THE
LONDON JOURNAL
THE VOICE OF YOUR PROFESSION
2019

PARADIGM SHIFT

Major changes, whatever the topic!

The Insurance Institute of London
Chartered Insurance Institute

INSIDE THIS ISSUE

INSTRUCT & PROTECT

Welcome to the 2019 edition of *The London Journal*.

The theme for my year in office is 'Instruct and Protect', the raison d'etre for the IIL to ultimately build trust – educating ourselves as professionals to always better serve our clients and ensure the long-term relevance of our sector.

This requires leveraging centuries of expertise, experience and data and to continue learning from the environment, its evolutions, its challenges and opportunities. This is the aim of the 2019 *Journal*.

Our contributors give insights on geopolitical changes; Brexit; Lloyd's; views of the market; the role of trust in our ecosystem; opportunities for regulators to promote the market; the LMG agenda; progress made in I&D; new technology in investment and insurance processes; mentoring and self-caring; cyber security and pension schemes; hot topics; and IIL progress and key activities.

Thank you for your continued support and enjoy the reading!

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THE GEOPOLITICAL PARADIGM SHIFT

What we considered a global world is less and less truly global and more multidimensional

Last year, I was considering the theme for my presidency. I decided to do what anyone should do in heavy weather – focus on our raison d'etre. So, what is the raison d'etre for the Insurance Institute of London? 'Instruct and Protect'.

For two years, we have experienced a huge Brexit focus, but this is a UK-centric matter and we are, in London, a global marketplace. So, what is going on 'out there'? I suggest we are entering into a major paradigm shift. This shift is neither the digital transformation, nor is it the access to talent or the need for increased innovation or even about building the diversity that we still absolutely need to foster.

The shift I refer to is geopolitical. What we considered a global world is less and less truly global and more multidimensional. The paradox is that, as a 'global player', London needs to recognise this and understand what it means to further support our clients and organise accordingly.

This paradigm shift is the acceleration of multipolarisation in the context of the weakening of some historic political institutions, while new dynamics are accelerating. Spanish Podemos, Brexit, Trump's election, the latest Italian government and French yellow jackets, all came from similar roots – in large democratic countries, the historic 'contract' between its citizens and its professional politicians and technocrats, to whom they give their trust, is very much at stake.

International institutions are under pressure. The UN Security Council's composition is challenged, the EU engine has stalled if not going into reverse on its values, NATO is challenged by the United States and international trade treaties are up for renegotiation, often as a result of tensions.

China is progressively imposing its power and expanding its geographical footprint and network. Its New Silk Road Project is an indication of its Western focus and its maritime presence in the Far East focuses attention on neighbouring countries. In many emerging or developing economies, there is evidence of the latest bridge being built by China. India is a formidable, discrete and humble giant, working hard on tackling poverty while further driving top-class education. It focuses on itself with strong commitment and great maturity but its ambitions will increase and this needs to be recognised. And of course, even if at a slower pace, Asian countries continue to grow with massive infrastructure investments.

So, what does all this mean for us? We are much less in a global world. Our world, and the way it has been governed for the past two hundred years, has been Western based with its 'recognised and agreed' rules. Most of this emanated from European colonisation, which was followed by US economic and military domination.

Macro countries such as China and India are now economically matching the United States, while macro regions such as Asia and Europe have a different momentum, agendas and cultures. Each will want to impose its rules; some will be exclusive and this is already happening with software and platforms. Political risks, sanctions and associated conflicts will increase and tensions will develop, even between allies of long standing.

This shift is good reason for the IIL to be alert to its core purpose: Instruct and Protect!

Instruct: We need to ensure that we all have the right skills and that we adjust our skill sets. We need to bring new talent into the profession, from all geographies and cultures, understand how to grow and leverage our global awareness.

Protect: Our aim is to secure our clients who operate worldwide, exposed to more political risks, bring them relevant solutions to further support their entrepreneurship and long-term sustainability. ●

SHORT- AND LONG-TERM PERSPECTIVES ON BREXIT

While the agreement by the European Council that the date of Brexit can be extended to 31 October 2019 (assuming the UK takes part in European elections) provides welcome extra time, the insurance sector and wider financial services industry continues to work hard to prepare for the UK leaving the EU. It is important to note that despite votes in Parliament against a no-deal outcome, this eventuality has not been ruled out, particularly as at this stage there does not appear to be a clear majority in the House of Commons for a deal that is likely to be acceptable to the EU-27. At the time of writing, a range of outcomes remain possible including a deal, general election or second referendum.

For many firms, Brexit preparations have included establishing new entities in the EU-27 or building up existing entities, dealing with issues around contract continuity and client outreach. But, of course, exiting the EU without some form of deal would have broad economic impacts. These would have significant effects on the insurance sector, and wider financial services industry, due to the central role financial institutions play in the economy. Insurers play a vital role in helping individuals and companies (both corporate and financial) manage risk and as long-term investors in UK assets are particularly exposed to the broader economic outlook.

It is essential that firms understand the potential broader economic implications on their business from a no-deal Brexit. But, equally, the sector as must start to look beyond Brexit to identify what opportunities there may be once the UK has left the EU.

This article sets out how the broader effects of a no-deal Brexit might impact on the insurance sector in the short term before considering the possible medium- to long-term opportunities for the sector after Brexit.

UNDERSTANDING THE SECOND ORDER IMPACTS ON THE INSURANCE SECTOR

How could the broader economic effects of a no-deal Brexit impact on the insurance sector? The severity of the second order impacts will of course depend in part on the preparedness of insurance sector clients and counterparts. The diagram shows the various impact channels which may impact on the insurance sector and the section below summarises in more detail how these could feed through.

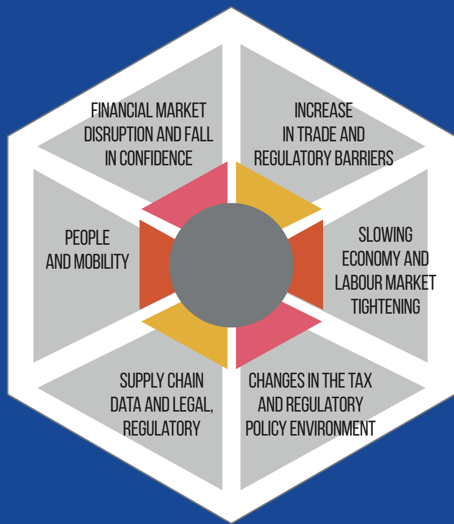
A no-deal Brexit is likely to see an impact on a range of assets, including sterling, equities and bonds. Previous periods of economic instability show the extent to which falling asset prices can impact on insurers' capital positions. In the short term, the Bank of England is also likely to reduce interest rates in the event of a no-deal Brexit, and insurers would have to deal with the prospect of 'lower for (even) longer' interest rates.

In the near term, insurers will need to support clients and customers to navigate changing financial risks. In the longer term, a slowing economy might have significant wider effects, including impacting on consumer behaviour and demand for retail products such as motor and travel insurance. In difficult economic conditions, insurers may also have to deal with rising claims, including fraudulent claims due to increased bankruptcies, both corporate and private, and the associated increase in unemployment.

Difficulties in the corporate sector are likely to lead to defaults on bonds and credit rating downgrades (with higher capital requirements for insurers exposed to these assets). Reduced investment opportunities as a result of a slash in capital and infrastructure spending by the public and private sectors might also be a factor.

Access to the right skills post-Brexit is a concern for the financial services sector as a whole and any disruption in travel between the UK and the EU is likely to have an impact on those firms undertaking cross-border activity.

For many corporates barriers to trade and disruption to supply chains are key concerns in the context of a no-deal Brexit. A slowdown in trade (particularly at a time when there are wider global trade tensions) may impact on revenue from services such as freight and marine insurance. If supply chains become severely impacted, insurers might even find that motor insurance business is impacted due to a shortage of parts.



But let the focus not be doom and gloom. The insurance sector has shown itself ever versatile and whatever the Brexit outcome, optimism must continue to prevail.

OPPORTUNITIES BEYOND BREXIT?

There remains significant uncertainty around the longer-term impacts of Brexit, which will depend on the outcome of negotiations on any future economic relationship should there be a UK-EU deal. However, despite the current uncertainty, it is time to start considering what steps the industry, regulators and government could take to build on the UK insurance sector's already world leading position. The recent announcement that the government would consult before the summer on the post-Brexit regulatory framework and the Treasury Committee's inquiry into the future of financial services shows these discussions are already taking place.

The UK regulators have been clear that there will not be a 'bonfire of regulation' post-Brexit. This is the right approach. A robust, well-regulated financial services sector is in everyone's interest. However, the EU approach to regulation has not always struck the right balance. There may, for example, be more scope for a focus on proportionality in the UK's regulatory approach post-Brexit. Sam Woods, CEO of the Prudential Regulation Authority has stated that 'there may be a reasonable case that a simpler (simpler, not weaker) regime for small firms would advance both our safety and soundness and competition objectives'.

The government and industry should also continue to seek to identify global opportunities for the financial services sector as a whole. The announcement that the UK and the USA will replicate the US-EU covered agreement is very welcome, but there are many other opportunities for collaboration and increased market access to other major jurisdictions for UK firms post-Brexit. As the developing economies around the world mature, they will need greater access to the risk management services insurers provide and with one of the largest insurance sectors in the world the UK is well placed to meet this need.

Outside of the context of Brexit, technological innovation is revolutionising the insurance and wider financial services sector. Those firms that embrace technological solutions to improve customer offering, drive operational efficiency and resilience and better manage risks will find themselves at the forefront of the insurance sector. Equally, industry, regulators and society as a whole is looking to the financial services sector to help contribute to meeting societal needs. The key role that insurers play in managing risk and helping individuals provide financially for their future means the sector will be central to this.

The short-term risks and uncertainties from Brexit are significant, despite the October 2019 extension, and all firms should still be prepared for a no-deal eventuality. It is important that the monumental challenge Brexit poses does not prevent longer-term thinking about the future of one of the UK's most successful and necessary sectors. ●

JANE PORTAS
Partner, PwC

BUILDING THE FUTURE AT LLOYD'S

Lloyd's redefined purpose is 'Sharing risk to create a braver world'

JOHN NEAL,
CEO, Lloyd's

Lloyd's has launched a consultation paper that sets out ways that it could build a nimbler and faster market that offers its customers outstanding products, services and insight, supported by technology, innovation and flexible, responsive capital.

It is a bold vision for change that is both timely and fundamental to Lloyd's success.

THE CASE FOR CHANGE

The world is changing. Technology and data analytics are disrupting traditional business models. Customers are facing new risks as their asset mix shifts from tangible to intangible and, consequently, they tell us they need new insurance products and services to protect their businesses.

Despite the increasing threat of new risks such as cyber-attacks and traditional perils such as windstorms, insurance buying is not keeping pace. For example, less than half the world's natural catastrophe exposure (USD225bn) in 2018 was covered by insurance.

The challenge the sector faces is that although people need more cover, they are not buying it. Risk buying is seen as costly and inefficient; products and services are out of kilter with customer needs; new capital, which reduces prices for customers and allows insurers to offer more cover, is not being accommodated as it could be; and we are still not facing up to the fact there is a talent shortage in the sector.

