The Insurance Institute of
London

The London Journal **2012**

Insurers can drive innovation

An insurance solution for just 1 in 5 major risks?

Top 4 risks: brand, cyber, patents, supply chain

Who breeds innovation?

Reaching the markets that matter

Lloyd's in robust shape – a tribute to IIL members

High profile work from Day One

Widening the talent pool

Building public trust

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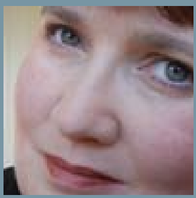
Allison Potts



Allison Potts

Secretary, Insurance Institute of London

The Insurance Institute of London is going from strength to strength

During the year 3,987 new members joined the London Institute – a 7.61% increase – taking the total membership to over 17,800, the highest in the Institute's 105-year history.

To put it another way, the London Institute represents 20.9% of Fellows; 21.7% of Advanced Diploma holders and 16.3% of the CII membership worldwide.

The healthy membership figures are, in part, due to the impact of the CII's Aldermanbury Declaration, which two past presidents of the IIL helped develop. Two years after its launch, 232 brokers, insurers and allied businesses have committed to a common framework for professional standards. A growing number of insurers and brokers are also working towards achieving CII Corporate Chartered status. A full list of signatories is available at www.cii.co.uk. There has also been a huge 16% increase in membership of the Personal Finance Society within the London area, largely due to the impact of RDR.

Lectures

London's lecture programme is widely acknowledged to be world-class. This season commenced with a lecture by the Brazilian ambassador and this was followed by talks from the European insurance super-regulator Gabriel Bernardino; the chief architect of Solvency II, Professor Karel van Hulle, and the Chief Financial Secretary to HM Treasury, Mark Hoban MP, to name but a few.

Attendances were at an all-time high, with many lectures being full to capacity. City Police Commissioner Adrian Leppard's talk on policing London during the Olympic Games attracted the largest audience in a decade. The IIL website provides links to the Institute's lectures made into podcasts and are accessible by all CII members worldwide from http://www.knowledge.cii.co.uk/category/group/insurance-institute-london

CPD

To simplify its Continuing Professional Development (CPD) scheme, the CII adopted the Financial Services Authority's proposed minimum CPD standard. This hours-based scheme totals 35 hours, composed of 21 hours structured CPD plus 14 hours unstructured activity and applies to all qualified members of the CII group. The new scheme was introduced on 1 July and the London Institute's lectures and podcasts are a rich source of high quality CPD.

Research

Research Studies are a major element of the IIL's work. The Institute's best-selling book is Construction Insurance and several of its authors reunited to write an update supplement which is now available from the IIL.

The London Institute also finalised a joint research project with the Chartered Institute of Loss Adjusters reviewing business interruption wordings. The findings are available from the IIL and CILA.

Next generation

London member Julian James ACII was elected President of the CII which coincided with celebrations marking the centenary of the CII's Royal Charter. The theme of Julian's year was 'The Next Generation of Talent'. Educational visits are particularly beneficial to those just beginning their career and studying so the London Institute hosted:

- five introductory tours of Lloyd's
- an economic briefing at the Bank of England
- visits to Gatwick Airport Air Traffic Control, Luton Airport, Christies Auction House, Eurotunnel, Brooklands Motor Racing Circuit and Mercedes-Benz World and
- a demonstration by the Metropolitan Police Dog Unit

For more information about the next season of activities, visit the London Institute's new website at www.iilondon.co.uk

London's lecture programme is widely acknowledged to be world-class

Martin South

President, Insurance Institute of London

Chief Executive, Marsh Europe

Innovation

At the height of the banking crisis, even the most pessimistic commentators dared not predict that the subsequent downturn would continue to paralyse the economies of some of the world's most successful nations four years on.

But that's exactly where we are today. Many previously robust economies are caught in the vice of high indebtedness, stagnant growth and inflationary pressures, while confronted by a volatile electorate. Several countries in the Eurozone are close to default.

These massive economic challenges are impacting the way in which organisations perceive and manage risk. Companies are only too aware that they now operate in a riskier environment, where their exposures are more complex, interconnected and difficult to manage than ever before.

And of course these risks are not just economic. The very nature of risk is shifting, as exemplified by events over the past year. Natural catastrophes, such as the Japanese earthquake and tsunami, caused enormous supply chain disruption, with car production in many parts of the world falling sharply due to rapidly dwindling supplies of components manufactured in Asia. Global political risk maps are also being redrawn as a result of sudden regime change and civil unrest.

The very nature of risk is shifting, as exemplified by events over the past year

The deterioration in economic conditions has fuelled demand for insurance, as more organisations seek the protection of the products and services our industry provides.

So, what can – and should – we be doing to help our clients better manage these risks and be more resilient?

Innovation

The answer has many components but here I want to focus on just one: that of innovation. On embarking as President of the Insurance Institute of London 12 months ago, I chose innovation as the theme of my Presidency. Why? Because I am convinced that innovation must be part of our DNA because it encompasses every aspect of the way we interact with our clients – from the products and services we offer, to the way in which we manage claims.

To me, innovation is about taking a fresh and above all honest look at how we do business, challenging ourselves and making improvements where they are needed most. As I see it, each and every individual working in the insurance industry today has a role to play in our pursuit of innovation.

Insurance Institute of London

At the outset of my Presidency, I stated that we need to challenge the fundamentals of the insurance industry, being sufficiently innovative in our thinking and bold in our actions to challenge the industry's 'sacred cows'.

Over the past 12 months the Insurance Institute of London has worked hard to improve the experiences of our clients by striving to develop new and innovative methods that help them manage their risks.

For example, many clients have long expressed concerns about the lack of clarity in business interruption contracts. The Institute has just finalised a major project with the Chartered Institute of Loss Adjusters designed to tackle this problem head on. The project's findings will no doubt stimulate further debate, but the issue of wordings needs to be resolved for our clients as a matter of urgency.

I am proud to serve as President of the largest Insurance Institute of London in its 105-year history.

Insurers now have the opportunity to use their resources to add more value and drive innovation

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Membership has increased by 7.6% to over 17,800 and over 3,900 new members have joined over the past 12 months. It is my belief that part of the Institute's continued success lies in providing a thought-provoking and stimulating forum in which we can address the challenges that concern us most. Testament to this is the tremendous feedback we have received on our lecture programme, which has featured talks by Europe's most senior insurance supervisory figure Gabriel Bernardino, Chairman of EIOPA; the architect of Solvency II, Karel van Hulle; the Financial Secretary to the Treasury, Mark Hoban MP; and Brazil's ambassador to the UK, Roberto Jaguaribe.

Photo supplied by Marsh

Lloyd's

At Lloyd's, under the leadership of John Nelson, it is evident that innovation is firmly on the agenda. John believes that the modernisation of market services is not optional and I agree. Brokers and insurers need to cast old rivalries to one side and work together to create solutions that are fit for purpose for the new world of risk in which we live.

Talent

As the Chartered Insurance Institute celebrates the centenary of its Royal Charter, its President, Julian James, pledged to focus on the future and 'the next generation of talent' during his Presidential year.

Talent management is a key component of improving our business models and enhancing our competitive edge. Talent – or the lack of it – is a major risk not only to the continued success of our businesses, but to the London market's standing on the world stage and ultimately our clients. It is heartening to see that organisations such as the CII, Lloyd's and the Insurance Institute of London are working together to nurture talent.

The future

Despite these pockets of success, more needs to be done across the industry to sustain this momentum. Widespread innovation needs to be a reality, not wishful thinking. Our business leaders should mandate innovation in their organisations; they should encourage and empower our clients to demand it.

As professionals involved in the management of risk, we should be acutely aware of the value associated with a good reputation. However, too many of us overlook – or perhaps choose to ignore – our own reputations.

As an industry, we take far too long to respond to our clients' needs, which is unacceptable. We should listen to our clients more, act on their demands with integrity and deliver speedily on our promises. By doing so, we 'de-risk' a major threat to our own reputations while enhancing the value we deliver to our clients.

Banks have lost their gilded status as a result of the financial crisis. In contrast, the insurance industry has emerged relatively unscathed and in reasonably solid financial shape. Insurers now have the opportunity to use their resources to add more value and drive innovation, creating new products for clients.

As my Presidency comes to a close, I will continue to promote innovation and watch with pride as the insurance industry stretches, challenges and reinvigorates itself and, in doing so, reaches even greater heights.

Julian James ACII

Immediate Past President, Chartered Insurance Institute

Chief Executive Officer, Lockton Companies LLP

Innovation and the emerging risk exposures of corporations

It is a paradox that as the developed and increasingly the developing world become safer for citizens and corporations alike, we appear to be entering an era of multiplying, more complex risks.

It seems to me, however, that the insurance industry is passing up a unique opportunity to restate its ability to mitigate risks and provide insurance solutions to clients.

As an industry that was founded in a small City coffee shop over 300 years ago, one would have thought that we would be well placed to wake up and smell the coffee. At the same time, I would hope that the industry would be alive to the fears of corporate insurance buyers. But apparently not.

We still don't get it. Corporate insurance buyers are suffering like never before, some are going bust, many others are seriously worried that they are about to go bust, everyone else is just seriously worried, and while all this is going on we keep debating that it's time insurance rates went up!

The insurance industry is constantly preoccupied by an internal conversation that goes like this …

'It's been a while since we saw any real premium increases.'

'Yes, it's funny but risk managers keep saying they need us to help them save money on their premiums. Otherwise their FD will fire them.'

'Really, poor chap! Still, we're not doing too bad, ticking along quite nicely at the moment ….'

For several years, I have been openly critical of the insurance industry for its seeming indifference to the huge challenges facing corporate buyers and our all-round lack of innovation, particularly the inability to develop new products to meet the emerging risk exposures of corporations. We also have a less than perfect claims paying performance that manifests itself in times of great stress such as the volcanic eruption of a year ago, which caused our industry no end of reputational harm.

