



Young Members' Committee

YMC Blog – Spring Events 2018

This Spring, the Insurance Institute of London's Young Members' Committee has been busy organising a number of Continuing Professional Development events and the second YMC Charity Quiz Night! Here is our account of the events along with some of the main takeaways.

Perspectives on 2017: A catastrophic year

Kindly hosted by XL Catlin (in association with XL Catlin Young Professionals), the evening got off to a great start with some drinks and nibbles, before **Lawrence Po-Ba, Head of Lloyd's/Specialty, Securis Investment Partners LLP**, introduced the three esteemed speakers; **Geoff Piggot, CEO of Crawford Technical Services**, **David Murphy, a partner at Elborne Mitchell LLP** and **Roy Foster, Head of Property Reinsurance Underwriting for XL Catlin London**.

1) Geoff, a market leading specialist in loss adjusting, was first to speak. He highlighted some shocking statistics on 2017's hurricane season, in particular Hurricane Harvey. For example did you know that over 94,000 homes were damaged, with 80% of victims in Houston not owning flood insurance?

After 12 years without a major hurricane making landfall in the USA, there were three Category 4 hurricanes making landfall all within 25 days of each other. Of the 17 storms recorded throughout the year, 10 became hurricanes and 6 reached Category 3 or higher.



These storms alone made for an extremely active 2017 but combined with the other huge Cat events of the year they triggered a tremendous spike in workload for Loss Adjustors worldwide and the costliest year on record. The Mexican Earthquake caused \$1.6bn of damage in September and the Southern and Northern California wildfires triggered a whopping \$10.9bn in losses.

With all these events happening in such quick succession, the demand for Loss Adjusters soared and a bidding war for talent ensued. Crawfords leveraged their global resources and utilised state of the art technology such as drones and the company 'wegolook' to help them manage the workload. Ultimately, having a highly skilled worldwide team was key for them to meet such unprecedented demand and enabled them to adapt and react to help a significant amount of people in desperate need.



2) After hearing about the immense damage that last year incurred, our second speaker David moved on to discuss how the insurance contracts written would actually work in the event of these claims and also coverage from a legal perspective. He highlighted the policy issues faced through the wordings of areas such as the limits and deductibles in terms of what/when the insurer will be liable in the aftermath of an event and how clearly the contracts state this. We are now seven months on from this catastrophic year and the coverage remains at the insurance rather than reinsurance level, with the numerous jurisdictions complicating matters more.

David highlighted some key points regarding these contractual and territorial ambiguities; many people left the Caribbean Islands before the Hurricane hit, therefore how do you link the BI to the PD? How does the 72 hours clause work? What about the 'But for' clause? Where does the liability fall in regards to Houston and a significant proportion of the flooding occurring due to the reservoir being drained deliberately by government agencies?



Finally, he looked at the case of priority of access to islands that were badly hit. Caribbean government agencies took over the ports to get their goods in, which delayed other people and increased BI losses. Losses can easily become politicised. Overall, this led to the question of whether more stand-alone BI policies should be bought or at the very least worded more extensively.

3) So we know that 2017 was a year for Cats – but how bad really was it? Roy Foster was the final speaker of the evening and put forward the point that neither insurers nor reinsurers had too much of a capital issue, more of an earnings issue. 2017 based on the bare facts was a good year for RI insurance companies. Where capital was needed to be raised, it was. There have been no real legal issues yet either. However, there is still a huge insurance gap.

There was \$140BN worth of insured loss, but a huge \$330bn of economic loss. Harvey cost \$30BN but an economic loss of \$85M. Should insurers really be celebrating for missing a loss? As Roy discussed, we need to think more about what we are selling to get our client base to be more proactive about buying and in turn protecting themselves against loss. Innovation within the market is required to mobilise this opportunity and to determine new products that can be clearer and more varied in their scope of cover. He went on to argue that the biggest competitor is self-retention, something that we need to persuade people to buy.

In his closing statement, Roy put forth the ultimate goal of today's insurance market: to change the phrase of 'nobody likes buying insurance'. People need to have the awareness to cover themselves in the event of a loss and not hold the view that they are buying for nothing. More extensive policies and clearer definitions of where the responsibility falls can help both the insured and the insurer to support and recover losses, with years like 2017 emphasising that desperate need.





Through technology and innovation from the young and growing talent within the market, there is both the hope and the ability to make an industry that is both protective of its clients and resilient to big losses in the face of catastrophe.



Young Members' Charity Quiz Night 2018

The IIL Young Members Committee hosted their annual quiz in April at the Steam Bar & Restaurant. 22 teams joined quizmaster, Jon Hancock (Performance Management Director, Lloyd's), for this sold out event to raise much needed funds for The 999 Club, a charity nominated by Committee member Sara Baker from Marsh, and claim the title of 'IIL YMC Charity Quiz Winner 2018'.



Over £3,600 was raised on the evening for the homeless charity, which provides a warm and welcoming environment to anyone that is homeless and helps equip them with the ability and confidence to learn new skills, find work and reconnect with family and friends.

Congratulations to the winning team Risky Quizness!





So you want to be a CEO? Plan on Change

Due to popular demand, the YMC returned to the pretty breath-taking panorama of the 45th floor of the Cheesegrater for our latest edition in the “so you want to be a CEO” series. MS Amlin provided both the venue and the speakers in the form of **Simon Beale ACII, CEO** and **James Few ACII, Global Managing Director of Reinsurance**. Simon and James each gave their own personal account of what it means to be a CEO, talked about their own journeys and their roles in the changing face of insurance as well as offering advice for aspiring leaders! An audience Q&A followed, then finally networking time, when Simon and James remained to speak to many of the attendees. They certainly offered different perspectives and provided a lot of food for thought. Below gives a flavour of the evening....

Simon Beale ACII, CEO

With his impending promotion to CEO in April, Simon opened with the fact that he is only too aware, when you are a CEO, the buck stops with you! You have the authority to make big decisions and have ultimate accountability, plus you suddenly become very visible and have a responsibility to your employees and their families. He then posed the question, ‘what does it take to be a CEO?’ and gave his thoughts on the useful attributes/actions:



- Curiosity – constantly ask why, look at trends and implications
- Passion for your industry
- Emotional Intelligence
- Showing your competitive drive
- The ability to cultivate diverse relationships as you have to coordinate a diversity of people
- Vision, decisiveness, courage and confidence of yourself and from others
- The ability to be like the best artist i.e. simultaneously see the big picture and be the master of detail
- Build your credibility – create a track record of high performance
- Be organised – in action and thought
- Create good fortune – this sits between skills and luck
- You need great internal relationships and a team around you esp. CUO, CFO who have skills to plug your weaknesses

James Few ACII, Global Managing Director of Reinsurance

James firstly gave his account of his refreshingly ‘normal’ background at school, working at a supermarket, university and job applications. Just as Dominic Christian who was in the hot seat at our previous CEO event, James had contacts in both insurance and banking, but as luck would have it insurance won him over and he joined the RSA grad programme. He then shared his ‘secrets to success’ which he wishes he had known when setting out in the industry.



- Spend more time listening/reading/studying – there is so much change to keep on top of
- Show respect for others – it is a small world
- You can make your own luck if you keep doing the right things consistently
- Have regard for your name – it will remain with your forever
- Unless you are willing to entrench yourself in your work beyond the capacity of the average person, you are just not cut out for a position at the top



If you would like to find out more about forthcoming YMC events, please visit our webpage via the link below:

<http://www.iilondon.co.uk/home/about-us/young-members/>