The good news is that these are all fixable. The foundation of success for all insurance businesses is a combination of good performance management, a strong capital base and market leading risk and regulatory frameworks. Insurers must supercharge innovation to create products and services relevant to today's customers' needs. We must prioritise reduction of buying costs; as a capital-dependent industry, insurers must make it easier for new forms of capital to attach to risk, thereby offering customers better value, and as human capital is more scarce than financial capital, the industry must compete harder for the best talent by creating an innovative, inclusive culture in which everyone is respected and valued.

The issue is clear: we either carry on with business-as-usual and risk becoming less relevant as customers see decreasing value in what insurance offers or change and realise the multiple opportunities afforded by new risk landscapes. Building greater trust with customers, supercharging innovation to deliver products and services more closely aligned to their needs and reducing policy costs, will help achieve this ambition.

TACKLING THE SHORT TO MEDIUM TERM

There is already a lot of work underway at Lloyd's to take on these challenges over the short to medium term.

We are ensuring the market's underwriting, and the way in which we assess and price risk, is world-class due to performance reviews and best practice standards. Lloyd's has launched an in-house innovation accelerator; it is investigating how to strip out costs and ensuring its people are empowered to set up Lloyd's for success.

Lloyd's is taking the opportunity to lead the sector on diversity and inclusion through a raft of initiatives including the international Dive In festival, new market-leading care policies and the unique, independent, market-wide survey being carried out to identify possible improvements.

In parallel, we are continuing to modernise the market. This provides the platform on which we can build further change because, as well as tackling the short to medium term, it is also the responsibility of every market leader consistently to re-evaluate and improve their customers' experience for the medium to long term.

This is a duty Lloyd's has embraced throughout its history. Whether providing new types of insurance in new classes of business or reinventing the way capital comes into the market, Lloyd's has always strived for excellence.

DESIGNING THE FUTURE AT LLOYD'S

Future success will come about by providing even greater value to customers. They require more comprehensive cover and highest-quality protection, a simpler process for accessing products and services and lower costs of doing business at Lloyd's.

Our market tells us (in hundreds of interviews carried out with customers and stakeholders) we should do this by building an inclusive and innovative culture within the Lloyd's market for our talented people and for customers. They say our market must and will reflect the diversity of our customer base, and our talent agenda will be designed to attract the best and offer an open, honest and flexible working environment.

This is our aim and one we are determined to achieve. To start the process, Lloyd's redefined purpose is 'Sharing risk to create a braver world'.

> HUMAN CAPITAL IS MORE SCARCE THAN FINANCIAL CAPITAL

The new consultation is the next step. It contains six stories, which set out possible ways we could provide even greater value to customers and other stakeholders.

Story 1 describes a complex risk platform that uses data and technology to enable customers to buy insurance quickly and easily for the most difficult-to-cover risks. The policy process is automated across quote, issue and bind in a single digital end-to-end workflow. Customer needs are automatically matched to a panel of syndicates that have pre-defined their risk appetites and areas of expertise within the system.

Lloyd's Risk Exchange is an online platform, backed by the Lloyd's central fund, strong financial ratings and robust regulatory oversight, which customers and brokers can use to place any low complexity risk in the Lloyd's market, according to pre-agreed preferences. Policies bought through the exchange are lower cost because Lloyd's has pre-packaged the policies, removing the need for individual negotiations and bespoke product design.

Story 3 describes a flexible capital structure which provides an easy and effective way for capital to access a diverse set of insurance risks on the Lloyd's platform.

The Syndicate-in-a-Box solution makes it easier for new, innovative market entrants to join the market and buy centralised services from other market participants or third-party providers that they can't or don't want to carry out.

Story 5 describes the Next Generation Claims Service, which by automating much of the process, pays claims within a few hours of a loss event taking place.

The sixth option details the Lloyd's ecosystem of services, data, partnerships and technology that market participants can access to offer even better and new solutions to customers.

By adopting some, or even all, of the solutions in this document, and others that may come out of the consultation process, Lloyd's will build on its existing unique qualities to create a market and ecosystem that provides customers and other stakeholders with an unrivalled range of easy-to-access innovative products and services.

Feedback from the ten-week consultation will be used to develop a blueprint and the prototypes for the options set out in the document and/or any others that come out of the consultation.

Together with customers and other stakeholders, Lloyd's will start delivering 'quick wins' as soon as these are seen and from October 2019 onwards will begin building and delivering the full solutions on a case-by-case basis. Some components should be operational in early 2020.

This is a once-in-a-generation opportunity to build the future at Lloyd's. By doing so, all those involved will play a leading role in transforming our sector in response to the challenges and opportunities that it sees today.

The full consultation document with more detail on the six stories is available at **www.lloyds.com/thefutureatlloyds**

BEING ON THE FRONT FOOT

and looking at the world through a client lens

The London Market Group (LMG) first laid out its vision and action plan in 2015 following the publication of the original London Matters report. That report responded to a particular set of circumstances and market needs and it was relatively defensive in its tone. When Andrew Horton, CEO of Beazley, took over as Chair, it seemed a good moment to take a step back and ask to what extent the LMG's original remit was still relevant for the market today and whether it was time to move towards a more positive, proactive positioning of its activity. My arrival as CEO, as well as a number of new board members, made it even more important for us to agree what the London market is trying to achieve, and how the LMG should help achieve that vision.

The board discussed at length the role that it felt the London market played in a global context and if how we described ourselves was fully capturing what the market offers – and therefore whether what the LMG is doing is correctly focused.

A DYNAMIC VISION

Vision for the London market
To be the leading client-centric global provider of specialist commercial (re)insurance knowledge and solutions

Role of LMG in realising the London market's vision
Assist the London market to dynamically assess (re)insurance risks, leveraging knowledge and thought leadership to develop innovative solutions that support clients and insurance markets in the UK and overseas, ensuring that these are delivered within an efficient operating environment

This represents an evolution of what has come before rather than a revolutionary change of direction. The changes can be summarised as:

- a specific articulation of a focus on client need;
- a more dynamic sense of responding to almost continuous change;
- a greater emphasis on the depth of knowledge that the London eco-system has to offer; and
- a clearer expression of London's place within the global insurance market – offering support and interaction as much as competition.

We are looking at the world through a client lens. Successful businesses tend to be those that take the time to understand clients' needs and to try to meet them. The board felt that a sharper focus on client need plays an important part in retaining and attracting clients in London. And that has a critical impact on what we do and how we talk about ourselves. By shifting the emphasis to 'client-centric' and 'solutions', we put customer needs front and centre of what the London market is all about.

Brexit has been a powerful demonstration that things change externally very quickly. It was not on our original agenda but is a perfect example of how the world has changed in ways we could not predict five years ago. The board wanted to encapsulate this by talking about our ability to respond dynamically by being a continuously evolving eco-system.

Previously, we spoke about London's position and reputation as the global centre of insurance excellence. The board felt that this needed to be unpacked to highlight its constituent parts – the solutions and knowledge that are so integral to what makes London different. Whether in mature areas such as marine or emerging risks such as cyber, knowledge is a key attribute that will attract business to London.

And finally, we wanted to reflect on London's place within the global insurance market. London supports global customers and initiatives, as well as other insurance centres around the world where insufficient capital is available in local markets. It was felt that this sense of interconnection should be explicit in describing what we do. We also wanted to develop the concept of support by positioning insurance and the London market as a key enabler of sustainable economic growth and social development.

CONTINUITY AND CHANGE

In terms of activity, the first thing to say is that the work we are doing today continues – all of it is vital to ensuring London remains a leading centre for specialist commercial re/insurance. We will continue our work in:

- building a diverse and dynamic workforce;
- creating a better business environment;
- making London an easier place to do business; and
- telling the London market story.

But these work streams will be shaped by our new vision going forward, and activities will evolve to reflect changes in emphasis. For example, in looking at our work to create a better business environment, we will seek to widen what we do with both our own government and those in other countries to look for opportunities for trading with other third countries in a post-Brexit world – reinforcing our global relevance. There will also be differences in how our work fits together and the addition of other work streams. Our initiatives are interconnected and we want to ensure that we maximise the impact we can have by ensuring that we understand clearly where there are coalitions of interests in the work we do.

The two new work streams focus on clients and knowledge. We recognise that every broker and underwriter invests significantly in understanding their clients' wants and needs. We have no desire to replicate that work. But each business has a single viewpoint and its own agenda.

The board feels that there is value for the whole market in getting a wider perspective – literally seeing a bigger picture. This work stream will partner with trade bodies and associations to build a collective view from groups of stakeholders on the issues that matter to them. These findings can then be shared widely across the market – a counterpoint to individual research. This work will be led by Sheila Cameron, CEO of Lloyd's Market Association.

As part of our review of how we describe ourselves and what we do, we found ourselves talking a lot about knowledge and intelligence. So, we want to develop that line of thinking by creating a new work stream which focuses on just that; this will be led by Dave Matcham, FCII, CEO of the International Underwriting Association. The aim is to curate knowledge and intelligence from inside and outside of the market to generate original thinking on issues of collective interest. By commissioning research or partnering with academic institutions or think tanks, we want to leverage the tremendous intellectual capital that is an inherent part of being a leading global centre. We want to deliver multi-faceted thinking that helps to stimulate debate around common problems and collective solutions.

COLLABORATION AND COMPETITION

The interdependence of our market is both strength and a challenge. Our ability to compete and collaborate simultaneously gives great vibrancy and creativity. But change cannot always happen through the action of individual market participants. It often needs a catalyst and conductor. The LMG has demonstrated the importance of its role in this process, and we can build on what we have done to deliver more.

CLARE LEBECQ, ACII
CEO, London Market Group

EMBRACING MARKET MODERNISATION

Embracing new technology is critical for the industry to continue to evolve

The evolution of our profession is key to its continued success. The growth of technology platforms and use of aggregators has had a significant impact across consumer lines of business and are becoming more embedded in the commercial arena. As this technology moves into the London market, it is changing the way we place business. The adoption of the electronic placing platform (PPL) is an essential part of the market modernisation required to ensure our industry does not stagnate.

As a leading advocate of modernisation, Willis Towers Watson has fully embraced the adoption of electronic placement via PPL. Our approach has been to openly encourage and report usage across all of our lines of business, actively led by our broking leaders and supported by our executive team. We strongly believe that PPL can save considerable time and effort for our brokers by negotiating, binding and endorsing business digitally and thus allowing them more opportunity to provide optimal client value.

BRINGING THE MARKET TOGETHER

Industry collaboration has been critical in the development of the PPL platform. Determination from business leaders across the industry to modernise the London market has contributed to the growth in adoption rates. Transforming a market that has multiple players with varying interests is never an easy task but at Willis Towers Watson we embrace market modernisation and have made a significant investment across our business, initially to support implementation and, more importantly, focused on ongoing change management to ensure adoption.

But we also recognise the challenges that modernisation can bring. While some of the more seasoned insurance community were initially sceptical about the introduction of electronic placing, it is clear that, in eighteen months of using PPL, it is now considered ‘business as usual’ across many of our lines of business. To encourage adoption, we produce transparent internal league tables using some of the rich management information available. These help identify areas in which we need to focus more management attention and understand

where improvements can be made to both the process and the platform.

