact: Charlie.Guest@ipsgroup.co.uk - London

## • Compliance Officer (Monitoring) for Lloyd's Syndicate £60,000 - £75,000 + Bonus & Benefits

- London A well-established Lloyd's syndicate is currently seeking a Compliance Officer to join their London team focusing on the Monitoring deliverables. Reporting directly to the Senior Compliance Manager you will have the autonomy to embed a second line of defence. Lloyd's compliance experience is essential Contact: Alex.Curtis@ipsgroup.co.uk - London Ref:CII126960AC

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## Senior Claims Assessor Up to 55,000 + Benefits

Leading reinsurer, is looking to hire someone with technical claims experience, and the authority to admit claims for Life, CI and Income Protection Claims. Some experience in underwriting and/or progress towards an industry qualification (ACII) would be advantageous. The role will suit someone who is able to work in this kind of open and communicative environment, as the team is very collegiate and supportive. Contact: phu.ngoc@IPSGroup.co.uk - London Ref:CII127027PNG

## **Compliance Assistant** To £35,000+Benefits

This specialist provider requires an experienced compliance professional to assist the compliance officer to ensure the correct level of recorded regulatory oversight occurs and that suitable procedures are maintained. You will also act as the Deputy Data Protection and Money Laundering Reporting Officers. 5 years compliance experience ideally in the Life Protection and investment areas would be required. QCF level 4 and extensive FCA controls and handbook knowledge would all be highly desirable Contact: Ben.Simmons@IPSGroup.co.uk - London Ref:CIIComp1BS

**Existing Business Corporate Account Handler** £30,000 - £40,000 + Benefits

I'm searching for a Corporate Account Handler to join an experienced team of brokers, placing large risks. Dealing with cross class risks with premiums reaching multi-millions, you will take on a senior position within this technically skilled team, using your knowledge to service an existing book of business. Contact: Daniel.Hayes@ipsgroup.co.uk - Birmingham Ref:CII126663DHY

## **Schemes Underwriting Manager**

## Regional Underwriting Manager To £80.000 + Package

## To £65,000 + Package

- Manchester Seeking a high profile, experienced Property& Casualty Underwriter to join this Global Insurer in Manchester. The successful candidate will take control of the property & casualty account, act as a senior referral point and maintain responsibility for account management and broker relations. Contact: Stacey.Richards@ipsgroup.co.uk - Leeds Ref-CII126887SR

## **Branch Sales Manager** To £30.000 + Benefits

This well known name within the insurance industry are looking to recruit a Sales Manager to be based out of their office in Lancashire. Your main focus will be to increase revenue by creating and arranging various sales campaigns so it's essential that you have strong business acumen as well as previous commercial insurance experience. On offer is a very competitive remuneration package is on offer. Contact: Robert.Plant@ipsgroup.co.uk - Manchester Ref:CII126999RF

## Business Development Manager To £40,000 + Package

Working from home and covering the UK you will be responsible for developing new solicitor's practices onto their referral panel. To apply it's important that you have previous experience as a BDM working within the legal industry and live within easy commute to West Yorkshire as you'll be required to attend sales meeting once a week in this location Ref-CII126757RP Contact: Robert.Plant@ipsgroup.co.uk - Manchester

## Senior Portfolio Account Handler Up to £35,000 + Benefits

Cases handled will typically have premiums which average around £50,000. The portfolio could include some well known household names! Work will include all types of commercial risk and covers from property, liability, D&O through to marine cargo which offers a great opportunity to learn and widen experience levels Ref-CII126986CAC

Contact: Craig.Coles@ipsgroup.co.uk - Birmingham

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