Getting closer to clients

We need to focus on what is important. Brokers need to put themselves in their clients' shoes. Insurers need to get closer to clients and the needs of corporate risk managers and devote less time to their demands for significant hikes in premiums. The insurance market for the past four to five years has been saying to the world, insurance rates must go up. Yet if you strip out the cost of catastrophic risk that has damaged a few balance sheets over the past year or so, insurers are achieving very healthy returns on their business. Clients are aware of this and are scratching their heads wondering what to make of such calls from our industry when everyone knows perfectly well there are plenty of carriers out there providing choice and a range of cost-effective underwriting options.

How much more positive it would be if we could channel our energy into providing creative new solutions that are genuinely innovative and aligned with the exposures of today's corporate buyers?

In my travels across the UK as President of the CII this year and abroad as CEO of Lockton's international business, the message I hear is that companies are going through severe stress because of the wider economic environment. So when an FD hears that its insurer is demanding premiums must go up, that goes down like a lead balloon.

Risk index

I am frustrated that so little work goes into developing innovative products and services. When I get together with directors of a major client to look at its risk index, I find there are no insurance solutions for many of the major risks facing organisations. Surely that presents a huge opportunity for the insurance market to offer products that will cover more of the risk registers of big corporations?

There was a risk transfer solution available for only one of the top five risks listed in the most recent Lloyd's Risk Index.

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Photo supplied by Lloyd's.com

There was a risk transfer solution available for only one of the top five risks listed in Lloyd's Risk Index

That was for currency fluctuations that can be hedged through the foreign exchange markets. Other major risks such as loss of customers and cancelled orders, talent and skills shortages, reputational risk, and changing legislation did not feature.

An experienced journalist interviewed me recently when I brought up the subject of clients' risk registers. He was surprised to learn that such things existed. He thought I had been speaking metaphorically! This journalist, who writes for one of the most respected insurance journals, is one of the most well researched interviewers I have come across with something like 15 years' experience of (re)insurance, yet it was clear that no one had ever spoken to him about a major tool our clients use to assess their risk exposures.

What does that say about the inward-facing nature of the debates we have in our business?

It is the same for intermediaries, which are equally guilty of being too internally focused. Our inability to think outside our own circle of knowledge combined with our lack of innovation is a challenge for the entire industry. It would be unfair to only blame underwriters, which in the past have been good at offering products for property/casualty risks. They tick all the right boxes when it comes to providing insurance solution for bricks and mortar. We are not so adept, however, at covering more esoteric risks such as reputation type exposures, data protection or even areas such as nano-technology.

The future

When the ongoing financial crisis began several years ago, I was frankly depressed and concerned for the future of our industry. Clearly, as outlined above, I am still concerned but one thing I have learnt over the past four years is that clients actually want more help in difficult times than they do normally. They want to remove some of the volatility from their balance sheets because their access to bank credit has been more difficult. Increasingly, I speak to companies that want to buy more insurance. It is up the insurance industry – both brokers and insurers alike – to deliver now, otherwise it may be our turn to face an emerging risk – our increasing irrelevance to our own customers.

Martin Sullivan OBE, ACII

Deputy Chairman, Willis Global Holdings Plc

A new era of innovation

In the course of my career I've seen change and chance affect the insurance industry in unexpected ways, although sadly I've seen very little recent innovation. But I believe we may be on the cusp of the next wave.

When I joined the insurance industry in 1970, it was a wholly different place. In fact, the very analysis and calculation of risk was different. Underwriters looked up the tariff in a book, got the rate, and generated the premium. It was as simple as that.

Then, suddenly, in the late 1970s, tariffs went out of favour, we all became experts and we've hardly made an underwriting profit since. It's hard to believe that there have been only four years since 1978 in which underwriters achieved a combined ratio of under 100%. Any profits made in the other 30 years were generated by investment income.

But the volatility of stock markets in recent years has been a harsh reminder for many that insurers' core skill is not making investment income. If all we seek is investment income, Lime Street's underwriters may as well put down their pens en masse and seek employment in Canary Wharf!

Of course price is important. Insurance buyers will always be concerned about cost, especially in tough economic times. But to quote Reactions magazine:

'… it is a fact that most insurance buyers with larger national and multinational companies clearly state, on and off the record, that the quality and reliability of the coverage and ability of brokers and insurers to deliver sophisticated and bespoke solutions to their specific needs is more important than the price.'

Another area in which the business has changed is listening to our clients. This seems obvious today, but years ago we would design a product and say: 'Here, you need this' and the client would say: 'No we don't.' We'd then say: 'What do you mean you don't need it, here it is, you've got to buy it.'

Today the industry is listening more to clients. However, we're finding the answer is not always a product.

More and more, it's risk management or even risk elimination.

Broking is no longer a transaction-led business. The transaction is an integral part of the picture, but it's only one small part. Particularly on large global accounts, there has to be meaningful value as an adviser.

New risks, new products and innovation

But today's risks are emerging at such an alarmingly fast rate that there aren't always easy answers. Last year, Lloyd's surveyed 500 business leaders around the world on their biggest risks and four of the top five risks weren't currently insurable. Unfortunately, the insurance industry is not known for innovation or speed to market of new products. We can, in fact, be cautious to a fault.

In my opinion, the last really new product we introduced was directors' and officers' liability.

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The four risks that come up most often in these conversations are: brand and reputation; cyber security; patent infringement; and supply chain disruption

I might be persuaded to include environmental liability coverage, although in truth I think that flatters to deceive on a global basis. These innovations were in most cases triggered by changes in the US legal system decades ago and exported the world over.

I believe we're on the verge of another wave of innovation, in this case driven not only by changing laws around the world, but also by the emergence of new kinds of risks for which existing insurance and risk management techniques are inadequate.

Businesses common worries

My job is to look after the needs of some of the world's largest companies, to talk to them about the challenges they face, and offer solutions that are comprehensive and global. It doesn't take too many of those conversations to realise that business leaders throughout the world have similar worries, particularly when it comes to emerging risks for which there may not yet be complete solutions.

The four risks that come up most often in these conversations are: brand and reputation; cyber security; patent infringement; and supply chain disruption. You only need to look at BP and Toyota as recent examples of great corporations that faced a crisis and are now working very hard to restore their reputations.

It is critical to understand that corporate reputation catastrophes of this kind are not rare.

We think of 'one-in-200-year' events as the frequency benchmark for natural catastrophes. But corporate catastrophes among the world's leading companies happen about once a decade.

Insurers are still coming to grips with how to provide cover for reputational damage because this is an outcome that can be the result of a very wide range of events. Potential solutions need to offer protection in the billions to be relevant to major corporations. They also need to pay immediately and have no, or very few, exclusions.

Business leaders are focused on two new cyber risks in particular: cloud computing and social media. With such fast-moving threats, there is always going to be a lag between today's developments and the insurance cover available. But we need to work to close that gap and encourage a more sophisticated understanding between the client, broker and insurer about what the exposure is and the cover that's available.

Patent infringement is one of the largest risk exposures for business and is critical for the biomedical and biotech sectors. Here we have responded with a solution that goes beyond traditional insurance to provide products to help identify the specific risks and understand the degree and kind of litigation taking place within a given business sector. There are two main reasons we've had to go beyond traditional insurance here.

First, capacity is limited and cover is restricted due to reinsurance and past losses. And second, some organisations guard their intellectual property so jealously that they will not transfer their risk to insurers for fear of information being disseminated into the markets.

Supply chain interruption is perhaps the most talked about risk on the agenda at the moment and a recent McKinsey survey found that nearly 70% of senior executives from major global companies believe that this risk will increase in the next five years.

The Tohoku earthquake and Thailand floods were a wake up call for many firms last year. Businesses found CBI supplier extensions did not provide enough cover when key suppliers were lost as a result of property damage and cover wasn't available for utility failures at supplier sites.

Improving risk assessment

We need to focus on helping businesses to improve their risk assessment so that they can identify their key suppliers and better understand their financial exposures. We then need to align our products to match these needs.

Insurance isn't always going to be the answer, but it will rarely be the answer if we don't listen more to what businesses tell us, constantly align our products and innovate to meet their needs, and keep one eye fixed on the horizon scanning for tomorrow's risks.

Con Keating

Head of Research,
Brighton Rock Group

The cult of risk management: a lament

In the late 1980s, the concept of management by risk evaluation for financial institutions was refreshing and innovative.

It was particularly appealing to those of us in the insurance industry, where this was already fundamental to our business models.

If we were to judge by its spread and application, it has been remarkably successful. If we were to judge by the growth of financial markets, the sizes of these institutions and the measured contribution of financial services to productive output, it might also be described as highly successful. Yet, amid all this apparent success, some difficult questions went unanswered. Among these are:

Does risk constitute a sensible management tool? Ex ante, it is unobservable and ex post, it is disputable. In the insurance industry, we take great care to define the 'risks' we cover as events. The comedic description of an insurance policy as an agreement to disagree at a later date is not a joke entirely without substance, or reason.

Why was it that, in the copious volumes of risk regulations and consultations, the regulators avoided any explicit regulation of liquidity, preferring instead 'risk-weighted' capital adequacy and solvency ratios? Liquidity or money is, before all, our primary risk management tool in an exchange economy. It eliminates the uncertainty associated with the need for a double coincidence of wants for exchange to occur in a barter economy, and permits the efficiencies of specialisation in production and gains from trade.

Can we measure risk?

Is it even feasible to measure financial risk reliably in a market-based system? The risks of financial markets differ in material ways from those of natural hazards. Insuring against flood or earthquake is a game against nature. Mitigation may be important in terms of the total loss incurred, but carrying an umbrella does not change the likelihood of rain, though it may save our clothes from ruin. Financial markets, by contrast, are predominantly games against others. In describing markets as places where 'men meet to deceive', Democritus was not entirely wrong.

In academic circles, this distinction between exogenous, natural risk and endogenous risk has found expression by analogy with the wobbles of the Millennium Bridge, which were caused by the naturally occurring coordination of movement across it of pedestrians above a certain number. This, of course, was predictable, though apparently overlooked. It is interesting that the most cost effective remedy to this problem was not the major structural modifications and corrections but rather would have been turnstiles to control pedestrian flows.