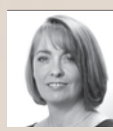
We are one of the first brokers to fully utilise end-to-end PPL capability beginning at the quotation stage, which enables electronic trading to be embedded throughout the risk life cycle. Our approach has been to make heavy investment in training, supported by dedicated resources, to ensure all of the ongoing feedback from colleagues is captured within Willis Towers Watson and fed back to PPL. This helps to further enhance the platform and the market practices it supports.

As an example of this, we have collaborated closely with underwriters Atrium to identify ways to develop improvements on PPL between brokers and carriers. We connected our placement teams to establish key touch points between broker and carrier, including submission, binding and endorsement, to identify efficient ways to use the platform and aid collaboration. This highlighted some key areas for technical improvements that avoided duplication in the process and enhanced e-placement. We recognised that by working together we could make the system far more efficient and improve the broking process. This example demonstrates the importance of industry collaboration as we continue to develop our e-trading capability.

As our industry continues to evolve, it is clear that many of our younger brokers are already very familiar with e-trading and our internal feedback tells us that they would like PPL to develop quicker and be more 'App friendly'. As a result, we work closely with our carriers to highlight improvements and similarly work collectively with our market peers (via LIIBA) to ensure the enhancements our brokers identify are understood and prioritised by PPL.

We are investing heavily from a leadership perspective in supporting this change, ranging from the provision of training through to building PPL adoption targets into personal objectives and we regularly review our adoption rates. We also welcome the introduction of LIIBA-produced broker league tables, which will be an effective way of driving further engagement and adoption across the community. Ultimately, the end goal has to be for underwriters and brokers to reach maximum adoption and build more digital capability into the market. There are challenges to overcome but with the right organisational mind set this is a highly-achievable goal.

The role of the broker is changing and embracing new technology is critical for the industry to continue to evolve. Our clients are aware of the need not only to control their total cost of risk, but also their premium spend. They are interested in finding the optimum financial solution and often consider alternative risk finance options. Increasingly, risk consulting services are no longer an 'add-on' but part of a more rounded approach to business. The modernisation of our marketplace is critical in providing cost-effective solutions, improved time management and the delivery of innovation for the multi-generational workforce of the London market.



KATE ROY
Chief Operating Officer,
Willis Towers Watson GB

INSURANCE MARKET REGULATION

The case for insurance: the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) should have a revised mandate to 'promote' the insurance industry

Over time the core objectives of the regulators have changed. While the predecessor of the FCA, the Financial Services Authority, had an objective of 'encouraging market confidence in the UK financial system', the regulatory objectives of the FCA and PRA are now, correctly, heavily focused on protecting consumers, maintaining the financial and cultural stability of firms, and facilitating effective and healthy competition between firms. However, the insurance sector would not be blamed for a general feeling that regulators have lost their focus on ensuring that the UK is attractive for insurance firms.

Although the stated objectives make sense and underline the aim of those in insurance to treat customers fairly, in uncertain and potentially challenging times, could the regulator not do more to promote and support the insurance sector?

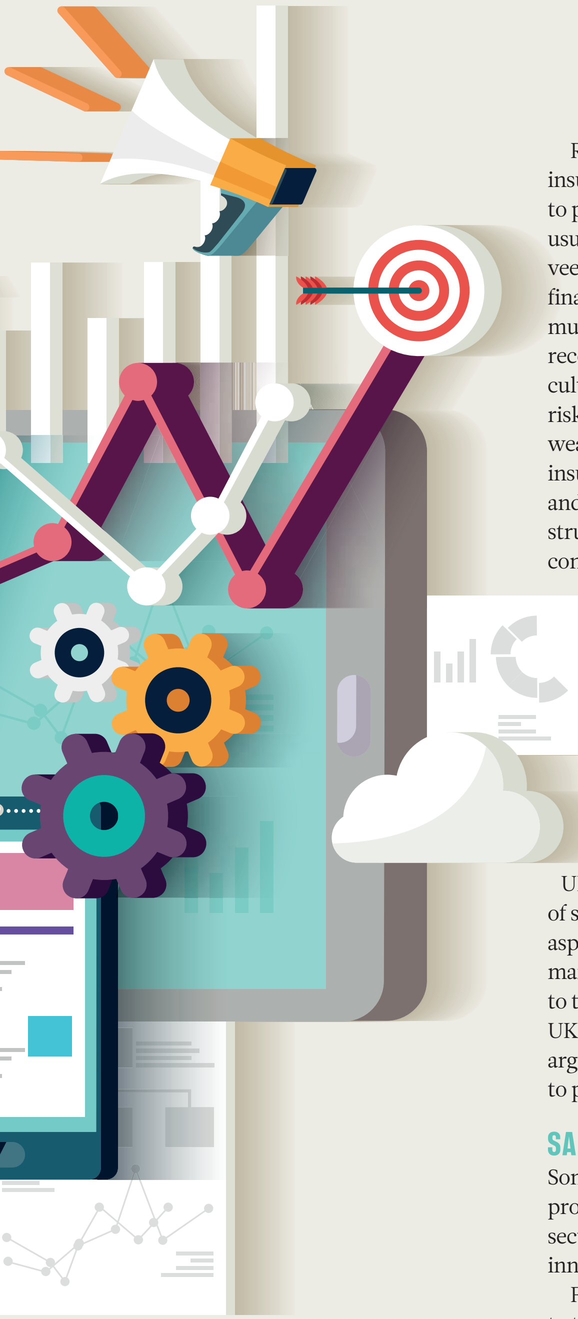
The traditional view and remit of the regulator is as the gatekeeper (the Authorisation and Supervision departments) or even the gamekeeper (Enforcement and Market Oversight Department), not as an active promoter of the financial services. However, promotion comes in many different forms and even marginal changes to the regulator's approach could benefit the sector as a whole.

PRINCIPLES OF GOOD REGULATION

Regulated firms and their senior managers will be aware of their regulatory responsibilities under the Principles for Businesses (PRIN); what is less known is that the regulators must have regard to similar principles, called the principles of good regulation ('the principles'). Certain principles: proportionality, recognising the differences and sustainable growth, could be used to promote insurance.

Applying the principle of proportionality to the insurance sector would acknowledge that there are certain times of the year when insurers are under considerable time pressure, such as 1-1 renewals. Concerns were raised generally that the FCA requested sizable quantities of data, from some 73 brokers and 49 underwriters, for the Wholesale Insurance Brokers Market Study ('the Study') at 1-1. Although the regulator later applied some flexibility to the timing and method of delivery of the data, there was a sense that the regulator did not recognise the significance of the timing of the information demand and the depth of the policyholder personal information requested, certainly when GDPR was still ringing in the sector's ears.

When the regulator imposes a requirement or burden on the sector, it must ensure that it is proportionate to the benefits the regulator expects, taking into account the cost (and time) to the regulated firm. Those contributors to the Study would not be surprised to hear that the FCA found no evidence of significant levels of harm that would merit the introduction of intrusive regulatory remedies.



Recognising differences between insurance and banking would also assist to promote insurance; a regulatory shot, usually an angry one, aimed at banks can veer off and hit the next largest sector in financial services, insurance. The regulator must exercise its functions in a way that recognises the differences in the nature, culture, objectives and true regulatory risk of insurance compared to banking, wealth management and stockbroking. The insurance customer or policyholder journey and carrier/intermediary remuneration structures are materially different when contrasted to similar arrangements for banks and their customers.

As we approach uncertain times, the principle of sustainable growth should be reflected in the regulator's approach to ensure that there is a desire for sustainable growth in the UK economy in the medium and long term. Post Brexit, the growth in financial services will play an even greater role in the UK economy, and act as a benchmark of success. Given the truly international aspects of the London market, and the market's little to no adverse contribution to the financial crisis, as well as the sector's UK employer role, there is a credible argument that the regulator should do more to promote/support the insurance sector.

SANDBOX

Some insurers have already seen a proactive approach by the regulators to the sector, with the regulators encouraging innovation.

For example, potential new entrants to the market may benefit from the joint initiative from the PRA and FCA, which established the New Insurer Start-up Unit (NISU), created to provide information and support for new insurers.

Similarly, authorised and unauthorised firms can use the FCA's regulatory 'sandbox' to test innovative products, services and business models in a live regulatory and market environment. Since its inception, several insurance intermediaries, partnered with large insurers, have used the 'sandbox' to test propositions designed to enhance the distribution process and policyholder experience.

INTERNATIONAL EXAMPLE

There are international examples of regulators promoting insurance such as the National Association of Insurance Commissioners (NAIC) in the United States, created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five US territories. The NAIC's stated mission is to assist state insurance regulators, individually and collectively, in serving the public interest and achieving fundamental insurance regulatory goals in a responsive, efficient and cost-effective manner, including to 'Promote the reliability, solvency and financial solidity of insurance institutions'.

PRECEDENT AND HEADROOM

There is precedent. UK regulators were seen to 'promote' or at least encourage the insurance sector with their regulatory approaches to the relatively new Insurance Linked Securities (ILS) regime. However, regulators may argue that there are enough regulatory objectives, and a specific objective to promote insurance is disproportionate for the regulatory outcome and customer benefit. Certainly adding to statutory objectives has its challenges, but in support of the objectives are the regulators' annual priorities published each year in the regulators' business plans.

Such priorities are reactive to the current economic, commercial and regulatory environment; it would not surprise anyone that Brexit planning leads the regulators' current priorities, but regulatory priorities are more flexible and once a regulator feels that a sector has embedded an approach or behaviour, which the priority was intended change or encourage, then the priority can be changed.

Fundamentally there is nothing to hinder UK regulators from promoting the insurance sector, be it through objective, priority or general mandate; and yet the rewards to the sector and UK economy, as a whole, would surely outweigh any perceived regulatory burden to the regulators.

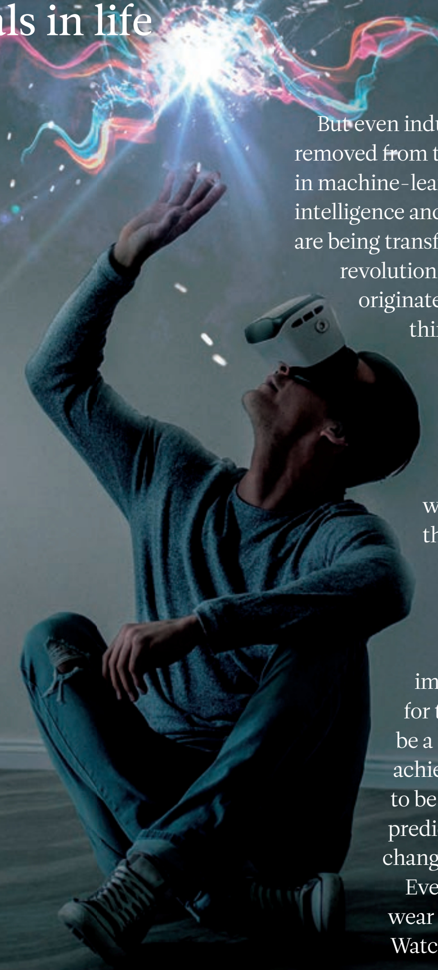
RICHARD BURGER
Partner, Global Regulatory, Compliance & Investigations Group

CHARLOTTE EVANS
Solicitor, Global Regulatory, Compliance & Investigations Group of DWF Law LLP

TECHNOLOGY AND MANAGING INVESTMENTS

LISA RODWELL
Chief Customer Officer, Nutmeg

Technology-led investment firms will be able to help people to achieve their big goals in life



It took more than a century after the invention of the typewriter in 1860 for the first personal computer to be created in 1965. In that same year, Gordon Moore made a prediction that would set the pace for our modern digital revolution. From careful observation of an emerging trend, Moore predicted that computing would dramatically increase in power and decrease in relative cost, at an exponential pace. Of course, his position as co-founder at Intel – of the 'intel core processor fame' meant he had a vested interest. But he was right: it took a hundred years for the typewriter to become the personal computer, and half that time for nearly nine in ten households in the UK to own a computer.

