

# THE LONDON JOURNAL

THE VOICE OF YOUR PROFESSION

2023

## DIALLING UP OUR PURPOSE

Addressing the  
challenges that affect  
our people, clients  
and society



The Insurance  
Institute of London  
Chartered Insurance Institute

# CONTENTS

## 3 WHERE ARE WE NOW?

The Institute Secretary outlines the IIL's new 'normal'.

## 4-5 DIALING UP OUR PURPOSE

Christopher Lay, IIL President, says building resilience should be our focus.

## 6-7 PROFESSIONALISM IN THE LONDON MARKET – THE VIEW AHEAD

CII CEO Alan Vallance highlights his new five-year strategy.

## 8-9 DISCIPLINARY PROCESS – INCREASING TRUST IN OUR PROFESSION

An insight into the CII's work underpinning its strapline Standards / Professionalism / Trust.

## 10 ACCELERATING THE RATE OF DIVERSITY AND INCLUSION PROGRESS

Head of Culture, Lloyd's, Mark Lomas, reports on its progress.

## 11 ATTRACTING FUTURE TALENT THROUGH COLLABORATION AND SKILLS MOBILITY

IIL's YMC urges us to find better ways to articulate the value of insurance.

## 12-13 THE INTENTIONAL LEADER

Tom Emery and Katy Brecht describe how the new world of work is changing the challenges of leadership.

## 14-15 DISTINGUISHING RISK PERCEPTIONS FROM REALITY TO REALISE OPPORTUNITIES

Nick Robson asks if the high perception of risk today is justified.

## 16-17 IN THE SPOTLIGHT – JORDANE TERRASSE

Meet the Head of Group Corporate Sustainability, Risk Management and Risk Transfer at London Stock Exchange Group.



## 18-19 INSURING SPACE PROJECTS

Denis Bensoussan, Head of Space, Beazley, investigates space insurance... the ultimate underwriting frontier.

## 20-25 HOT TOPICS IN INSURANCE AND FINANCIAL PLANNING

IIL's 11 CPD committees highlight the emerging issues.

## 26 FINANCIAL PLANNING ON DIVORCE

Angela Lloyd-Read, Senior Client Director, Strabens Hall, looks at the importance of professional financial advice.

## 27 THE FUTURE OF FINANCIAL PLANNING

Managing Director, Technical Connection, Tony Wickenden discusses the forces shaping the profession.

## 28 NEW BOOKS FROM THE IIL – GET YOURSELF UP TO DATE ON THESE TOPICAL ISSUES

Find out about the newest books published by the IIL.

## 30 WHAT GOT US HERE WON'T GET US THERE: WILL LONDON RISE TO THE CHALLENGE?

IIL Deputy President, Lucy Clarke, President, Marsh Specialty, highlights three critical needs of today.

## 31 THE INSURANCE CHARITIES AND BARKING FOODBANK

Learn about the work of IIL's charity partners.

## 32 MEMBER ADVANTAGE

A reminder about the benefits of membership.

# FROM CHRISTOPHER LAY

In recent months the World Health Organization declared, that Covid was no longer a "public health emergency". We have also passed the first anniversary of the war in Ukraine and sadly the conflict looks set to be with us for some time. At the same time, we continue to experience dramatic climate related and technological change, including AI development, with uncertain impacts.

Our industry, and the London Market, has an essential role to play in protecting and promoting possibility to ensure a more resilient future. We have a tremendous purpose and, now more than ever, it's important that we tell our story. In this edition of the IIL's London Journal, we look at the issues facing our clients, people, and our communities and what we can do to bolster resilience and increase confidence to take the risks necessary for future growth.

I hope you enjoy this edition as much as I have enjoyed working with the authors and discussing our purpose in action.

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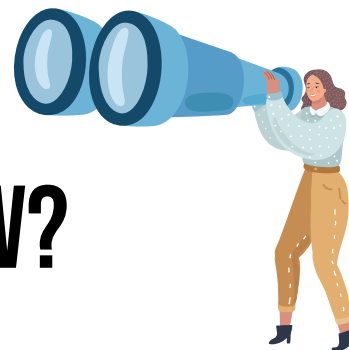
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# WHERE ARE WE NOW?

Each year, all local institutes are assessed by the Chartered Insurance Institute against 14 key performance indicators covering governance, continuing professional development and engagement. I am delighted that the Insurance Institute of London scored 100% and was classified as 'going above and beyond'. Thank you to everyone who supported us.

## CPD PROGRAMME

Since the outbreak of the pandemic, in the space of just a few days, the IIL pivoted from delivering everything in-person to providing most of our member benefits online. Now that a new 'normal' work pattern has begun to emerge, our CPD programme continues to go from strength to strength, attracting high registration rates and attendance – especially for anything to do with cyber or ESG topics. The CPD programme is still delivered chiefly online. Not only can we accommodate more members that way, including those from other local institutes and abroad, but it also allows us the freedom to host more events and experiment with various times and formats, including more panel debates. The ease of accessibility means that more international speakers and members can participate too. We are indebted to all our volunteers whose expertise and contacts make the CPD programme work. I thank all our speakers and members who have participated. For more details about our programme see our website.