At a recent conference, three bankers argued sagely that the further rafts of risk regulation now being imposed would be ineffective as risk was 'like a balloon, which if squeezed would simply bulge elsewhere'. It may well be that this recent risk regulation will prove ineffective, but this argument is defective. There may possibly be an argument for some 'law of conservation of risk' for natural events, but, even there, it is possible to mitigate the consequences. More importantly, the endogenous risks of financial markets are man-made, and here, there clearly is no reason for any such law to exist. If we are creating the risks, we can also eliminate them by modifying behaviour.

Given these features of financial markets, it's really rather surprising that the authorities have decided to place so much faith in them. It is trivial to show that markets can provide entirely the wrong signals to management, encouraging ever more risk-taking in pursuit of profit. Pre-crisis market prices certainly did not encourage caution and conservatism.

The investment management community repeatedly tells us that investment returns cannot be forecast in any meaningful way. This prompts a further question: if this is the case, why should the variability of these returns, their risks, be any more predictable, other than in the trivial sense that the usual, and deficient measure, standard deviation exists only on the positive half-line?

The comedic description of an insurance policy as an agreement to disagree at a later date is not a joke entirely without substance, or reason

In many respects, banking has in recent decades encroached broadly upon the field of insurance. Many, perhaps most, financial derivatives are economically insurance; something which is immediately obvious in the case of credit default swaps. However, derivatives lack an important characteristic of insurance, the need for a pre-existing insurable interest. Simply put, the absence of this requirement allows these contracts to serve as speculative instruments, facilitating gambling. It is not even true that this is purely an inside activity where one bank's gains would be another's loss, disruptive though that may be through its demands on collateral and liquidity. It is clear that these contracts now extend far into our productive industry and commerce. Synthetic derivative contracts actually magnify the losses associated with events.

The mortgage securitisation industry, which developed pre-crisis, was another contract design classic that omitted important insurance tenets. These were in essence indemnity transfers, lacking any policy deductible. The result was an absence of control over moral hazard and adverse selection. The bankers initiating these loans have no 'skin in the game' once repackaged and sold; in entirely predictable manner, they initiated those of the lowest quality marketable.

Distinguishing risk from uncertainty

Post crisis, we have been treated to an unprecedented outpouring of analysis and proposed remedies. Some just reflect their authors' whims and prejudices. Many have asked us to move ever further into advanced mathematics and other sciences; to consider networks, complexity, power laws, sociology, anthropology, and on, and on.

One strand has sought to distinguish between risk and uncertainty, between the insurable and the uninsurable – Rumsfeld's risks that we don't even know we don't know are inevitably quoted. This usually omits to note that it is uncertainty that admits the possibility of profit for enterprise.

One of the few things that we know with certainty about risk is that it means that more things can occur than will. This means that, in the spirit of precaution, we can only too easily over-provide – to the point that we might not even be able to feed or clothe ourselves.

With all these problems evident, I cannot help but think that in the distant future we may look back at this cult of financial risk management as just another of those collective delusions that afflict us from time to time.

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Barnabas Hurst-Bannister ACII

Barnabas Hurst-Bannister ACII

President-elect, Insurance Institute of London

It's not just about the underwriting…

To that question, the London insurance market would not be a bad answer, and the reason is because we understand risk. And we don't just understand it – we measure it, we analyse it, we respect it.

Underwriters in London like assuming risk and we are not frightened by losses. The market thrives on eye-catching, and occasionally, eye-watering, risks such as satellites and aviation products, and exposures to earthquake, hurricane and war and that most volatile tinder box of all, the US legal system. It all rests on a willingness to insure the new, the large and the difficult.

Innovation is just one of the hallmarks of the London market. It is a characteristic which sits naturally and comfortably alongside those other features that make London such an attractive place in which to conduct insurance and reinsurance business – subscription; the accessibility of the underwriter and the claims adjuster; the ability to create and maintain long-term relationships; the desire to understand the nature of the clients' business and their particular coverage needs; and the drive to identify and mitigate emerging risks. These are all the familiar traits of any London market insurer or broker, but they become no less challenging in a landscape dominated by the need to balance innovative enthusiasm against the volatility of underwriting results.

The market thrives on eye-catching, and occasionally, eye-watering, risks such as satellites and aviation products, and exposures to earthquake

The cornerstone of the London market must surely continue to be face-to-face negotiation between the underwriter (the representative of a capital provider who wants exceptional returns but not by taking exceptional risk) and the broker (the representative of a client who wants to be relieved of exceptional risk but not at exceptional terms), but no less important is the role of the claims adjuster. Whether the policy has a wording made familiar by decades of use or a wording created to address a new or emerging risk, it is the claims adjuster who must apply calmness, integrity and expertise at the very moment at which the policyholder becomes most intimately interested in the product on which he has been spending all those premiums and fees.

Adjusters

The life of the adjuster is no more settled than that of the underwriter. In Lloyd's alone, claims schemes come and go faster than the ups and downs of the insurance cycle. Amid pilots and programmes and minimum standards the adjuster still plays his part alongside the underwriter. Before buying any cover, potential clients will increasingly want to meet not only the underwriter but also the person at the forefront of responding to any claim. This is absolutely as it should be, but in this world of the ever-faster delivery of service, with its ever more responsive range of products, has enough attention been given to ensuring the proper level of adjusting manpower, knowledge and experience? Innovation at the front end is pretty worthless if there is anything deficient at the back end.

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If necessity is the mother of invention, who breeds innovation?

In recent years, several seasoned adjusters have retired and one of the impacts of recent claims schemes has been a reduction in the number of claims brokers. The ecstasy brought about by the much-trumpeted reduction in the number of brokers staggering around the market with unwieldy piles of files must be counterbalanced by the sober reflection that, while the numbers of paper files may have reduced, the numbers of claims have not. In a market that grows (particularly one that grows in an era of unprecedented catastrophe losses) claims will increase. As insurers develop new and innovative products and coverages, the old ones do not just fade away. Nearly every innovation adds to the volume and complexity of the London market offering and we would overlook the concomitant increase in the volume and complexity of the resultant claims at our peril.

Encouraging signs

This is not to suggest that all is gloom and doom. There are many encouraging signs to point to the market's thoughtful response to the challenge of matching claims adjusting resources to underwriters' unquenchable thirst for innovation.

The Corporation of Lloyd's has launched a programme specifically to hire and train graduates into claims adjusting as a career. The Lloyd's Market Association (LMA) has established a claims committee in its own right and no longer as part of the former combined underwriting and claims committee. Indeed, there have been anecdotal hints that the claims committee functions even more vigorously than its underwriting counterpart! Over the past two years, the board of the LMA, a body made up of members who collectively represent half of the Lloyd's market capacity, has included directors of claims from managing agencies. The design and implementation of the electronic claims file has been presided over by the Associations' Administration Committee (AAC) and the London Market Group (LMG). The application by Lloyd's of minimum standards to claims as well as underwriting, with the accompanying introduction of a regime to monitor managing agencies' claims performance alongside underwriting performance, is yet further evidence of the drive towards a matching professionalism.

Self-evidently, there is a lot going on throughout the London market and at all levels. There can be no denying that innovation in underwriting will work only if claims has the same input to the current market-wide drive to ensure that London is as efficient and attractive a place in which to do business as any other international centre.

But even though the market is taking practical steps to raise claims adjusting standards to the same level as underwriting standards, is there a matching philosophical conviction that claims adjusting is on a par with underwriting? Within the specialist London market we will leave no stone unturned in the quest to make our market, our subscription market, our brokered market, our innovative market the most respected and professional in the world. That is the backdrop against which we must all ensure that claims adjusting, culturally as well as functionally, is no less attractive than underwriting.

Within the specialist London market we will leave no stone unturned in the quest to make our market, our subscription market, our brokered market, our innovative market the most respected and professional in the world

Graham Clarke

Deputy President-elect, Insurance Institute of London

Chief Executive, Miller Insurance Services LLP

Changing nature of the broker / underwriter relationship

Over 324 years have passed since the first risk was underwritten in the iconic surroundings of Edward Lloyd's coffee house, and although the fundamental roles of the broker and underwriter on that day have remained intact, their counterparts in 2012 have changed dramatically to adapt to the highly evolved and dynamic marketplace operating today.

When I began my career as a Lloyd's broker in the 1970s, underwriters at Lloyd's were wholly reliant on London brokers to bring them business. This dependence was exacerbated by an anachronistic financial structure that was rife with potential conflicts of interest.

Lloyd's brokers owned or partially owned many of the managing agencies and members' agents, so the provision and distribution of capital to the underwriting community was often in the hands of the brokers who also provided the business flow, giving them effective control over most aspects of the transaction. This manifest imbalance was addressed by the Lloyd's Act of 1982, which required the separation of ownership of managing agencies and Lloyd's brokers. Until that time, while the power to a large extent apparently rested with the broker, both the underwriting and broking communities were populated with numerous, smaller entities that unwittingly presented a natural hedge to any systemic abuse.

Contingent commissions

Further equilibrium was introduced in the 1990s during the period of modernisation around reconstruction and renewal, where the introduction of corporate capital naturally resulted in fewer and larger syndicates and a more stringent focus on corporate governance. This trend was mirrored on the broking side through the 1980s and the 1990s as the US mega broking houses cut a swathe through the insurance landscape on both sides of the Atlantic, creating a powerful US broker presence in the London market and concentrating influence in fewer hands. The controversial practice of contingent commissions was introduced to enhance diminishing insurance broking revenue, in part due to the introduction of fee based rather than commission based contracts.

During this period, some Lloyd's underwriters began to create overseas platforms, primarily to capture local business that was lost to domestic insurers and hedge against the single platform dependency of London and thereby reduce dependence on Lloyd's brokers and cut out a perceived high-cost link in the chain. Many of those enterprises have met with varying degrees of success, but a multi-access point platform is now de rigueur for most large Lloyd's businesses.

While Lloyd's underwriters still relied on London brokers for much of their revenue, the establishment of their own platforms outside London (or for some, platforms outside Lloyd's but still in London) combined with a more coordinated broking presence focused their attention on the evolving landscape of the broking community.

The wholesale brokers servicing London markets divided into two segments: local service arms of large US brokers, and independent UK brokers servicing independent brokers in the UK, the United States and internationally.

The nature of the broker/ underwriter relationship depended on which group you were in: the independents continued to aggressively court independent business sources, while the big brokers began to turn inwards to focus on revenue enhancing projects. The underwriting community resisted, but most eventually capitulated to the new contingent commissions required by the big brokers, while the independent broking community rejected the practice.