The advancements in technology and the pace at which it is changing our day-to-day lives are barely fathomable. It was 1990 when Tim Berners-Lee invented the World Wide Web; by 2012, over two billion people used the internet, twice the number of people using it just five years earlier. And now, we can access the internet from almost anywhere in the world thanks to advances in smart phone technology.

But even industries that seem far removed from the advancements in machine-learning, automated intelligence and computing power are being transformed at pace. And revolution doesn't always originate where you might think it would. In 2017, when British inventor Sir James Dyson, announced plans to launch a driverless car by 2020, there was scepticism that the billionaire who revolutionised the vacuum cleaner and a team of 400 engineers would deliver the improvements required for the £2.5bn project to be a success. Whether they achieve their aim, is yet to be seen. But as Moore predicted in 1965, the pace of change is rapid.

Even the accessories we wear are getting smarter. Watches, fitness trackers and wearable tech have moved beyond counting our steps and tracking our heart-rates, now they'll tell you if you need to get up and move around, how long and well you're sleeping, and you can even take a phone call on them or pay for your shopping.

THE ADVANCE OF TECHNOLOGY

Wealth management and the world of investments has lagged behind other sectors. Seven years ago the wealth management landscape in the UK looked very different. Investors searching for financial advice and wealth management expertise had only one option – a face-to-face interaction. What's more, anyone looking for a wealth manager needed £800,000 to just get their foot in the door. Nutmeg launched, borne out of a frustration with this traditional sector that hid behind long policy documents full of complex jargon, unclear and unfathomable pricing structures and exclusivity, as it shunned technology and all the benefits it could bring.

Digital wealth management – coined by journalists and commentators alike as 'robo-advice' – gives people, who are adopting technology in many aspects of their lives, the ease to do the same with their investments. Investors can see the costs and charges they'll face in pounds and pence on our website before they've signed-up. Through our online dashboard and mobile apps, customers can see exactly where they're invested, how their investments are performing and change their risk level and make contributions.

It's easy to see why the industry is growing, both in terms of numbers of customers and the amount of money managed on behalf of investors.

Increased use of machine learning, artificial intelligence and computer power will fundamentally change this industry in the same way it is transforming the automotive and fitness industries. We only need to look around us to see that we're living in a world where everything that can be, will be digitised and automated. The businesses we interact with on a daily basis are increasingly using man and machine to deliver better outcomes for customers.

WHO USES TECHNOLOGY TO MANAGE INVESTMENTS?

There's a perception that the digital revolution is only for millennials – a generation of people used to interacting with technology, apps and keyboards that prefers to use intuitive and convenient tech rather than requiring in-person interactions. However, Nutmeg customer insight demonstrates that it's not just millennials that are adopting this approach. Yes, we have customers who are 18 years old, but our oldest customer is 103 and the average age is 39.

It's understandable that those approaching retirement, or those who are already enjoying it, are thinking about how smart technology can help them with financial planning. In October 2018, we launched a financial advice service that uses technology to drastically reduce the cost of financial advice and increase efficiency. By digitising the traditional fact-find process for financial advice, people can provide us with details about their circumstances and investment goals at a time that suits them. Having used technology to reduce the time requirement initially, we can focus the human time where it has the most impact.

In addition, the introduction of the pension freedoms in 2015, gave British retirees much greater choice about what they do with their hard-earned investments. In light of research showing that the average UK worker will now have 11 workplace pension schemes during the course of their career, some of which could be quite small, retirees are increasingly looking for ways to consolidate their pensions in one place.

Online wealth managers offer investors a way to keep multiple investments in one place, whether they are in a pension, ISA or general investment account. Investors can keep funds separate with different investment goals and risk profiles, can clearly see how much they have invested, change their risk profile and the impact changing time frames or risk-rated portfolios has on their overall goals.

WHAT DOES THE FUTURE HAVE IN STORE?

We only need to look around us to see that we're living in a world where everything that can be, will be digitised and automated. Whether it's driverless cars or the next iteration of Siri – the businesses we interact with on a daily basis are increasingly using man and machine to deliver better outcomes for customers. Our industry is no exception.

Online wealth management is fundamentally about helping people to achieve their big goals in life - such as buying a house, paying for education, saving for a rainy day and preparing for retirement. And we believe that online wealth management will be the main way that people invest in the future. It's not just about digitising what we already do now, but artificial intelligence will fundamentally change our business, our industry and most importantly the way we serve our customers.

In much the same way that the invention of the personal computer and the internet transformed the way we communicate – much beyond the expectation of typewriter users – technology-led investment firms will be able to help people to achieve their big goals in life and in a way that people want, need and expect. ●

Nicolas Aubert, Head of GB, Willis Towers Watson, and President of the Insurance Institute of London talks to **Albert Benchimol**, CEO, AXIS Capital

NA: How did you get to where you are today as the CEO of AXIS Capital?
AB: Following 11 years at Reliance Group and an earlier stint at the Bank of Montreal, I became CFO of Partner Re and CEO of Partner Re's Capital Markets Group business. I joined AXIS in 2011 as Chief Financial Officer, and was named CEO in 2012. How I got here is no different than most people who have become a company CEO: a lot of hard work, good luck and many great mentors and colleagues along the way. I am very fortunate that I have the opportunity to work alongside so many good, smart and hardworking people as we have at AXIS.

NA: What do you see as the AXIS role in the global (re) insurance market?
AB: We're passionate about the social purpose of insurance and its role as the safety net for the world's economic activity. We give people and businesses the confidence they need to take on necessary risks in pursuit of their goals, because they know we will be there to help them in the event that something unfortunate happens. What's wonderful about what we do at AXIS is the opportunity we have to work in a broad array of both insurance and reinsurance markets around the world. We have a unique and advantageous perspective, being a hybrid specialty insurer and global reinsurer.

Beyond satisfying the needs of our customers and partners in distribution, we believe that we should advance the industry's development and progress and the value that it gives back to our customers. We are doing this in several ways, including the development of new products to meet emerging risk mitigation needs and engaging various industry groups and associations, such as the Insurance Institute of London and the Council of Lloyd's, the latter of which I am proud to be a member.

NA: How do you think that AXIS can play a role in providing better and wider protections for clients' risks, no matter where those risks may be located?

AB: We consistently hear from risk managers and brokers that they are seeking solutions or mitigation strategies for a number of new and emerging risks. There is also a significant and growing insurance protection gap across the world, even for risks that our industry already covers, such as agriculture, catastrophe and casualty.

These dual threats – a growth in emerging risks and a rising protection gap – present an opportunity for all of us who operate in the London market, including AXIS, to continue to invest in product innovation to find new ways of satisfying the unmet risks of our customers and partners in distribution.

NA: The company has undergone a lot of change in the last year – acquiring Novae, a new CEO for AXIS Re, and a transformation programme. How do you sum up the total impact of those changes and how they position AXIS for success?

AB: For a few years our business has been evolving to match the accelerating pace of change in the industry; 2018 was an extraordinarily productive year for us. The acquisition of Novae (which we closed in 2017 but completed the majority of the integration in 2018) was critical in advancing our leadership in London for global specialty risks.

We are pleased with our progress to date. Novae's team and book of business were just as good, and complementary to our own book, as we expected. The market has received our new, merged business with enthusiasm, which speaks to the strength of the unified AXIS and Novae teams, and our combined position in the London market.

Our ongoing transformation initiative is all about making AXIS ready for the future. In 2018, we made significant changes to our organisation to increase speed and efficiency, break down silos, enhance synergies and achieve a number of cost efficiencies so that we could reinvest back into the business. That has enabled us to accelerate our investments in talent, data, analytics and technology. We're now in a position where we make better decisions faster and our teams are better equipped to serve our customers and distribution partners.

NA: What is your view on the role and value of the London market and what it needs to do to ensure its long-term success?

AB: For as long as there has been insurance, London has been the global hub for specialty risks. There is more broking and underwriting talent in EC3 than in most other continents. The London brand has always stood for expertise and innovation in insurance.

We are deeply involved in the success of Lloyd's and of the London market. I am excited by the very real sense of progress the London market is making, but I'm also realistic about the challenges. A disciplined focus on profitability, innovation and mutual commitment will ensure the continued viability and pre-eminence of the London market.

NA: Why did AXIS invest in London through the Novae acquisition during a period when so many people were questioning the viability of the London market?

AB: AXIS originally invested in London, and doubled up with our Novae acquisition, because we believe Lloyd's will evolve from today's disruptions and technological changes to remain the global hub of a vibrant insurance industry. In business, decisions are made and based on views of the future, not the past. We recognised when we acquired Novae that London was in a challenged position. Yet, it remains the leading market for specialty risk, with £35bn of premium coming to the market every year.

We looked at all the talent and we were convinced that when the market finally got around to recognising it had a problem, all that talent would work together to make London the profitable, disciplined, innovative market that has allowed it to thrive for over 300 years.

"THERE IS MORE BROKING AND UNDERWRITING TALENT IN EC3 THAN IN MOST OTHER CONTINENTS"

NA: What actions would you like to see the London market take to tackle its challenges and leverage its opportunities in a transforming world?

AB: I think of the foundation of success not as a product, process or market, but as an attitude and a focus on adding value. At the end of the day, the most successful companies measure their success by more than just their top line or their bottom line. They measure their success by their contribution to society, their customers, and to their industry.

We are so lucky in insurance that our social purpose is so core to our society. We are the safety net for economic activity. We help people take on risks, help them when they're down.

We need to recognise and better promote our value-add to society. This will help make our industry even more attractive to the innovators of tomorrow.

A challenge we must tackle is embracing the future. It never pays to push back progress; we have to embrace it enthusiastically and aggressively. On this front, we can learn a lot from other industries.

If we can do those two things, while remembering that our job is to satisfy our customers, help society and make a profit in the process, we will do very well in a transforming world. ●

LAUNCH OF NEW IIL CYBER LECTURE COMMITTEE

'Results will improve only when most insurance managements become so fearful that they run from business ... The picture would change quickly if a major physical or financial catastrophe were to occur.' So said Warren Buffett in his 1990 letter to shareholders. You probably hear underwriters in some lines of business saying something similar today. The soft market faced in the early 1990s also had a new scary line of business on the horizon: the insurance against 'super-cats' or what we now call natural catastrophe insurance. Today, we are in a similar situation with weak rates across many lines of business, reserves deteriorating and cyber as a new uncertain risk.

Nevertheless, there is plenty of cause for optimism with new technologies and business models emerging that challenge the status quo. Big data, machine learning, and user-centred software approaches offer much to the insurance industry. The interest in these topics is reflected in the feedback the Insurance Institute of London has received from members. As a result, we have set up a committee on cyber, tech and innovation to source and deliver lectures on these topics.

