PI FORUM

• Challenges facing the London Insurance Market
• Particular to the PI Insurance market
• Presenting a united front
  – Government
  – Regulator
  – Trade bodies
• Moving forward together

AN INSURANCE BROKERS VIEW
OXFORD JULY 2015
When facing uncertainty what do we do?

TAKING PRECAUTIONS – USA STYLE
What would we do?
WE MIGHT.....

A WORLD WIDE MARKET PLACE
BUSINESS TO LONDON

PI INSURANCE MARKET CHALLENGES – UK

- A big market, say £1.5bn premium
- Challenges in Underwriter profitability for many professions
- Miscellaneous classes driven to commoditisation
- Commoditisation creates issues in terms of understanding and advice and is increasingly used for major professions
- Claim landscape includes retrospective standards in certain areas
- Lack of consistency by Regulators & Ombudsmen
DIFFICULT TO GET DEFINITIVE STATISTICS

- Difficult to get definitive statistics
- Lloyd’s statistics are backward looking and therefore are open to significant interpretation depending on stage within economic cycle
- Economic cycle drives claims in certain areas – but why should advice be negligent at some times but not in better economic times?
WHAT ARE PROFESSIONAL FIRMS SAYING?

- They don’t pay (the Insurers) – they take the premiums but don’t pay claims
- Waste of money (only buy because we have to)
- PI Insurance – load of b#ll##ks
- They keep restricting the offering
- Prices up / excesses up / coverage down
- Insurers are making a fortune

WE KNOW THIS ISN'T RIGHT BUT WHAT ARE WE DOING ABOUT IT?

A serious response is required
BREAK OUT SESSION?

LETS SPEND A LITTLE WHILE CONSIDERING
OR... AN ACTUAL MEETING

BUT WHERE DO WE START?

• A united front
• Work with stakeholders - Insurers / brokers / lawyers together
  – Clients
  – Their local associations
  – Regulators
  – Professional bodies
  – FSCS
  – Ombudsmen
• Insurers should not be quasi regulators of the poor firms
  – Individual regulators should squeeze out bad firms
DIFFERENTIATE BETWEEN GOOD PRACTICE AND COMPETITIVE ADVANTAGE

• As a broker it is obviously very important to differentiate your services from those of your competitors
• So I have to be careful where I go here!
• However there are certain things we should be able to agree on as good for the wider community...

HEADINGS TO CONSIDER

• Strategy
• Business Efficiency
• Education
• For many of our clients, PI insurance is a regulatory requirement
• But it should not be one they make reluctantly
• In order to change this dynamic, we need to look at other areas:-
  – Promotion with all relevant bodies
  – Better sharing of data
  – Clearer positioning on the vital role PI Insurance plays in allowing Professional Practices to trade safely and grow

• Better understanding of the future needs of clients
  – Example Financial Advisory Market
    ➢ Government positioning on Auto-enrolment
    ➢ Pension freedom
    ➢ Future role of Advisers
• How wider management liability policies and other policies dovetail e.g. cyber
BUSINESS EFFICIENCY

This is too big a subject to deal with here but as a market we do need to work together and embrace common platforms etc.

EDUCATION

Consistent advice
- Joined up thinking
- Ensure regulatory framework is conjoined with new policies

On what purchasing and why valuable
- The role Insurers play
- The problems faced
- The issues when policies/advice is changed retrospectively
INTERNALLY

• Consistent underwriting approach
  – Think about question sets in advance
• Don’t get overrun by Actuaries
  – Underwriters must air their views and stand their ground
• Unrated Insurers are bad for the market!

WE DO OUR SMALL BIT TO BRING BUSINESS TO LONDON
IN TURN...

NEXT STEP THE WORLD .......

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