It is our job as brokers to identify the best markets for risks, in London and around the world, with the sole consideration being our clients' best interests

Lloyd's and the international insurance markets also weathered unparalleled losses arising from the tragedy of 9/11and some of the most destructive US hurricane seasons in living memory, survived the worldwide financial crisis of 2008–09 and emerged from these events structurally and financially robust

The new millennium heralded an era of unprecedented regulation within the London insurance markets. The Financial Services Authority was formed in 2001 and assumed responsibility for regulating Lloyd's (previously self-regulated). Shortly after, Lloyd's adopted the recommendations of the Chairman's Strategy Group and in 2003 established the Franchise Board to develop and protect the Lloyd's franchise.

Weathering the storms

During this period, Lloyd's and the international insurance markets also weathered unparalleled losses arising from the tragedy of 9/11and some of the most destructive US hurricane seasons in living memory, survived the worldwide financial crisis of 2008–09 and emerged from these events structurally and financially robust. The two regulatory developments have markedly increased the professionalism and expedited the modernisation of our market, while naturally and regrettably increasing the bureaucratic burden. The large loss events led to better use of modelling and capital adequacy tools, and had similar effects on both the professionalism as well as the regulatory burden within the underwriting community.

This wave of regulation offered temporary respite from the spectre of contingent commissions as the New York Attorney General declared some forms of the commissions unlawful in October 2004 and sought criminal prosecution for some of the worst offenders.

However, the payments soon recommenced, adapted to relate to services such as the provision of information, rather than business volumes.

A further development over the past decade has been the formation of broker owned MGA/MGUs. Arguably this has benefits for underwriters, who view it as an efficient distribution model, while the broker sees it as an effective method to place low valued business with greater levels of commission and an opportunity to share in the underwriting profits of that business.

The era of increased regulation has of course equally impacted the broking community. Brokers have also been the subject of increased regulation, resulting in stronger brokers, but again with increasing bureaucratic burdens, which has had a material impact on costs.

While the most meaningful contribution of a broker in 1688 may have been his ability to identify a counterparty that could or would pay in the event of a loss, today's broker/underwriter relationship requires far more knowledge but is probably equally as simple.

As brokers today, we should identify the most competitive and financially stable markets for our clients; we should direct business that we know is sought after to the markets that will provide the best terms; we should transact deals efficiently and transparently and collect claims rapidly and fairly should they occur.

Photo supplied by 123rf.com

Simply put, our relationship with underwriters is our second most important; all that should be required to engender and perpetuate a mutually beneficial relationship with our underwriting markets is to treat them professionally, fairly and transparently – just as our clients would expect.

Our primary obligation is to our clients; this is not a surprise to our markets – it is what our underwriters expect of us. It is our job as brokers to identify the best markets for risks, in London and around the world, with the sole consideration being our clients' best interests. This alone will ensure the future success of the broker/underwriter relationship.

Charles Franks ACII

Chief Executive,
Kiln Group Ltd

The growth dilemma: innovation or change?

The traditional insurance model saw growth for insurers in a hard market; and the same model saw hard markets follow soft, on the back of increased claims and the need for insurers to replenish capital reserves.

So in the aftermath of the second costliest catastrophe year on record, the market is still asking what it is going to take for prices to harden. There have been some recent one-off premium increases in the London market, but the more than $100bn losses that arose in 2011 do not appear to have been sufficient to generate the strong market reaction we all anticipated. In the United States property catastrophe market, we have seen rate increases of between 10% and 15%, which seems promising. But the US cat market accounts for about 7% of Lloyd's premium income and US D&F about 8% – so we are seeing price rises on 15% of the book, even if it does dominate the majority of the headlines.

We are also seeing some local improvements in rates to those areas hardest hit – New Zealand, Japan and Thailand. But if you crash your car four times in a year you will expect to pay a higher premium at renewal – it doesn't point to a hardening market.

The market cycle is broken

The market has not responded in the conventional way because we are faced with issues that are more complex and dramatic than we have ever experienced. Piper Alpha, 9/11 and Hurricane Katrina and her sisters (KKR) all occurred at a time when factors outside of the specialist insurance market were relatively stable. But today our concerns about the market cycle pale into insignificance when set against the turbulent backdrop of the rest of the world.

We are managing our businesses in the face of economic and political storms, the like of which no-one has had to contend with for 60 years. On the back of the 2008 banking crisis – that became the global economic crisis – most Western financial markets have been negatively volatile, suppressing interest rates and affecting investment returns and reserves. In the past five years, there have been some extraordinarily damaging natural disasters – which some are increasingly calling Act of Man rather than Act of God. In the Middle East and North Africa we have seen political upheaval and regime change that was inconceivable only five years ago. And modelling changes have called for increased capital requirements that render conservative rate increases redundant.

The upshot is that we can no longer rely on external factors to help us remain competitive – we must create our own opportunities for growth.

In a world that is in a state of flux, we need to be more innovative than ever to respond to the changing landscape. We have a real opportunity in our hands in 2012; according to Swiss Re's Sigma report, total 2011 economic losses reached around US$350bn (around double the bail-out package for Greece agreed in February), yet only one third ($108bn) of these losses were insured. The huge difference between the insured losses and the economic losses is a wake-up call for us to take action.

So how do we respond?

Our industry is incredibly resilient – it has survived wars, recessions, catastrophes and more, but it has not done so by standing still. Economies, industries, businesses and people depend on the sustainability of the insurance industry – it underpins everything. The London market has the skills and capacity to play a prominent role in overcoming these challenges and taking advantage of this opportunity.

There are three drivers to innovation, and these don't just require invention, but more importantly need to be underpinned by a change in behaviour.

The legacy of successful innovators is that they lead from the front

Look at Japan and Thailand – the scale of the losses for this risk were astronomical … We need to provide an innovative solution and be properly rewarded for it


Photo supplied by 123rf.com

The first is distribution. This is a Western economic crisis. World economic growth stood at more than 5% in 2010 and while the G7 lingered at 2.7% with the EU at a paltry 1.7%, the BRIC countries charged ahead at 7.2% growth. Goldman Sachs predicts that by 2050, China will be by far the largest economy in the world, with India equalling the United States; and Brazil, Mexico, Russia and Indonesia all having overtaken Japan, the UK and Germany. And yet the area outside of the United States and Europe accounts for only 21% of London's premium income.

Are we reaching the markets that matter?

It is essential that the London market of the future establishes in these areas the same reputation and relationships which have served us so well in the United States. We need to extend our presence into these vital territories in innovative ways. Kiln's strategy is a partnership approach, leveraging the reach of our parent Tokio Marine, to be global but local – partnering with big friends with local knowledge.

Second is a need to develop our products. The risks we are insuring today have become more complex. We are still not providing the solutions our clients need for supply chain risk.

Look at Japan and Thailand – the scale of the losses for this risk were astronomical. The knee jerk reaction from insurers has been to find more small print to exclude it, because we are not yet able to charge an appropriate level of premium for the amount of cover our clients require. We need to provide an innovative solution and be properly rewarded for it – but with a unified market approach so that we can generate the scale of capital required to meet the global needs of our multinational client base.

Finally, we need to change the way we work. As we move ever increasingly from the analogue to the digital era so we grow our dependency on models. But in so doing we find ourselves vulnerable to the dangers of group think and the resultant systemic risks. In trying to anticipate the market, we are all using derivations of roughly the same models and so we will all conclude at roughly the same time that pricing needs to change and by roughly the same amount. And thus the models will act as sheep dogs and the flock will turn as one. We need to be brave enough not to follow the masses and only accept risks that are priced appropriately.

The insurance market has survived and developed by supporting our clients in the day to day risks they take in their businesses. We need to continue to enable our client's growth and to do that we need to innovate so that we retain our role as essential business partners.

The London insurance market, with Lloyd's at its core, hasn't been around for as long as it has without being clever in challenging times. And it hasn't just evolved through innovation, on occasions it has changed dramatically and successfully. Remember in its own crisis in the early 1990s that at no point did Lloyd's seek bailing out – unlike the banks recently.

The legacy of successful innovators is that they lead from the front. They were the first movers. To survive is to innovate; and to innovate is not only to react to the past but also to plan for the future.

John Nelson
Chairman, Lloyd's

Vision of Lloyd's in 2025

When I spoke to the IIL at your President's annual lunch, I focused on our plans for a long-term strategy for the Lloyd's market, and recently Lloyd's launched Vision 2025, in the Underwriting Room with the Prime Minister in attendance.

The market should be in no doubt that our long-term aims are endorsed by the highest levels of government. David Cameron's enthusiasm for our central aim – to make London EC3, into the global hub for specialist insurance and reinsurance – was invigorating for all of us in the industry.

The Prime Minister talked passionately about how financial services were a growth industry for the UK, and, critically, that we need to be proud of this. He described Lloyd's as the 'premier insurance brand in the world' and confirmed the market's assessment of the significant opportunities to export services to the emerging economies, particularly those in Asia.

Achieving the vision

The launch of Vision 2025 was a vivid reminder of the power and prestige of the Lloyd's market. Since the launch, many people, both in the underwriting community and the broking community, have come to me to offer support to help achieve that vision. And this, of course, is now what we must all concentrate on.

The brokers have supported Vision 2025 from its inception. They, of course, have invested substantially in overseas distribution networks. This is a huge potential asset for Lloyd's and we are delighted that one of our most important customers, Aon, is moving its head office to London, in part, as it has made clear, to be closer to the Lloyd's market. That is a true demonstration of confidence in our strategy.