Cyber is a complex area of insurance that must directly try to keep up with the rate of change in the world. It is a peril, a line of business and hidden in contract wordings across the industry. Cyber has leapfrogged other more mature classes of insurance in some areas and, in particular, cyber insurers very often partner with external technology to provide not only risk transfer but also risk mitigation capabilities. This improves both the quality of underwriting and the outcomes for the insured and will likely be an increasing trend in other lines of business as access to data and new methods to analyse data expand.

While InsurTech is currently something of a buzzword, we are starting to see some tangible examples of new software techniques changing the way insurers do business. The 40% expense ratio in commercial insurance is not sustainable and reducing that ratio will have to come from some disruptive approaches whether executed by the current players or new entrants. If we look historically, using a selective sample, you might say that insurance innovation from incumbents has focussed on product and business model innovation – RBS created the first direct to consumer motor product (Direct Line) and Admiral an early aggregator (Confused.com); while innovations from outside were more centred on clever data and software techniques such as third-party catastrophe modelling (RMS) and complex analysis of claims (Guidewire). The opportunities in insurance today sit at the crossroads between the two and it's exciting to see who will win.

As a committee, we are keen to practice what we preach by using technology and thus we will produce short videos of industry leaders sharing their thoughts on industry trends. Please do get in touch: offer to speak, recommend a topic, or suggest a speaker by emailing iil.london@cii.co.uk

We are very excited about the talks coming up in the 2019–20 lecture programme. Please look out for talks on the biggest threats in Cyber insurance (e.g. ransomware and individual targets of hackers) and on how machine learning will change the industries we serve as well as our own. Listen to the talks but be warned by, perhaps the most famous insurance luminary, Franz Kafka, 'they say ignorance is bliss ... they're wrong'.

ROB WINDSOR-CLIVE, ACII
Product Manager, Babylon Health
Chair of IIL's new Cyber, Technology and Innovation Lecture Committee

PROGRESS MADE BUT MORE TO GO

Much has changed in the London market since I became the IIL's first Diversity & Inclusion (I&D) Champion in 2012.

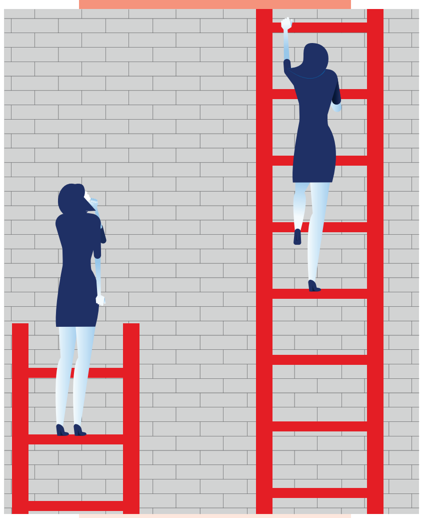
- We have witnessed the launch and growth of the Dive In Festival, which in 2018 had events in over fifty cities.
- The market now benefits from cross-market I&D networks focused on gender, ethnicity, sexual orientation, families and carers, and disability and mental health.
- London market firms are now winning I&D awards such as the European Diversity Awards, signing up to initiatives such as the Women In Finance Charter, and coming out in the top 100 of Stonewall's LGBT Workplace Equality Index.

One could argue that the industry can stop focusing on I&D. But how much progress have we really made?

While flawed in some ways, gender pay gap reporting found that London market insurance firms had some of the worst gaps in the UK. It highlighted a notable lack of female senior leaders in the market. There also continues to be a lack of I&D data collection within companies.

I predict that the UK government will refine and improve gender pay gap reporting and extend it to other areas, such as ethnicity. Regulators are increasingly making noises about lack of progress within financial services, linking I&D to better governance and enhanced customer outcomes and might require regulated financial services firms to provide enhanced disclosures on employee diversity.

So how can companies build on the market's I&D achievements?



- Data Collection – Companies need to collect a broad set of data from employees and prospective recruits to identify I&D challenges and identify trends such as higher turnover within a particular diversity strand. They also need to include questions on inclusion within their employee engagement scores (and diversity characteristics) to measure progress in creating inclusive cultures.
- Inclusion – Firms should be moving on from diversity to inclusion. There is no benefit in recruiting diverse talent if they leave a company or fail to progress due to a lack of an inclusive work environment. Our focus on diversity also can't neglect the commonality that exists. We have more in common than what separates us. A truly inclusive culture includes all types of diversity and is built on values that are common, such as respect, trust and integrity.
- Recruitment – Companies need to modernise recruitment. For entry-level talent, employers should hire from a wider selection of education institutions, implement open and merit-based internship and work-experience programmes and pay apprentices a salary that enables those not living at home or with wealthier parents to live on their wage. The industry must do more to promote insurance as a career to a more diverse population.

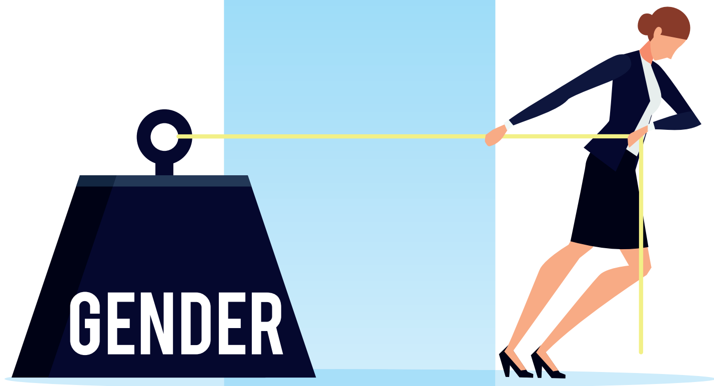
There are resources available to help tackle these three challenges. The Employers Network for Equality & Inclusion, for instance, offers support to firms on their I&D journey, while the CII and Inclusion@Lloyd's have guidance tailored to insurance firms. The IIL, via its I&D Committee also runs I&D lectures and signposts resources on the IIL website.

The London market has come a long way in terms of I&D. For example, during 2012–19, more than twenty internal company LGBT networks have emerged.

To maintain momentum and create a truly inclusive industry we need to focus on data, inclusion and recruitment. The CII should continue to lead the profession on I&D and engage with financial regulators on their work in this area. If we do this, we will continue to make progress and strengthen London's position as the true global centre for specialist insurance and reinsurance, while fulfilling the CII mandate to inspire public trust in the sector.

ERIK JOHNSON, ACII
Chartered Insurer, Head of Syndicate Management, Pioneer Underwriters

‘MY EXPERIENCE’



I sat in the presentation led by Inga Beale on the day Lloyd’s published its gender pay-gap statistics, and recall being neither surprised nor depressed by the figures. Lloyd’s held out for more than 287 years before allowing a female broker into the underwriting room – 1973, some half a century after women got the right to vote. With all that history, change is not easy to achieve particularly where the vast majority are ignorant, or worse reluctant, to recognise there is a problem. Personally, I am confident that as generations shift so will equality and the pay gap will naturally narrow. This will be change in its truest and most sustainable form.

When I first ventured into the insurance market as a graduate trainee, I entered a completely alien environment. Coming from a family history littered with formidable matriarchs, attending a girls’ grammar school and then barrelling through a gender-balanced university course left me completely ill prepared for the world I faced. I entered the City steeled to wage war on ‘social diversity’, only to swiftly realise that my gender was far from a non-issue.

Let me colour that statement with some examples. Though expecting to wear smart business attire, I was advised in my first week that to gain access to Lloyd’s I actually needed to wear a skirt. When discussing broking tactics on a tricky placement the primary advice was to ‘wear a short skirt’. The facial expressions read, ‘we’re not joking’. Showing business guests into a meeting room equipped with notepad, business cards and what I hoped was a confident handshake, I realised when they blanked me that they assumed I was the receptionist.

> I TOOK A CONSCIOUS DECISION TO PROVE MY VALUE ON MERIT

These are quite harmless examples but for me they resonated. I realised when you are part of a minority group (at that stage I would estimate that the market was 90% male), raging against the machine just provides a convenient excuse to dismiss you in a stereotyped bracket. Therefore, I took a conscious decision to prove my value on merit, hard work, stay true to myself and never exploit gender differences to gain advancement. A worthy mantra but was it the key to unlocking a successful career? To be honest, I don’t know. Everyone needs their fair share of luck and there’s always an element of right time and place. For me, this came in the shape of moving across from broking to underwriting at a point in the insurance cycle when the market hardened. As an underwriter, I am under no illusions that brokers who transacted business with me were acting solely from free will. However, those negotiations and positive outcomes helped counteract any gender prejudices and made it a little easier for the next woman stepping into similar shoes.

In a moment of reflection, it is reassuring to acknowledge that as a profession we’ve come a very long way. But there is still work to do. However, with the advancements in communication and the trend towards ‘hot-desking’, flexible working is becoming a norm. Such trends pave the way for long and successful careers that are compatible with family life. Women no longer have to make binary choices. Moreover, having that choice is essential to a balanced society – and indeed light years from the inspiring Lloyd’s queue conversation I had as a trainee. ‘Darling, what you don’t realise is that no one will employ you when you’re 25. They’ll want a man who’s not off having babies’. Well, for the record, I’m still here, complete with my family and I would like to wager, he and those like him, are an endangered species, if not already extinct.

SIAN ASPINALL
Managing Director, BPL Global

CREATING SELF-CARE IN THE WORKPLACE

Time is a precious commodity. Time is traded to deliver business strategy, coach employees and balance a lifestyle outside of work. In our personal life, time is traded between partners, children, friends and family, yet it remains difficult – impossible even – for an individual to carve out time for themselves.

Taking care of yourself requires time, whether on a physical, cognitive, emotional or spiritual level. Without putting in time, you would never be able to train your body to run 5K, to have your brain learn and master a new language, or for you to understand your past through psychotherapy. On a smaller scale, asking someone to take a 'selfish' hour a week to do something that allows them to refresh or recharge, appears to be a difficult ask.

The term 'self-care' – the act of taking time for oneself – has become popular yet is overused with little understanding. The Oxford Dictionary defines it as, 'the practice of taking an active role in protecting one's own wellbeing and happiness, in particular during periods of stress'.

Stress features here and self-care mitigates those periods of stress. It is not simply about protecting wellbeing, it is also about overall happiness levels. Within an organisation, three aspects play a role in protecting an individual's wellbeing: the employee themselves – ME, the line manager – WE, and the organisation – US.

The employee has a responsibility to create boundaries of ME time. Choosing not to be on their email late in the evening, choosing whether to work over a weekend or not being distracted on holiday by 'checking in' on what is

happening back at base. It is their responsibility to find their own conviction to change, to allow their time to be precious and to spend it in a way that enhances their own wellbeing and happiness. The employee must also be responsible for taking time provided to them by the organisation, using holiday entitlement and utilising the support offered.

The manager creates the space for time and, more importantly, provides the permission for the individual. This is a delicate balance requiring development of a culture of trust and a holistic view of managing teams. It can be seen in encouraging the team to utilise flexible working arrangements: allowing those who prefer to start work early or those who work late in the evening to factor in caring commitments or championing individuals who want to be active over lunch with time to shower, change and eat. Therein lies the rub of being a manager: we only do as we see, not as we are told. A manager must effectively role-model. They must walk the walk in creating permission for their own time. This is why it becomes WE.

The organisation supports the work community. It creates the time for wellbeing through policies and procedures, builds a strategy of wellbeing at executive level and encourages values to create a culture of happiness. Organisations do not necessarily conjure up the word 'happiness'. It appears too fluffy and smiley to achieve key business drivers and build profit. Yet evidence stipulates that good work leads to good mental health. If US creates, allows and champions time for self-care, protecting employees from periods of high stress, not only will employees flourish, but also the business will thrive.

> TIME IS A CREATED THING. TO SAY, "I DON'T HAVE TIME", IS LIKE SAYING, "I DON'T WANT TO"

Grant yourself permission to create an hour of ME time this week to practice self-care. If you are a manager, I challenge you to create that space and offer that time; you may be surprised by the happiness response shown by your team and the gratitude received return.

RUTH COOPER-DICKSON
Founder and Managing Director
Champs Consulting

ME, MY MENTORS AND I

One of my first experiences of great mentorship was on the final year of my graduate programme. Feeling overwhelmed and incredibly anxious about what to do next, I sat down with a senior colleague to try to pinpoint what I wanted to do. We talked about my values, strengths, what I enjoyed doing, and together we drew a mind-map that illustrated everything we'd talked about in a structured way. Reflecting on things now, I realise he wasn't just helping me organise my thoughts, he was trying to understand me and what makes me tick.

The day we drew that mind-map was the first time I'd felt comfortable explaining my anxiety to somebody at work; fear of being perceived weak or less capable had prevented me from being open about it. My mentor provided me with a safe space to be open about my feelings and gave me the reassurance that I wasn't the only person grappling with this. It felt like a weight had been lifted off my shoulders.

The term mentor is derived from Homer's Odyssey. Mentor is a wise and knowledgeable character who others look up to. Later in the story, a younger character assumes the role of mentor, providing advice and support but delivered from a different perspective.

Many believe a mentor should be somebody that inspires them, a leader they can learn from, who can challenge, sponsor and encourage. While these are all desirable qualities (and traits I often look for in a mentor), for me the most important factor when seeking a mentor is finding somebody that understands you, somebody you can trust and share a personal connection with. That's why Homer's example is still relevant today. Although the two mentors exhibit different qualities, both are capable of being a mentor, because of the trust shared between themselves and their mentee. They know what makes them tick.

I'm very lucky to have received guidance from a number of exceptional mentors (each very different!). I've learnt a huge amount from them and have no doubt they have played a part in getting me to the position I'm in today. I wanted to give something back and become a mentor myself, so I became a founding member of the IIL's Qualification Mentoring Committee.

Our mentoring programme was created for individuals who are progressing through their ACII exams, pairing groups of mentees with recently-qualified mentors who provide support with their studies in a safe environment.

Running in parallel, a team of CEOs and industry leaders offer valuable insight into their own experiences and career development. It's a winning formula and four years since our launch, we're still going strong.

The lack of diversity across our industry is well documented, but as a female with leadership aspirations, I have welcomed market mentoring initiatives that aim to get more women into c-suite positions. Disappointingly, a recent Lean In report found the number of senior men who felt uncomfortable mentoring women had almost tripled since the #MeToo movement started. It's a heartbreaking statistic and one we must fight hard against after making so much positive progress. Some of the best mentors I've had are male – challenging my thinking and offering fresh perspective. I'd hate for someone else to miss out on the same opportunity.

Looking back on the mind-map day, I realise the impact mentoring has had on my life and career. The guidance I've received has been invaluable, as is the fulfillment I've felt watching mentees succeed. The best mentors are like a backbone – always behind you and there to help you to stand if you fall.

HANNAH KATE SMITH, ACII
Chartered Insurer, Chief of Staff, Performance Management Directorate, Lloyd's, Chair, IIL Young Members Committee

CYBER SECURITY FOR PENSION SCHEMES

While UK pension schemes have been relatively unscathed, they are an attractive target to cyber criminals in terms of the size of assets and volume of membership data held, which often include employment and financial details. While some cyber-attacks are targeted, others are indiscriminate and simply exploit weakly-defended organisations or businesses.

'Cyber' is a relatively new risk and for trustees, getting to grips with cyber-related threats is a challenge.

WHERE SHOULD TRUSTEES START?

The Pensions Regulator has published Cyber security principles for trustees, which outlines seven broad areas (awareness, skills, assessment, risk management, internal controls, incident response, roles and responsibilities) for consideration. It includes guidance and expectations that trustees are encouraged to follow and is a very good reference point to help approaches to managing cyber-related risks.

THINK HOLISTICALLY

'Cyber' is associated with computers and networks but cyber-related risks can arise from a range of digital and electronic channels, laptops, mobile equipment and electronic communications, such as email, SMS/messaging and phones. These are all used in most aspects of running pension schemes and increase exposure to cyber threats whether they are triggered by malicious acts, negligent misuse or loss.

Trustees can improve information security (IS) and reduce exposure to cyber-related risks. Some measures are old-fashioned 'housekeeping' activities (e.g. ensuring authorised signatory lists are up to date, reviewing risk registers, etc.), while others require action to be taken.

Over 80% of cyber fraud and crime is probably preventable through common-sense practices and training for operatives and staff. Trustee directors also have an individual role to play by adopting good practice: don't use personal email accounts, use encryption, update passwords and maintain anti-virus and firewalls. Trustees should exercise caution and look for signs of malicious software (malware) attempts and social engineering risks (e.g., email scams, hoax calls).

ORGANISATION

Trustees should develop their own IS framework. This is an action plan that trustees can work through with their service providers and will be invaluable for prioritising necessary steps to be taken. Such plans also demonstrate what trustees have done to meet the Regulator's expectations.

UNDERSTAND ISSUES

Trustees do not need to be IT or computer code experts, but should understand risks and vulnerability to cyber-attacks. The effective operation of a pension scheme typically requires complicated flows of money and data, multiple service providers to deliver key functions and systems and member interaction. These factors all contribute to exposure to cyber threats. Trustees should arrange training sessions to work through these issues to help them better understand actions that are needed.

Once trustees have an understanding of their scheme's operational functions, they can start to check third-party service providers, such as the administrator, actuary, consultants, etc. As a minimum, trustees will want a copy of their providers' IS policies and study the results of the latest independent audit of their internal controls. This can be done as a 'desktop' exercise and will give an indication of the providers' robustness and if there are any immediate 'red flag' causes for concern.

SKILLS AND EXPERTISE

Regulators expect all trustees to consider if they need to appoint a cyber-risk expert. For trustees who feel daunted at reading through IS policies, external help may be useful. Trustees can gain valuable assistance from experts who have knowledge of how pension schemes work, from conducting cyber assessments, improving controls and practices, quantifying risk and advising on appropriate 'risk transfer' solutions, such as through liability insurance. Factors to consider include the specific experience of the scheme, asset size and data volume at risk, complexity of the scheme structure and if the sponsoring employer is looking at cyber already or is willing to work with trustees. ●

JOHN NORRIS
Director in Willis Towers Watson's Retirement business

HOT TOPICS IN INSURANCE AND FINANCIAL SERVICES

Find out which issues are taxing the best brains in our business

ILLUSTRATIONS BY: **DORIANO STROLOGO**

FINANCIAL SERVICES

EDWARD GRANT, FPFS
Chartered Financial Planner,
Divisional Director, Technical Connection
Chair, IIL Financial Services Committee

The financial planning profession has been undergoing a revolution in the past ten years, with diploma level minimum entry, full disclosure through advice fees and active adoption of above benchmark chartered qualifications. It is now focused on the value of advice and being an inclusive and diverse financial sector role model.

This is timely as the population ages and wealth passes through the generations; £6.6 trillion of wealth is held by over 55s who wish to provision for their own requirements, such as long-term care, while ensuring that they can witness their children and grandchildren becoming financially established. Financial planners are well placed to support their clients through intergenerational holistic planning.

The Financial Services Committee has designed its lectures to identify and capture the opportunities for face-to-face financial planners. As an example, in addition to regulatory sessions we considered the issues of dealing with older clients especially in relation to long-term care, the topical defined benefit transfer market that has been at the centre of a parliamentary enquiry, the value of advice with a focus on the protection market, and we have reviewed the behavioural changes impacting on retirement planning, and explored the alternative investment sector with a focus on good practice.

Having evolved during a period of strong economic growth as we move into a predicted more volatile period, demonstrating the value of advice will be even more crucial.

CLAIMS

MARK GRAVES, ACII

Chartered Insurer, Head of Claims EMEA, Managing Director, Claims Corporate Solutions, Swiss Re Services Ltd
Chair, IIL Claims Committee

There was no respite from large natural catastrophes and man-made losses in 2018. Climate change and urbanisation seem to be driving losses with increased frequency/severity, but aging infrastructure in mature markets and large new infrastructure projects in high-growth markets were also influential in the significant losses handled in London. The claims community is well used to handling such losses, but with several carriers withdrawing from poorer performing lines and uncertainty around Brexit, it will be interesting to see what the claims implications are of this and how this plays out.

While it seems that claims from GDPR have not really developed yet, it is certainly true that claims are continuing to arise from different areas than was seen a few years ago. For example, cyber claims continue to grow and the affected lines of business continue to expand. We must also consider how we view disasters (e.g. Grenfell), developing through social media in pretty much real time. This ease of accessibility and more litigious environment is leading to an increased number of stress claims from secondary victims and a potentially more uncertain environment for claims teams as to how to handle such claims.

We sometimes need to remind ourselves that claims arising from more traditional areas still create pitfalls, for example we still hear quite frequently of property losses in which declared values are not sufficient to cover reinstatement values and this in turn often poses mitigation issues for business interruption losses – all part of the challenge of being a 21st-century claim handler! ●

ACCIDENT

NEVILLE WHITE

Technical Underwriting Manager, TokioMarineKiln
Member, IIL Accident Committee

Abuse is a subject which is coming back into the public eye. There are currently two football inquiries looking at historic abuse incidents, but perhaps the most thought-provoking is the Independent Inquiry Into Child Sexual Abuse (IICSA). It is currently chaired by Professor Alexis Jay and was appointed by the Home Secretary in 2014, in the aftermath of the Jimmy Savile scandal. Its brief is to look at all incidents of sexual abuse in the UK, including historic abuse that happened in overseas dominions. In a list of interim recommendations, which are being reviewed by the ABI and other insurance industry trade bodies, it recommends a compulsory register of all public liability policies, a compensation scheme funded by insurers for people who have suffered abuse, and changes to the Limitation Act 1980 to make it easier for claimants to claim.

Behaviour that was swept under the carpet, overlooked or ignored by those accountable, is now coming to light and the law is sympathetic to helping those who have been harmed. It may well lead to a new tranche of group litigation – class actions, as they are called in the United States. Across the pond class actions are commonplace, with the latest being cancer litigation arising out of the use of weed killer spray, cervical cancer allegations from using talcum powder, and opioid (painkiller) litigation. The public inquiry into abuse is ongoing and is likely to have far-reaching implications across many aspects of society, including insurance. ●

AVIATION

SIMON ABBOTT, ACII

Chartered Insurer, Underwriting Executive, Global Aerospace
Chair, IIL Aviation Committee

The year 2018 proved to be a turning point for aviation insurers, with rate increases across most product lines, some insurers pulling out of aviation, some M&A activity and many insurers deploying smaller lines. This was fuelled by continued poor trading conditions in airlines coupled with poor losses in aviation products and in general aviation. Whereas in the past the losses in airlines were offset by the better results in products this is no longer the case. One of the main drivers to these product claims has been groundings of various engine types leading to large losses for insurers.