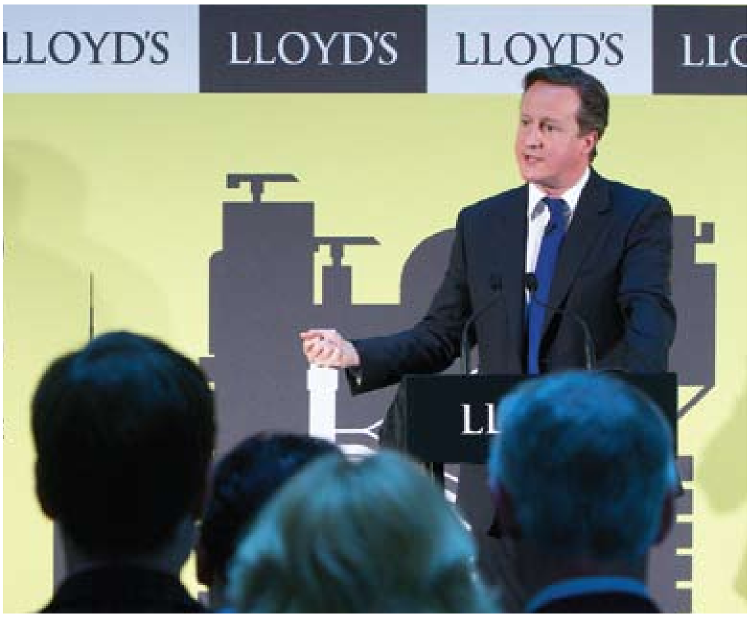
There may well be those who have reservations about how meaningful the Vision is, given that we are already the world's leading specialist insurance market. While I believe that Lloyd's is a powerful international business, there is more to do before we can accurately describe Lloyd's as a truly global market. Over 60% of Lloyd's business comes from the English-speaking world. Almost 80% of capital comes from the UK, the United States or Bermuda.[1] Compare this to the banking sector, in which foreign banks hold 48% of total assets and its 18% share in cross-border bank lending is the largest in the world.[2]

The essence of Vision 2025 is threefold – to attract business, capital and people into the Lloyd's market – to grow the Lloyd's footprint into the emerging growth countries; to diversify the capital base for Lloyd's, with a greater contribution coming from the high quality insurers in those growth countries; and for that capital to bring high quality, professional people. We must internationalise the Lloyd's underwriting market in people terms.

Sustainable growth

There is also the issue of whether this is the right time to grow, with rates low, markets uncertain, the ongoing Eurozone crisis and slow growth in many of our established markets. I am highly conscious that any growth comes about prudently and sustainably. Lloyd's relatively recent past shows only too clearly the lesson of unsustainable growth. The need to maintain high levels of discipline is at the top of my priorities for Lloyd's. The vision is about growing across the cycle, and taking account of where the cycle is.

David Cameron's enthusiasm for our central aim – to make London EC3, into the global hub for specialist insurance and reinsurance – was invigorating for all of us in the industry



The Prime Minister described Lloyd's as the 'premier insurance brand in the world'

We should be neither over-cautious nor under-ambitious. In the insurance sector in particular, capital and business are incredibly mobile. With the insurance cycle somewhere near the bottom, as the cycle turns, more capital will be attracted into the industry – and we want to make sure that that capital, and that business, is attracted to London.

Lloyd's strengths

And, of course, the Vision sets out to make the most of Lloyd's strengths. These are considerable. The marketing team at Lloyd's has told me of a pitch from a brand agency which complained that most firms with which they worked struggled to find even one unique selling point. They commented that Lloyd's has several – a subscription market; a mutual layer of security; located right in the heart of the world's leading centre for financial services; the license framework; a network of thousands of trusted relationships; face-to-face trading; a broker's market and of course, the strength of a brand which is over three centuries old. Lloyd's is the sum of all these parts. That's why we can be confident about our ability to build and grow the business. Confident, yes, but not complacent.

We need to continue to work hard to strengthen our licence network, to maintain the central fund and to protect the brand.

In tandem, we also need to do more to improve the efficiency of our backroom processes, in particular by using technology more effectively. We are a byword for innovation and we must continue to pursue innovation in terms of product development in new areas of business risk such as cyber or supply chain. I do not see any conflict between a robust system of performance management and innovation. Performance management is not intended to be a zero failure regime. It can, and it should leave room for entrepreneurialism and innovation. And we do. This is, I know, an important issue for the IIL, as is our ability to attract talent into the industry. I thoroughly support your initiatives in these areas.

The year 2011 was spectacularly difficult for the general insurance market. The Eurozone crisis, low investment rates, low premium rates – and of course one of the biggest years for major worldwide catastrophes in living memory – provided a very real test for the market.

But Lloyd's emerged from all of this in robust financial shape – a tribute to IIL members. The environment in which we all operate is constantly changing, which is why the Vision is dynamic. It will allow us to respond to external conditions – growth when they are right and prudence when they are not.

Attracting quality to London

There is strong consensus that our physical location should remain London. We have a small number of powerful overseas hubs, particularly Singapore – and of course, the emerging hub in Shanghai. We will build on these. But we also need to attract quality insurers to London. So we will aim to pull business into Lloyd's. This does not mean that London underwriters should not work in these countries, or indeed that managing agents should be discouraged from setting up overseas offices.

Since I arrived at Lloyd's, as a non-insurance man, I have been so grateful to many people in the market for the help they have given in educating me on general insurance. And as a newcomer, perhaps I had the advantage that people were prepared to be very honest with me. I took this job because I felt that this market has a fantastic long-term opportunity to grow. In talking with managing agents and brokers, I found this view shared across the market.

The Vision has now been launched. The speeches have all been delivered and the headlines have all been made. Now is the time to set to work to realise these ambitions. I am very much looking forward to it.

1 Lloyd's Annual Report
2 City UK

Laura Gaweda Dip CII

Laura Gaweda Dip CII

Graduate Trainee,
Lloyd's

Day in the life of a graduate trainee

I joined Lloyd's graduate scheme in September 2011 and for me, the main attraction of the scheme was the breadth of opportunities that it offers.

It's difficult to appreciate the range of careers available within an industry until you've been immersed in it for a little while – so how are you supposed to make an informed decision fresh out of university? It was the chance to try my hand at a few aspects of insurance that made Lloyd's stand out from other graduate recruiters.

My first placement was in the Lloyd's Corporate Communications team. Every week brought a new challenge; I immediately got involved in the graduate recruitment campaign and went on to work on the production of Lloyd's publications such as the Three-Year Plan and Annual Report. There are not many places where graduates get to be involved in such high-profile work from Day One.

Lloyd's is a truly unique place to start your career, giving graduates the chance to try out different aspects of the insurance market before choosing a suitable professional role

Changing sides

I recently moved on to work in an underwriting team at a Lloyd's managing agent. Graduates at Lloyd's spend one of three six-month placements in the market and it's fascinating to be on 'the other side'. It's been quite a radical change, going from focusing on strategic communications that promote the market as a whole to analysing individual risks – and this is what makes the scheme so interesting.

I haven't been pigeonholed and after completing the graduate scheme, I'll be confident in choosing a role that's right for me. What's more, I believe that gaining this range of perspectives will ultimately help me be more successful in whatever role I eventually decide to take.

As well as getting practical experience, I'm also studying for Chartered Insurance Institute qualifications. It doesn't feel like long since I finished the last set of exams in April, yet my new study texts have already arrived. Many graduates in the market will agree that studying alongside a full time job isn't easy, especially now that summer is here.

But I know that attaining the Diploma in Insurance is another aspect of my development that I'll be glad of when I finish the scheme.

Lloyd's – truly unique

I'm less than halfway through the graduate programme and have already had a diverse range of experiences. I'm not yet sure which part of the industry I'll end up going into. What I do know is that Lloyd's is a truly unique place to start a career – and in a year's time, I'll have seen enough of the market to make a sound decision on where I best fit.

There are not many places where graduates get to be involved in such high-profile work from Day One

Clarissa Franks Dip CII

Clarissa Franks Dip CII

Vice President, Marsh RMP

Opening the door to insurance – the CII London Market Faculty's New Generations Group

Being described by the CII as 'young talented insurance professionals' is a great accolade; this group of nine is certainly enthusiastic and dedicated.

Image from left to right:

Clarissa Franks, Marsh

Helen Troman ACII Chartered Insurer, Chubb

Ben Warren Cert CII, OIM Underwriting

Christian Bennett Dip CII, Mitsui Sumitomo

Amar Sumaria ACII, Atrium Underwriting

Alastair Bigg Dip CII, Chartis

Sam Drysdale ACII, Brit

Kate Alderman ACII Chartered Insurance Practitioner, Lockton

Missing from the photo is Edward Gregory Cert CII, Swiss re

When the CII charged us with a project to develop new ways to improve the London insurance market, we each asked the same question – if we believe the London market to be an exciting, rewarding and dynamic working environment, why isn't it more popular with young people?

Lack of awareness and access

It seems this problem stems from a lack of awareness as much as the attractiveness of the career itself. For instance, our research has revealed that careers advisers in secondary schools rarely, if ever, mention insurance as a potential career path.

A second, and related, concern is about access. The emergence of graduate programmes has unequivocally improved the profile of insurance with the undergraduate community. But how many applicants to those schemes have in fact been introduced to a career in the London market by friends or family? How easy it is for young people to open the door if they don't have the right network?

This question has received considerable government attention in recent years – a White Paper on Fair Access to the Professions in 2009 and more recently, Nick Clegg particularly cited informal internships as an issue, and in which the opportunity to broaden one's network is reserved for the lucky few. This group agrees that a key area for improvement is at internship level, where young people can gain invaluable practical experience prior to undertaking further qualifications.

Widening the talent pool by promoting a career in insurance to those from diverse backgrounds will allow the London market to evolve and strengthen.

True diversity in the workplace promotes creative thinking, complementary skills and rich intellectual capital. In short, it's very good for business. Our response is to devise a project that will raise awareness with young people – specifically 16–17-year olds who would not otherwise have ever considered a career in the London market.

Reaching the target audience

In the first phase of the project, we will produce promotional material to appeal to the target audience. The project will complement the work of CII Discover Risk, where we will attend events in London schools. The second phase is to formalise a syllabus for a week-long London market internship to cover broking, underwriting and claims. The programme will cover a practical work experience portion with clear learning objectives and will also ensure that business skills such as presenting and interview techniques are covered. The week will conclude with a networking event, where young people are given the opportunity to develop their own contacts, which would be invaluable should they decide to pursue a career in the London market and need a little help getting their foot in the door.

Hopefully, these small steps will help create a sustainable framework for recruiting talent into the insurance industry. That way we can drive its successful growth for years to come.

Terry Hayday BA, MBA, FCII

Former Head of Professional Standards, Lloyd's Market Association

Experiential learning – cornerstone of the LMA Lloyd's Market Academy

'Those are the insured values at risk', pointed out Professor Charles Scawthorn as he gazed across the Bay Area in San Francisco from his vantage point above the UC Berkeley Campus, with the Golden Gate Bridge on the horizon.

There were the port installations in Oakland piled high with containers; frame buildings constructed on reclaimed land; millions of people working or living in the heart of the city. 'If the great earthquake and fire of 1906 were to occur today', he continued, 'approximately US$150 billion of damage would be caused ... with about half of it insured'.

Professor Scawthorn was addressing attendees at the first seminar organised by the LMA's Lloyd's Market Academy (LMALMA) on the subject of California earthquake risk. The academy's philosophy emphasises the notion of 'experiential learning', offering those in Lloyd's opportunities to experience, first hand, an education that is not easily found in textbooks or in the classroom.

Complementing CII qualifications

By equipping managing agency staff with skills that will be appropriate from 'basics to boardroom', LMALMA seeks to complement the qualifications of the CII by offering innovative programmes that will benefit market practitioners at every stage of their career.

At entry level, the modular Apprenticeship Programme offers a holistic understanding of how an underwriting syndicate works.

Taking the Lloyd's Syndicate Business Plan as its subject matter, this intensive programme, aimed at young professionals, explains how the SBP is constructed. By naming their own 'syndicates', creating their own logos and devising their own business strategies, each group member has to demonstrate learning in the final module. Their task is to present their own syndicate plans to a panel, composed of very senior Lloyd's figures, including the Director of Performance Management, so that each group's plan is approved for use.

Inspirational leadership

At the other end of the scale, LMALMA provides aspiring senior management with the opportunity to participate in its 'Inspirational Leadership' seminar at Oxford University's Saïd Business School. Moving from conventional case studies in leadership to the challenges confronted by Shakespeare's Henry V, participants can confront their own personal leadership issues in coaching sessions. They learn from internationally acclaimed sportsmen, such as yachtsman Pete Goss and mountaineer Sir Chris Bonington, who have faced, literally, life-or-death leadership dilemmas, and they relive the dark days at Lloyd's of 'Reconstruction and Renewal' with Sir David Rowland, who led the market to recovery.

Participants are also required to respond to the demands for superior performance from the sports coaches at Oxford University Boat Club, as they haul on the blades of competing rowing eights on the River Thames.

Clambering over roof-tops in hurricane-prone Florida during a windstorm seminar; figuring out the best pricing strategy in Ernst & Young's Hazard® workshop when running a simulated insurance company, or facing the rigours of deposition and a mock-trial in New York, as part of Wilson Elser's 'Living with US Litigation' seminar, are all experiences available through LMALMA.

By offering first-hand opportunities to expand business knowledge and by honing real behavioural skills, in an innovative manner, LMALMA is creating a new community of learning to underpin the future commercial success of the Lloyd's and London insurance market.

Fay Goddard, Hon FCII

Fay Goddard, Hon FCII

Chief Executive, The Personal Finance Society

Standards / professionalism / trust – the Personal Finance Society

The Chartered Insurance Institute has a long and distinguished history and this year is particularly special as it marks the centenary of its Charter.

The Personal Finance Society was created out of the merger of the Society of Financial Advisers (SOFA) and the Life Insurance Association (LIA) and was launched on 1 January 2005 as an integral part of the CII group. With PFS membership currently standing at over 32,000, it represents around one third of the CII's UK members. Today, of the approximate 18,000 members of the IIL, over 3,900 are PFS members.

The world of financial advice is probably moving faster now than it ever has before. Over the past few years, many PFS members have faced the dual challenge of studying hard to achieve the new benchmark qualification required by the FSA, while holding down a job or running a business against a backdrop of worldwide economic and political instability and dramatic regulatory change.

Developing a true profession

While acknowledging the hard work that has taken place, it should be remembered that this new benchmark qualification focuses on new minimum standards of qualification and what really demonstrates the development of a true profession is the number who voluntarily progress further than the basic level and aspire to greater heights, both in qualification and standards of behaviour.

While it has been a tough time for the advisory sector, I am hugely encouraged by the desire and motivation of PFS members to acquire the prestigious title of Chartered Financial Planner. This title was awarded by the Privy Council in 2005 and today there are 2,900 Chartered Financial Planners located in all parts of the UK and over 400 firms holding the corporate chartered title. In addition, 6,000 are actively working towards chartered status, which is unsurprising because our annual survey showed that 47% of PFS members holding the Diploma in Financial Planning aspire to become chartered.

And the aspiration does not stop at being chartered. The year 2011 saw the largest growth ever in those attaining Fellowship – the highest designation for academic achievement awarded by the Society. For the first time, the number of Fellows exceeds 1,000.

Despite difficult economic times, there is still strong public demand for the services provided by the financial advice profession. People are still retiring, some with substantial accumulated wealth in pensions, property and investments.

There is an estimated £6.7 trillion of wealth in the UK, 80% of which is owned by the so-called 'baby boomers', that is, those aged between 50 and 64. This same group holds an estimated £1 trillion of the £2.6 trillion in shares and savings and the need for advice to maximise income, generate growth or help mitigate tax liability has never been greater.

Building public trust

Building public trust and confidence in our profession through the delivery of high quality and ethical services is key to the future success of our profession. To help achieve public confidence, the way forward is greater professionalism – raising standards and building trust.

These three words – standards / professionalism / trust – are used on all PFS literature. In a nutshell, it is what the Society is all about.

There is an estimated £6.7 trillion of wealth in the UK, 80% of which is owned by the so-called 'baby boomers'

Building public trust and confidence through the delivery of high quality and ethical services

Philip Calvert
Founder, IFA Life

It's not what you know, but who you know – online

In early 2010 there was a significant moment on the Internet; a moment that changed the way we found information on products and services – not just information on personal finance, but on everything.

Search has always been one of the main activities on the Internet, but in May 2010, visits to social networking sites overtook visits to search engines. And when you think about it – of course it did. Whether we're looking for TV sets or holidays or a new car, we tend to trust recommendations from friends and contacts more than results from a search engine's database.

The internet is changing

The internet is becoming more social. A place where people interact, engage, ask questions and help each other out. I did it myself when, a week before a holiday in Spain, we were called by the owners of the holiday home we were renting, and told that the house had been destroyed in fires that were raging across the region.

We still had our flights, so were determined to find a replacement. A search on Google revealed plenty of holiday home rental companies, but virtually no available properties with just one week's notice. So I posted a note on IFA Life, Facebook and LinkedIn asking if anyone knew of someone who might have a vacant property, or if anyone had their own property which was available.

To our excitement, five people got in touch the same day. By the end of the day, we had rented a villa which was owned by an IFA, and ultimately a great time was had by all. 'It's not what you know, but who you know' my father used to say. As it happens, I didn't know the IFA from whom we rented the villa, but we were 'connected' on both IFA Life and LinkedIn. Through mutual interests we were connected electronically, we had become part of each other's networks and were just waiting for that moment when we needed each other.

And that's how it is for many people using social media. Yes they are connected to people who they know and love, but they are also connected to hundreds (tens of thousands in some cases) of people with whom they have only the most tenuous of links – just waiting for that moment when they might actually need one another. I remember looking over the shoulder of my 17-year-old son one afternoon when he was on the messaging service MSN.

'How many "friends" do you have on there Tom?', I enquired casually.

'Two thousand, two hundred and forty, Dad. How many have you got?'

Resisting the temptation to be competitive, the best response I could come up with was 'How many of them have you actually met?'

Tom's answer of 'forty or so' seemed to fit better in my head and I thought nothing more of it. I eventually realised the significance of this when Tom eventually came home from university. Those two thousand two hundred and forty had increased tenfold, but it was at the moment that Tom was embarking into the world of work that I suddenly realised the importance of those thousands of 'friends'.

Your network is ready to help

Had Tom needed a holiday home in Spain, or an accountant or a website designer or a mortgage – his network was there and ready to help. To be precise, his network was in his pocket on his mobile phone, and at a moment's notice day or night, he could simply tweet or post a note to Facebook and his network would respond. And it wouldn't matter if the recommendation for a mortgage broker came from someone who he hadn't actually met – it was the fact that the recommendation had come from someone to whom he was connected that really mattered. Through online connection, trust had already been established.

The internet is becoming more social

Networking – whether online or offline is still one of the most powerful ways to generate business

...what Tom and his friends have done, is to create what I call 'the new old boy's network'

I use Tom in this example, because those of us with teenagers have witnessed the impact of the Internet and how it connects people at first hand. That's why when you ask financial advisers if they have a business page on Facebook, most say they haven't (although that is changing rapidly). Many professional service providers still see Facebook as 'a place for kids', and they would be forgiven for thinking that.

Slowly but surely, adults 'get' what kids are doing on sites such as Facebook. In short, they are being social; they are connecting, engaging, laughing, commiserating and supporting each other. They are doing what human beings do so naturally.

My father also told me about the importance of 'the old boy's network', and it occurred to me that what Tom and his friends have done, is to create what I call 'the new old boy's network' – a network where, simply because they are connected, they help and support one another. Many column inches have been written on the importance of why financial advisers should be embracing social media. Yes it can drive more traffic to your website, and yes it can significantly raise your profile and visibility online, but the point often forgotten about social media is the networking aspect – the making and sharing of connections.

Referrals via social media

Most IFAs will tell you that their main source of new clients is referrals from existing clients. When combined with a healthy scepticism that social media has any place in their business or relevance to their clients, you can understand a reticence to embrace it. Yet, thanks to social media and its connectivity, we now have a phenomenon where someone who is not a client of yours, is very likely to be your advocate and refer new clients to you.

The next time you receive a connection request from someone on LinkedIn and wonder whether you should connect with them, just do it. Networking – whether online or offline is still one of the most powerful ways to generate business.