The trend for increasing rates continues unabated in 2019.

Consolidation was the name of the game for insurers in 2018 and brokers have followed this trend. The largest deal last year, the Marsh purchase of JLT, took an interesting twist in the start of 2019 when it was announced that JLT aviation has been purchased by Gallagher and so will not be part of Marsh. It remains to be seen how other brokers will respond but further consolidation is likely.

Against this backdrop of poor losses, rising rates and consolidation in the aviation market, the airlines conversely continued their trend of profitability. IATA reported that for 2018 its members recorded their ninth consecutive year of profits in excess of USD 30bn.

The lecture season for 2019–20 will concentrate on the losses incurred by the market in particular the attritional claims and a notable large catastrophe loss, insights from the airline market and the changing dynamics of the space industry. ●

LONDON MARKET

DAVID GITTINGS
Former CEO, Lloyd's Market Association
Chair, IIL London Market Committee

Last year was eventful for the London market with several developments likely to shape the agenda for 2019–20.

Market conditions continued to be very difficult. This led to poor performance in sectors of the carrier community, and the so-called bottom decile exercise by Lloyd's to weed out underperforming lines and underperforming syndicates.

At the same time, expenses continued to rise. To address this, the push towards digitisation continued apace, with PPL (the electronic placing system) going from strength to strength, and London market carriers breaking through the targets set for utilisation by the London Market Group (LMG).

Lloyd's successfully completed the establishment of a Brussels-based subsidiary, other carriers followed suit in various European centres, and several firms commenced the process of Part VII transfers so that policyholders have continuity in the event of a no-deal Brexit.

The London Market Target Operating Model (LMTOM) arrangements were enhanced by the establishment of a new central outsourcing management company (LIMOSS) in order to manage the various new suppliers introduced over the past few years as TOM has progressed from development into 'run'.

In parallel, a new CEO arrived at Lloyd's, and new CEOs at both LMG and LMA – a changing of the guard in the market's senior management. John Neal joined Lloyd's from QBE, where he was previously group chief executive based in Australia.

A former Lloyd's underwriter, John is very familiar with the idiosyncrasies of the Lloyd's market and is focused on addressing recent underperformance and the further digitisation of the market. Clare Lebecq, formerly of JLT, replaced Chris Beazley as CEO of LMG, and Sheila Cameron, formerly of Navigators, joined LMA. We are fortunate that Clare, Chris and Sheila have agreed to join the London Market Committee, together with Peter Spires, General Counsel of Lloyd's.

We wish all of them well in their new roles as the market continues to address current challenges. ●

MARINE AND ENERGY

JUDY KNIGHTS, ACII
Chartered Insurer, Director,
JK Knights Consultancy
Chair, IIL Marine and Energy Committee

Following the 2017 cat losses from hurricanes, earthquakes and wildfires, the marine market has suffered another year of attritional and large (non-catastrophe) losses in 2018–19. These extreme loss years, coupled with the softest market in living memory, have led Lloyd's Performance Management Directorate to take restrictive action and several Lloyd's syndicates have withdrawn from unprofitable hull and cargo classes. The Director of Lloyd's Performance Management will talk about the effects of Lloyd's Thematic Review on the marine market.

The result of the withdrawn capacity is that hull and cargo markets have hardened. However, many younger brokers and underwriters have not seen a hard market before so we will give a lecture on 'How to broke in a hard market'.

On the energy front, the construction project in the Johan Sverdrup field, which is one of the largest capacity risks to be placed in the upstream energy market, first-phase investments are estimated at USD 8bn. We are considering holding a lecture to examine some of the complexities associated with this placement. There are many separate joint venture limits to place and brokers have cooperated on this broke to place a single limit. We will also investigate contractor-controlled construction and the hidden costs of decommissioning, practices and risks involved.

Other topics include 'How will the marine and energy industry look in 20–30 years' time?' and 'How are classification societies addressing cyber?' We will also discuss recent large marine losses, such as the general average of the container ship Mærsk Honam, following a serious fire and the Lürssen shipyard fire, which destroyed a nearly-completed very-high-value superyacht. ●

REINSURANCE

IAN BRANAGAN

Chief Risk Officer, RenaissanceRe
Chair, IIL Reinsurance Committee

We have just experienced the costliest two-year period ever for insured catastrophe losses: 2018 saw more than USD 80 billion of insured losses, including the most significant typhoon impact on Japan in decades, record-breaking California wildfires, and two land-falling US hurricanes. In 2017, the insurance industry experienced record-breaking insured losses in excess of USD 150bn.

If nothing else, 2017 and 2018 remind us of the fundamentally important role of the (re)insurance industry as a contributor to global economic resilience, in addition to the resilience of the industry itself to effectively manage risk by matching it to capital appetite.

Despite this, the 'protection gap' between insured and economic losses continues to grow in both the developed and the developing world and climate change is contributing to the increased risk of catastrophes. Global insurance penetration for non-life business, remains stagnant at 3% (premium as % of GDP), and has done so for over twenty years. Our industry is simply tracking broader economic growth rather than energising it.

Our industry must continue to provide products that benefit individuals, businesses, governments and society. We must apply new technologies to simplify the management of traditional risks, find ways to price and mitigate emerging risks, and underwrite innovation in the broader economy.

Customer-centric product design and delivery, enhanced risk underwriting insight, and superior capital matching contribute to resilience by making cover more accessible and affordable. Our goal must ultimately be to expand the boundaries of insurability and to bridge the protection gap.

PROPERTY INVESTORS

ANNA WHITFIELD, ACII

Client Director, Real Estate Practice Group, Commercial Risk Solutions, Aon
Chair, IIL Property Investors Committee

There has been little change within the real estate market over the past 12 months. Despite the political turmoil regarding Brexit, real estate investors continue to be attracted to the UK. Foreign investment, motivated in part by the weak pound, remains a feature of the market, with many major landmark buildings being acquired by overseas investors.

The retail sector in the UK continues to be under stress, with the general press regularly announcing retail chain failures. Investment in the office sector continues to be prominent, with London attracting more investment than other key global cities; the trend of co-working office developments is gathering pace.

The continued urbanisation of major UK cities and demand for good quality housing presents opportunities for the sector, particularly for those investing in the private rented and student accommodation sectors. Both components of the market are continuing to see strong investment and growth. Escape of water and large fire losses dominate the loss landscape, with losses from escape of water presenting a challenge in terms of managing loss ratios.

Acquisitions continue to be the subject of debt finance; with brokers and insurers faced with meeting the demands of lenders and clients to satisfy the requirements of loan agreements.

The insurance market cycle remains competitive, despite significant US-dominated catastrophe losses.

In summary, the real estate sector continues to present good opportunities for growth and returns, across all stakeholders within the UK insurance market.

PROPERTY

IAN FRANCE, ACII

Chartered Insurer, Chief Underwriting Officer for International Property, AXA XL
Chair, IIL Property Committee

The London market continues to provide vital protection and peace of mind to both business and consumers alike. The costly events of the past two years have, once again, highlighted the value of our industry but we also need to be constantly reviewing the evolving risk landscape to ensure that we remain relevant to our clients.

One particular area of risk that is a growing concern to both property insurers and clients is so-called 'non damage' business interruption. This relates to loss of profits not attributable to traditional physical damage but rather caused by other forms of disruption that may not be fully insured today. A good example is cyber risk and the London property market is reviewing the perceived dangers of 'silent' cyber risk or non-affirmative cover in property policies.

'Silent' cyber refers to potential cyber exposure contained within traditional property policies, which may not implicitly include or exclude cyber risks. It has been increasingly difficult to quantify the full extent of this issue and the Prudential Regulation Authority issued a supervisory statement in July 2017 that laid out expectations for P&C insurers to make pricing and exposure adjustments for silent cyber risks to align them with their stated risk appetite.

In a follow up letter in January 2019, the PRA reinforced this by stating, 'In relation to the expectation that firms reduce the unintended exposure to non-affirmative cyber risk, insurers should develop an action plan by H1 2019 with clear milestones and dates by which action will be taken.' It will be very interesting to see what impact these actions will have on the property market and in particular their ramifications for property wordings.

Who are the most important people in the London insurance market?

In my view, you will not normally find them commuting daily into the City, sitting at their desks in offices close to Lloyd's, or frequenting the wine bars and restaurants of EC3. For the London market is where large and complex risks are traded and the market's clients and capital providers, as principals in these transactions, are the most important people in the market.

Because the insurance contracts are large and complex, the principals employ market professionals to act for them – capital providers employ underwriters and clients employ brokers. The market professionals are therefore in an agency relationship with their respective masters and subject to the principles that govern the law of agency.

These principles are fairly simple. An agent acts for its principal, it places its principal's interests in front of its own, it is in a fiduciary relationship and should account to its principal openly and transparently and it should allow its principal to fix its remuneration, either by commission or by fee.

The relationship between principal and agent is about trust. Building and maintaining trust in the London market and the wider insurance industry is the overarching mission of the IIL and the CII. Trust in the principal-agent relationship is crucial to the success of the London market, and most financial markets. The enemy of trust is ambiguity and agents must be clear as to who they are acting for.

In the modern London market, these principles are applied well. Underwriters are focused on trying to ensure capital providers obtain a fair return on capital. Equally, brokers busy themselves on a daily basis in ensuring clients are provided with the right cover at the best price and that claims are paid promptly.

However, it was not always so. The London market has a history of getting itself into trouble if it forgets the principles of the law of agency. Those who do not learn the lessons of history are doomed to repeat them, so it is worth remembering what went wrong.

The Lloyd's crisis of the 1980s and early 90s involved heavy losses, but at its heart was a crisis of trust between underwriting agents and names, the market's traditional capital providers. The backdrop was a market where practitioners had a loose grip on their responsibilities as agents. The market was riddled with ambiguity. Were the traditional Lloyd's brokers of the day really acting for clients or were they 'producers' for Lloyd's syndicates in which they were often underwriting members? And while most market practitioners were decent and honourable people and believed clients should get a fair deal and the names should have a fair return, many underwriting barons of the time acted as if they owned the market. Reporting was neither full nor transparent and it was not unusual for excess profits to be syphoned off into so-called 'baby syndicates' and reinsurers owned by the underwriters and their broker friends. The market was ripe for exploitation, and a few exploited it cynically.

Come Reconstruction and Renewal in 1996, surviving underwriters emerged with a very clear-sighted commitment to act transparently and loyally for their capital providers. These underwriters may regret that the recent catastrophe losses produced only a limited market correction, but in a sense this is the measure of their success. Modern capital providers have never had greater trust in the professionalism and loyalty of their agents. The modern London market underwriters know who they act for.

The crisis of trust between brokers and clients was delivered by Eliot Spitzer, who saw political opportunity in business models in conflict with the principles of agency. While the London market was mercifully free from the disease of bid-rigging, a gross abuse of trust, it shared the unhealthy lifestyle of contingent commissions. Seen through the prism of the laws of agency, contingent commissions come clearly into focus. If the intermediary is a sales agent acting for the insurer, contingent commissions are entirely appropriate and consistent with the agent's duty to its principal, but for a broker, acting for the client, they were a warped incentive.