Hot topics in 2012-13

Andy Keefe ACII

Casualty Broker, Marsh UK Ltd

David Sales FCII

Senior Vice President, Aviation Division, Lockton Companies LLP

Jonathan Clark Dip Eng, ACII, FCILA

Director, Corporate & Technical Risks, Cunningham Lindsey UK

Roger Sanders OBE, Cert PFS

Managing Director, Lighthouse Group Employee Benefits

Accident Committee Chairman Andy Keefe ACII, Casualty Broker, Marsh UK Ltd

- Low investment returns have not fed into rates as competition continues and equity return is likely to continue below 5% through 2014.
- Hard market characteristics give way to mini-cycles by line of business and geography.
- Medical and pain and suffering costs continue above inflation.
- Legal costs burden is becoming unsustainable and plaintiffs target 'deep pockets' rather than follow 'cause and effect' criteria.
- Exposures destroyed since 2008 are unlikely to reappear soon.
- The new ecosystem is technology-enabled, working with multiple suppliers and vendors and leading to different claims trends.
- Longevity risk expands, pension provision reduces and retirement recedes, new risks emerge.
- Settlements over £5m via partial payment orders for catastrophic single life injuries will continue to test rate adequacy.
- Electric or hybrid cars are environmentally friendly but cannot be heard and accelerate faster.
- Data tsunami, privacy and the cookie monster are all the rage but contaminated German bean sprouts caused one of the largest losses of 2011.
- Social media produces reputational damage, so there is a need to look beyond normal injury and damage costs.
- Black Swan scenarios are intellectually stimulating but food and water security, chronic disease and human error should be focal points.

Aviation Lecture Committee Chairman David Sales FCII, Senior Vice President, Aviation Division, Lockton Companies LLP

In an immensely competitive environment, airlines try to satisfy demand and operate profitably. Fragile airport infrastructures in Europe and North America must gear up for the extra capacity needed. Aircraft manufacturers face challenges meeting order backlogs and anticipated future requirements for quieter and more fuel efficient aircraft. One of the airline industry's safest years in terms of fatal accidents was 2011, but pressure continues to maintain and improve overall safety.

In the next aviation lecture programme, speakers include senior executives from across the sector and a leading European airport operator. Environment is always a key issue and following the 2012 EU implementation of the carbon emissions trading scheme, the head of IATA will discuss its early impact on airlines. A major satellite launch company executive will speak on issues confronting the space industry.

Claims Committee Chairman Jonathan Clark Dip Eng, ACII, FCILA, Director, Corporate & Technical Risks, Cunningham Lindsey UK

Successful insurers have to underwrite well and do claims well and it cannot be disputed that handling claims well is vital for customers. Looking ahead, London must maintain its reputation for fast and fair claims handling. This needs well-trained and well-motivated claims professionals who can ably deal with problems associated with new risks and situations. Innovation in training, mentoring and retaining talent will be at the heart of London's continued success.

Financial Services Chairman Roger Sanders OBE, Cert PFS, Managing Director, Lighthouse Group Employee Benefits

Bracing themselves for the shift about to revolutionise the entire market, all intermediaries are preparing new business models to accommodate the changes heralded by the January 2013 introduction of RDR, especially finding new ways of generating revenue with the ending of investment commissions.

Alastair Evans ACII

Head, Government Policy and Affairs, General Counsel's Division, Lloyd's

Nicholas Gooding FCII

Senior Cargo Underwriter, XL London Market Ltd

Andrew Bathurst

Director, MGA Startups Ltd

Individual advisers are scrambling to complete additional exams or 'gap-fill' ready for new higher professional standards from 2013. Pension market providers and advisers are gearing up for the challenge and opportunities arising from the October 2012 start of auto-enrolment, set to improve UK pension cover. To complete the 'perfect storm', those subject to regulation await new regulators from 2013 and fresh legislation.

International Lecture Committee Chairman Alastair Evans ACII, Head, Government Policy and Affairs, General Counsel's Division, Lloyd's

Over at least the next two years, the commercial insurance market will continue to grapple with global economic environment challenges, largely characterised with faltering and low growth and little prospect of short-term resurgence. Overlaid on this will be ongoing radical changes, both to the regulatory architecture and rules. In such an environment, the industry must again demonstrate its capacity to adapt and innovate. In the lecture programme in 2012–13, these themes will be explored in national, regional and global contexts.

Lloyd's Issues Lecture Committee Chairman Nicholas Gooding FCII, Senior Cargo Underwriter, XL London Market Ltd

For the 2012–13 lecture programme confirmed speakers include Dr Richard Ward, CEO, Lloyd's, Nick Prettejohn, Chairman, Brit, and Rob Stevenson, Head of Insurance Operations, Kiln. Topics will include talent in the market, for which excellent work is being done behind the scenes by Lloyd's Professional Standards Committee.

Marine Committee Chairman Andrew Bathurst, Director, MGA Startups Ltd

In the past year, the hull market has been hit by two large cruise vessel losses and the cargo market has been hit by the Thai floods. The risks to consider for next year in the three main marine areas are:

- Hull – ship and machinery quality – some ships built at 'green field' sites at the height of the boom cause market concerns.
- Crew – always a concern; now aggravated because machinery is overcomplicated for engineer standards and training.
- Electronic Chart Display Information System concerns.
- Containerships – designed for high speeds, are now of a size that will make it hard to assess loss volume after the event and the market is ignorant of cargo exposures.
- Cargo – piracy – can cargo owners influence prevention measures? The cargo market has paid some large GA claims due to piracy in the past two years.
- RMS 11 – the market awaits this year's hurricane season impact.
- Fracking – exposures are creeping into the cargo market.
- Iran oil/petrochemical exports and related sanctions.
- Energy – oil and gas companies are considering shale potential. The insurance market needs to deal with the potential environmental and public liabilities and ensure that existing policy wordings are up to task.
- Big floating exposures – the new marine environment application of technology in Shell's Prelude FLNG project, which is now underway, presents a unique challenge to insurance providers to find technical capabilities to understand this merger of onshore and offshore technologies and to find sufficient insurance capacity.

As super majors continue to seek multi-billion dollar investments in frontier locations, it is predicted that future reserves will be with national oil and gas companies, for which insurance is key. Brazil, West Africa and Russia are leading and the insurance industry needs to evolve and meet this changing dynamic. As nations become aware of huge resources within their borders, stakes will remain high for all.

Greater regulatory and industry controls have mitigated some of past concerns for deep water drilling, but ever-increasing costs and water depths ensure this area remains a hot topic for underwriters.

The Insurance Institute of London's Lecture Committee chairmen

David Matcham FCII

Chief Executive, International Underwriters Association

Paul Maynard FCII

Chief Placement Officer, Willis UK

Mike Farley ACII, FCILA

Divisional Director Property Investors and London Market, Woodgate & Clark Ltd

Adrian Clark ACII

Director, Aon Ltd

Market Issues Committee Chairman David Matcham FCII, Chief Executive, International Underwriters Association

Several devastating natural catastrophes have made the past year difficult for the industry. Falling investment returns, delay to Europe's new solvency regime and the development of new UK regulations, have all also presented challenges, for which the industry is well prepared.

Progress has been made on improving business processing efficiency with, for example, escalating take-up of electronic endorsements and wide usage of electronic claim files. In meeting claims for natural catastrophes, London has again helped countries engineer economic recovery by bearing losses that would have overwhelmed domestic insurers.

Property Investors Lecture Committee Chairman Mike Farley ACII, FCILA, Divisional Director Property Investors and London Market, Woodgate & Clark Ltd

The soft market continues, while many new entrants join established providers. In a competitive environment, some new entrants will encounter difficulty establishing their position, although most will survive.

The key is to provide innovative products and pricing structures with a strong service culture from point of sale to claims conclusion. Those who recognise that clients want to be dealt with as individuals are likely to prevail as opposed to the commoditised culture that is prevalent in many providers' offerings. The market may present challenges but remains full of opportunity.

Property Committee Chairman Paul Maynard FCII, Chief Placement Officer, Willis UK

This season's programme looks at a range of challenging issues for the property and construction market. Large mining losses have tested market ability to respond with cost-effective cover and clients' perspective will be considered. The Crossrail project, one of the largest of its type, presents spectacular engineering challenges and risks.

There will be a review of severe weather events, and for events in Japan in 2011 that demonstrated the interconnectivity of global manufacturing, a leading risk manager will discuss how world-class manufacturing can benefit underwriters.

Reinsurance Committee Chairman Adrian Clark ACII, Director, Aon Ltd

Continued evolution in insurance-linked securities is expected. The sector performed strongly in 2011 and the first quarter of 2012 recorded issuance of $1.49bn. Investors are becoming increasingly comfortable with ILS as a form of risk transfer and market experts are structuring new and innovative transactions tailored to sponsors' requirements. Several recent deals were upsized due to investor demand and reached the point where ILS can be an attractive form of complimentary capacity, especially because the scope of the product now includes more perils and territories.

The London Institute Lecture Programme – New Season Preview

The following events will be held at Lloyd's Old Library, One Lime Street, London EC3M 7DQ at 13.15–14.00.

Registration: For lectures held at Lloyd's all attendees who do not hold a Lloyd's pass must register 24 hours in advance via the IIL website at www.iilondon.co.uk

For all lectures held at The Insurance Hall, Aldermanbury, Xchanging and Willis all attendees must register 24 hours in advance via the IIL website.

Continuing Professional Development: If you wish IIL lectures to qualify for CPD purposes, proof of attendance (in the form of your registration name badge) must be retained.

To obtain this badge you must register via the IIL website.