Have we learned our lesson? Since those dark days, we have had two regulatory inquiries into London market brokers and have emerged unscathed.

The first was the European Commission's 2007 inquiry into the London subscription market. The issue of who acts for whom was at the inquiry's heart. For if the EU competition authorities had discovered that harmonising terms and pricing came about by underwriters talking to each other, they would have unearthed a veritable hive of collusion. Once they discovered that the broker, as the client's agent, controls the subscription process and that participating insurers do not talk to each other, they began to understand why the subscription market has always been seen as competitive. The essential role brokers play in the subscription market should be at the heart of every London market broker's explanation of the value delivered to its clients.

More recently, we have had the FCA's inquiry into the wholesale insurance broker market in London. After intensive inquiry and analysis, it basically found nothing amiss. Competition is not being harmed and the market is working effectively, with clients well served by their brokers.

A *Financial Times* headline was

WHO DO YOU ACT FOR?

> THE RELATIONSHIP BETWEEN PRINCIPAL AND AGENT IS ABOUT TRUST

less cause for celebration in stating there was '… no evidence brokers harm customers' – very different to the FCA's conclusion that broker practices are not harming competition. All London market brokers that pride themselves on the value they deliver to clients should be annoyed by the FT's spin. It seems we have not yet recovered our reputation with the press.

So there is no room for complacency. London market professionals, both underwriters and brokers, through word and action, need to continue to provide a clear, unambiguous answer to the question 'Who do you act for?' Of course, this is not the same question as to whom you provide services. A transacting intermediary obviously provides services to both sides. For example, an underwriting agent provides a service to its brokers. Indeed, some conduct surveys to assess service quality. But they do not charge brokers for that service because they are not acting for them. Furthermore, underwriting agents understand that, were they to charge brokers for their quoting and other services, it would undermine the trust of their capital providers. You do not have to be a student of John le Carre to understand that an agent, paid by and declaring loyalty to one side, who then additionally takes payment from the other, immediately promotes ambiguity and mistrust.

Technology and big data will not change this. Brokers may be disintermediated in commodity classes of insurance. However, in the negotiations that surround the structuring and placement of large and complex risks, both clients and capital providers will continue to want different market professionals acting loyally in their respective principal's interest. If we do that unambiguously and communicate that message effectively, we will maintain and further build trust with both clients and capital providers, we will be better understood by our regulators and the press will dwell less on our past failings and more on our current virtues. ●

CHARLES BERRY, FCII
Chartered Insurance Broker,
Chair, BPL Global,
Deputy President, Insurance
Institute of London

WHAT'S NEW AT THE INSTITUTE?

The Insurance Institute of London today has well over 25,000 members, which is the highest membership total of our 112-year history and represents 2.8% year-on-year growth. This is a good result in view of the current uncertainties that we are all experiencing.

CLASSROOM TO BOARDROOM

From its new offices in Lombard Street, the Insurance Institute of London works closely with the Chartered Insurance Institute, at the heart of the London Market supporting the work of the London Market Group, and is specifically dedicated to advancing professionalism across the insurance and financial planning profession, working from 'classroom to boardroom'. And it really is, 'classroom to boardroom'. Increasing numbers of London Institute members are volunteering to be trained to do outreach work in schools, colleges and universities. This promotes understanding of personal finance and highlights the wide range of careers available in insurance and financial planning in London while helping to direct the best, diverse talent to our doors as requested by the profession itself.

The Insurance Institute of London now offers its members a free Qualification Mentoring Scheme to help them achieve their full potential while studying for CII qualifications. And, at the other end of the qualification process, I am delighted to report that a member of the London Institute has won the CII's Rutter Medal – which is a national award given to the most meritorious new Fellow of the year.

For those already on the path to qualification, and for those who have already achieved their career objective, the Insurance Institute of London offers its members approximately 100 CPD events each year that aim to keep their knowledge up to date. This year, speakers have included:

The Chair of Lloyd's – 'Lloyd's focused on the future'.

The Chair of the London Market Group – 'What's next in London Market reform?'

The Chief Economist of Munich Re – 'Economic growth despite Brexit and protectionism? European fears and global challenges'.

The President of the Insurance Institute of London – 'What future for the London Market?'

The Professional Standards Director of the Chartered Insurance Institute – 'Now you are Chartered, what next?'

The Paraplanner of the Year – 'The value of an adviser – how an IFA can make a difference – Protection'

MISSING OUT?

During the year we even hosted a lecture by a former member of the Secret Service. Intrigued? Sorry you missed it? Not getting our lecture reminders? Since GDPR came into force in May 2018, many members have reported that they are not receiving our lecture reminders. It's definitely worth checking we have your latest email address and that you have ticked the right boxes in the preference centre. Go to www.cii.co.uk/membership/updating-your-preferences/

In addition to this annual Journal, this year is the 70th anniversary of the publication of our first research study book and the programme continues to this day. We recently inaugurated two new studies – *Digital Disruption and Innovation in Insurance* and *Livestock and Bloodstock Insurance*. Together they serve as a good illustration of the wide range of specialist skills in the London market.

PRACTICAL ADVICE

As well as traditional technical subjects, this year we have increased our output of lectures and workshops on developing soft skills and on dealing with stress and mental health issues in the workplace, all of which have attracted big audiences and helped us raise money for Insurance United Against Dementia. Our focus with these events has been to give our members practical support by teaching them techniques they can apply immediately. ●

ALLISON POTTS
Institute Secretary,
Insurance Institute of London

THE LONDON INSTITUTE PROGRAMME PREVIEW 2019–20

Here is just a taster of some of the events coming up in our programme. More lectures and events are being added all the time so please check our website **www.iilondon.co.uk** for the full details of venue, time, and registration process.

Date	Event Type	Subject	Speaker	Venue
2019				
23 Sept	Revision	Mastering Mixed Assessment	Alison Cooper, FCII, Dip PFS, Chartered Insurance Practitioner, ACT One Training Services Limited	Lloyd's
30 Sept	AGM	To all members of the Insurance Institute of London: Notice is hereby given that the Annual General Meeting of The Insurance Institute of London will be held at Willis Towers Watson, 51 Lime Street, London EC3M 7DQ at 12.45 pm on Monday 30 September 2019	Nicolas Aubert, President Charles Berry, FCII, Deputy President	WTW
1 Oct	London Market	Political Risks and Trade Credit Insurance	Charles Berry, FCII, Chair, BLP Global	Lloyd's
2 Oct	Property	Smart warehousing: The changing face of distribution	Iain Wilcox, CEO & Co-Founder, GWT Insight	Lloyd's
3 Oct	Claims	Crisis / Disaster Management – The remote damage and human factor considerations for the insurance industry	Colin Brown, UK Director for Independent Living and Crisis Response, British Red Cross	Lloyd's
8 Oct	Accident	#metoo	Jenny Boldon, Partner, Kennedys	Lloyd's
9 Oct	London Market	The growing importance of behavioural analysis	Ulrich Seega, Managing Director, Schonhofer	Lloyd's
10 Oct	Aviation	Redesigning our skies	Jane Johnston, Head of Corporate Affairs, NATS	Lloyd's
15 Oct	Marine & Energy	The Hidden Costs of Decommissioning – Decommissioning Procedures, Practices and Risk	Captain Norman, DNV	Lloyd's
16 Oct	Cyber	The biggest threats to cyber security and how to catch them	Louise Taggart, Manager, Threat Intelligence, PWC	Lloyd's
17 Oct	London Market	Speaker's Choice	Ekhosuehi Iyahen, Secretary General, Insurance Development Forum	Lloyd's
5 Nov	Accident	Silent cyber cover revisited	Andrew Lewis, Lead Cyber Underwriter, Hiscox	Lloyd's
6 Nov	Reinsurance	A general overview of the Reinsurance Market	David Flandro, Managing Director, Global Head of Economics and Franchise Risk, Guy Carpenter	Lloyd's
6 Nov	Members' reception	Members' reception: interested in volunteering with the IIL? Come along to find out more	Members of the IIL's Council and Representatives Committee	21 Lombard St
7 Nov	London Market	Speaker's Choice	John Neal, CEO, Lloyd's	Lloyd's
13 Nov	Claims	Retention of Coverage Counsel – Part of the claims toolkit	Paul Schrieffer, Founding Partner, PKS LLP	Lloyd's
14 Nov	Claims	Digital Perils of the Sea	Prof Kevin Jones & Kimberley Tam, University of Plymouth	Lloyd's
15 Nov	Young Members	Winter Ball		Old Billingsgate
19 Nov	Property Investors	The changing nature of fire losses	IFIC Forensics	Lloyd's
20 Nov	Reinsurance	The Big Short Complex: The evolution of mortgage reinsurance risk from 2007	Steven Rance, Managing Partner, Mortgage Risk, Capsicum Re	Lloyd's
21 Nov	Reinsurance	Software as a product and implications for (re)insurance	Michaela Herron, Mason Hayes & Curran	Lloyd's
26 Nov	Marine & Energy	Dangers of collison, sinking and pollution in multijurisdictional territories – Lessons learned from the Sanchi	Dr Karen Purnell, Managing Director, ITOPF Limited	Lloyd's
27 Nov	Accident	Changes and innovation in the livestock industry – the example of dairy farming	Chris Reynolds, University of Reading	Lloyd's
4 Dec	Aviation	The Air Accident Investigation Branch	Frankie Shaw and John McMillan, AAIB	Lloyd's
5 Dec	Claims	How to spot liars	Phillip Maltin, Partner, Raines Feldman LLP	Lloyd's
11 Dec	Carol Service	Carols by candlelight with the Lloyd's Choir	From the IIL and WCI	St Katharine Cree Church
2020				
8 Jan	London Market	The customers' perspective on buying insurance	John Ludlow, CEO, Airmic	Lloyd's
9 Jan	Property	The future of power: Are we seeing greater risk from aging infrastructure?	Antony Froggatt, Acting Director and Senior Research Fellow, Energy, Environment & Resources, Chatham House, The Royal Institute of International Affairs	Lloyd's
14 Jan	Accident	NHS Innovation and collaborating with the insurance industry	Professor Tony Young, National Clinical Director for Innovation, NHS England	Lloyd's
22 Jan	Aviation	Large satellite operators' strategy in a changing space industry: How to grow and profit at a time of disruption?	Claes Martenson, Risk Management & Insurance Director, Inmarsat	Lloyd's

For further 2019/20 dates visit: **www.iilondon.co.uk**

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There is a Knowledge Lounge situated behind the main reception. This is a touch-down working space with access to CII Knowledge Services and online resource centre.

The CII Knowledge Services team continue to provide their services in the new office including offering access to items stored in offsite locations. We have a small selection of our most popular and interesting books physically available in the Knowledge Lounge, but all the CII current library and archive items are still easily available from the CII's storage facility, which already houses most of the historic collection. The CII is progressively digitising its older and most fragile books and documents and all the current study texts and accompanying materials are e-available.

FOMO – THE FEAR OF MISSING OUT!

If we don't have your email address we can't invite you to free CPD-accredited lectures and seminars, arranged by the Insurance Institute of London and your London PFS Committee.

For more information go to: **www.iilondon.co.uk/home/about-us/news/2018/helloare-you-receiving-us/**