Please note that speakers and subjects are subject to late notice changes. For the full list of IIL lectures go to www.iilondon.co.uk

Date	Event Type	Subject	Speaker	Chairman
Mon 10 Sep	Revision Lecture *Will be held in Xchanging*	How to study and improve your chances of passing the CII exams	Len Wilkins FCII and Chris Paine Dip CII	Reshma Handa ACII, Compliance Manager, RITC Syndicate
Wed 19 Sep 12.30–14.30	Property Investors Seminar *Will be held in The Insurance Hall, 20 Aldermanbury*	Engineering insurance/inspection Environmental insurance Directors' and officers' liability Professional indemnity	Heidi Clark, Zurich Duncan Spencer, EDIA Environmental Insurance Paul Atherton, Senior Underwriter Commercial Institutions, Chartis Andy Lewis, Senior Underwriter Financial Lines, Chartis	Alan Smith, Director, Chambers & Newman
Wed 03 Oct	Aviation	BA, BMA and beyond (title tbc)	Keith Williams, CEO, BA	Martin South, CEO, Marsh Europe
Tue 09 Oct	Financial Services	What the FCA means for the London Insurance Market (carriers and intermediaries)	Clive Adamson, Director of Supervision, Financial Services Authority	tbc
Mon 15 Oct	Reinsurance	Climate change – risks and chances for the economy	Professor Peter Hoeppe, Head of Geo Risks Research, Munich Re	Paul Nunn, Head of Natural Catastrophe Risk Modelling, SCOR
Tue 23 Oct	Marine	The increasing cost of salvage and removal of wreck	Arjan Herrebout, Director, Mammoet Salvage	Philip Sandle, Chairman of Joint Liability Committee
Wed 24 Oct	President's Lecture	Is a claims professional on a par with an underwriter?	Barnabas Hurst-Bannister ACII, IIL President-elect	Martin South, CEO, Marsh Europe
Thu 25 Oct	Reinsurance	The future of the Euro	Dr Michael Menhart, Chief Economist, Munich Re, Corporate Strategy & Economic Research Group Development	Matthew Fosh, CEO, Novae Group
Thu 01 Nov	Aviation *in Willis Auditorium*	What next for London's hub airport?	Colin Matthews, CEO, BAA	Simon Abbott ACII, Senior Underwriter, ACE European Group Ltd
Mon 05 Nov	Marine	Shale drilling and fracking – boom or bust – risks associated with drilling for shale gas	Joe McMahon, Loss Adjuster, Charles Taylor Adjusting	Charles Franks ACII, Group CEO, R J Kiln & Co Ltd
Tue 06 Nov	Accident	Jackson's report on the review of civil litigation	Alistair Kinley, Partner and Head of Policy Development, Berrymans Lace Mawer	Jonathan Clark ACII, Director, Corporate & Technical Risks, Cunningham Lindsey UK
Wed 07 Nov	International	A global insurer's view of Russia	Hakan Danielsson, CEO, OISC IC, Allianz, Moscow	Vasilina Bindley, MA (Hons) MIL ACII, Senior Vice-President, Head of Russian Practice, Lockton Companies LLP
Mon 12 Nov	Claims	Personal injury claims – where next?	Charles Apthorp QC, 5 Essex Court	Summer Montague, Associate, Mayer Brown International
Wed 14 Nov	Market Issues	The role of trade associations with views on commission, disclosure and regulation	Andy Homer FCII, BIBA Chairman	tbc
Thu 15 Nov	Accident	Claims handling architects' and engineers' professional indemnity	John Moore, CEO, Tindall Riley Limited	tbc
Mon 19 Nov	Property	The Crossrail tunnelling experience – managing the risks	Colin Hamling FCII, Commercial and Insurance Manager, Crossrail	Paul Maynard FCII, Chief Placement Officer, Willis UK

Lecture Programme

Date	Event Type	Subject	Speaker	Chairman
Tue 20 Nov	Claims	Risk & Opportunity: the changing shape of the Life Science Industry	Neil Campbell, Partner, JLT Speciality Ltd	Jonathan Clark, Director, Corporate and Technical Risks Cunningham Lindsey
Wed 21 Nov	Reinsurance	Reinsurance – much more than a commodity	Michel Lies, CEO, Swiss Re Group	Stephen Catlin ACII, CEO, Catlin Group
Tue 27 Nov	International	The future of the Middle East	Simon Sole, CEO, Exclusive Analysis	tbc
Tue 08 Jan	Market Issues	London leadership and landmines	Steve McGill ACII, Group President, Aon Plc and Chairman and CEO, Aon Risk Solutions	Barnabas Hurst-Bannister ACII, IIL President-elect
Thu 10 Jan	Lloyd's Issues	Three certainties in life: death, taxes and catastrophe models always wrong	Rob Stevenson, Head of Insurance Operations, R J Kiln & Co Ltd	Tom Bolt, Director Performance Management, Lloyd's
Tue 15 Jan	Financial Services	How to avoid the automatic penalties in auto enrolment	Andrew Cheseldine, Principal, Lane Clark Peacock LLP	tbc
Wed 16 Jan	Aviation	Developing space activities and managing risk: from one to three launch systems operated in French Guiana	Jean Yves Le Gall, Chairman and CEO, Arianespace	tbc
Thu 17 Jan	Marine	Piracy – latest developments and their insurance implications	James Gosling, HFW and Richard Neylon, HFW	tbc
Tue 22 Jan	International	London – the leading market for political risks	Rupert Atkin, CEO, Talbot Group	Barnabas Hurst-Bannister ACII, IIL President-elect
Wed 23 Jan	Claims	Innovative approaches to claims investigation and management	Mark Berenblut, Senior Vice President, NERA	tbc
Thu 24 Jan	Lloyd's Issues	What Lloyd's looks like from the outside	Nick Prettejohn, Hon FCII, Chairman, Brit	Julian James ACII, CEO, Lockton Companies LLP
Fri 25 Jan	Joint Lecture IIL Financial Services Com & PFS *Will be held in The Insurance Hall, Aldermanbury*	tbc	Garry Hale, AIFP, Dip PFS, Founder HK Wealth Managers Ltd	tbc
Tue 29 Jan	Accident	Staged motor crashes	Ed Frost MA, ACFS, CAE, MIMI, Claims Fraud Manager, Commercial Claims Strategy, AXA Insurance and Richard Davies, Global Fraud Control Officer, AXA Group	tbc
Thu 31 Jan	Lloyd's Issues	Talent in the Market	Dr Richard Ward, CEO, Lloyd's	Dr Alexander Scott, CEO, CII
Tue 05 Feb	Financial Services	Facing the challenge of a changing world	Sir Nicholas Montagu, Chairman, Financial Ombudsman Services	Roger Sanders OBE, Cert PFS, MD, Lighthouse Group Employee Benefits
Thu 07 Feb	Reinsurance	2013 Renewals – good news? – title tbc	John Cavanagh, Global CEO, Willis Group	Tom Bolt, Director Performance Management, Lloyd's
Tue 12 Feb	Accident	Periodic payment orders – new challenges for underwriters	Geoff Piggot, Reinsurance Claims Manager, Gen Re	Neil Lightbown, Underwriting Director, UK & Western Europe, RSA
Wed 13 Feb	Property Investors	Implications for flood insurance for property investors following the comprehensive spending review – flood defence (withdrawal of insurance 2013)	Tony Hutchins, Head of Commercial Property, AXA (also sits on the ABI Committee)	tbc
Thu 14 Feb	International	London vs rest of World – is the London Platform still as firm? (title tbc)	Charles Philipps, CEO, Amlin	tbc
Tue 26 Feb	Financial Services	Protecting consumers: The opportunities and challenges for the new model of financial services regulation	Adam Phillips, Chair, Financial Services Consumer Panel, Real Research	tbc
Wed 27 Feb	Accident	Challenges of US exposures (from a products perspective)	Trevor Cottington, Executive Loss Adjuster, Casualty Claims, ACE European Group	tbc
Thu 28 Feb	Claims	Beyond Contract Certainty	Stuart White, Partner, RPC	Paul May, Chairman, Concordia Consultancy
Tue 05 Mar	Aviation	Managing an airline – Dreamliner, bio fuels and beyond! – tbc	Chris Browne, MD, Thomson Airways	Robert Sterry, MD, Aviation and Aerospace Practice, Marsh Ltd
Tue 12 Mar	Property	Civil Unrest – Who ultimately pays for what?	David Williams, Claims & Underwriting Director, AXA Insurance (Commercial)	tbc
Wed 22 May	Aviation	Dubai International – becoming the world's busiest airport	Paul Griffiths, CEO, Dubai Airports	tbc

Benefits of membership

Lecture and seminar programme

The Insurance Institute of London offers members a wide programme of lectures, which are free to members.

Registration

For lectures held at Lloyd's – all attendees who do not hold a Lloyd's pass must register 24 hours in advance via the IIL website.

For all lectures held at Xchanging and Willis, all attendees must register 24 hours in advance via the IIL website.

Continuing Professional Development (CPD)

If you wish IIL lectures to qualify for CPD purposes, proof of attendance (in the form your registration name badge) must be retained. To obtain this badge you must register via the IIL website.

Lecture podcasts

Whenever possible, podcasts are made of the lectures, which members can download free of charge from www.cii.co.uk

Educational visits

The Institute's programme of educational visits to a wide range of industrial, commercial and other organisations enables members to view a variety of insurance, safety and fire risks at first hand. Bookings are made online via the IIL website.

Research studies

The Institute's research study groups investigate specialised areas of insurance and produce reports of immense value to practitioners and of importance to the whole industry. Reports can be purchased online via the IIL website and CII members can obtain copies at discounted prices.

Networking events

The Institute hosts a variety of events that aim to give members an opportunity to make new professional and social connections. This year the networking events programme included a lunch at Mansion House, a black tie ball at The Dorchester and a Latin Fiesta themed party in Soho. We also arrange a Christmas quiz and a carol service as well as special events designed to appeal to young professionals too. All of these events provide an ideal opportunity for companies to entertain clients. Full details of all our events are emailed to members and bookings are welcome online via the IIL website.

Keeping members informed

Make sure you get the most out of your membership by updating us when you have a change of email address. Please forward your details to: iil.london@cii.co.uk

Website

The IIL website at www.iilondon.co.uk provides quick and easy access to information about all its events and activities. It also includes:

- an online booking facility for lectures, visits and networking events;
- an online purchase facility for books;
- instant downloads of podcasts, presentations and publications.

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Annual general meeting

Notice is hereby given that the annual general meeting of the members of the Insurance Institute of London will be held on Monday 24 September 2012 at 5.45 pm at the Insurance Hall, 20 Aldermanbury, London EC2V 7HY. By order of the Council, Miss A V Potts, Institute Secretary.

The London Institute Journal
2012
ISSN 2045-1636

The Insurance Institute of
London

The Insurance Institute of London
20 Aldermanbury, London EC2V 7HY www.iilondon.co.uk

Edited by Roger Jordan

Designed by www.labanbrowndesign.co.uk