## EDUCATIONAL VISITS

Our educational visits are back. In addition to the ever-popular introductory tours of Lloyd's, we look forward to visiting



Thatcham Research to get an insight into testing the latest vehicles. With construction sites springing up across the city, we are organising a visit to one of them in late summer. We are also going behind the scenes at a West End theatre to better understand the risks involved in bringing ever more technically complex productions to life. Places are limited so subscribe to our mailing list via MyCIIDashboard.

## NETWORKING, SOCIAL AND CHARITY EVENTS

Demand for in-person events is strongest among our younger members. Our YMC hosts a vibrant programme. I was delighted when all 900+ tickets sold out for the Winter Ball last year and thrilled that more than £11,000 was raised at that event for our charity partner, Barking Food Bank. Well done to everyone who made the event such a success. The cost-of-living crisis is biting hard. Any donation to this local charity will help it deliver desperately needed essentials. See the article on page 31.



## QUALIFICATIONS

Congratulations to all our members who have worked on their professional development, especially those who have completed their Certificate, Diploma, Advanced Diploma or Fellowship. You deserve to be proud of your achievement.

## NEW BOOKS

Another dividend of the lockdown was that our army of volunteer authors got on with researching an array of new books for us. We have launched new books on Cyber Insurance and Delay in Start-up Insurance and we are about to launch our latest book on InsurTech. We have lots of new books in the pipeline, too, on very topical subjects. See our website for a full list.

## ANNUAL GENERAL MEETING

Putting more of our events online also enables more members to participate in our AGMs. We have introduced a new constitution which enables all members to vote online and participate in the event where the results are announced. Special business proposals should be sent to [allison.potts@cii.co.uk](mailto:allison.potts@cii.co.uk) by 13 June 2023.

**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 on Tuesday, 26 September 2023, online at 2.30 pm. ●**



**ALLISON POTTS**  
Institute Secretary (CEO),  
Insurance Institute of London

# DIALLING UP OUR PURPOSE



**T**hroughout my IIL presidency, our theme has been dialling up our purpose. I place emphasis on ‘our’ as it has proven to be a theme that is pertinent to the times and pivotal for us all.

As President, my focus has been on showing that operating with purpose is an essential part of our industry’s triple bottom line. Dialling up our purpose requires us to address the challenges that affect our people, our clients, and society at large. We live in a time of unprecedented transition, and at the intersection of these three pillars, our industry is able to help move the needle on positive global change.

## MACROECONOMIC ENVIRONMENT

Over recent months, while still dealing with the tail end of the pandemic, the

world was rocked once again, this time by the ripples of the Russia-Ukraine conflict. Like many countries in Europe, our UK borders were not immune to the impact the conflict had on energy security, food security, and supply chains — particularly in the face of rising inflation.

Our industry was quick to help steady the ship, moving proactively to create solutions that provided coverage for vital grain and food products.

As new risks emerge from the conflict and current risks intensify, our industry will continue to be called on to act swiftly and decisively. What we do to make a difference will go beyond our much-valued ability to respond at critical times and will be reflected in how we go about using our platform to build a better society.

The need to dial up our purpose couldn’t be more pressing, given the impact that the broader economic environment has had on the world’s ability to work towards net-zero goals — not to mention what that means for the way in which we adapt to our clients’ changing needs.

Environmental, social, and governance considerations remain critical for building resilience within business and society, despite the headwinds. I have watched our industry use its spirit of proactivity to address sustainability and other ESG topics, though there is always room to dive deeper into some of our longer-standing challenges relating to ESG — particularly with the continuously evolving regulatory environment.

But, when we consider our industry’s drivers, once again we must go that step



further. Key to our focus on building a better, more resilient society has been the expanding stakeholder universe. It is incumbent on us to develop meaningful solutions that serve the needs of the groups and individuals who depend on our industry to prosper.

## CAPTIVES

The idea of building resilience should be a symbiotic one with our clients. While we prepare our clients for uncertainty, they in turn support the preservation of our industry through their commitment to us and their investment. Dialling up our purpose also lives in our drive to innovate – an aspect that has allowed Marsh to maintain relevance for over 150 years. This is why I have shone a light during my time as President on the potential benefits of the UK becoming a captive domicile.

With the tax considerations that fuelled offshore captive formation in the past being greatly reduced through international agreements, Marsh has seen the fastest rate of captive growth in the past two years since the 1980s.

The UK presents a unique and attractive location for captive investment. A captive domicile would be a complementary addition to the UK's extensive financial services ecosystem, providing new business and jobs.

Now, the key success factor lies in the regulatory regime needed to support a UK captive domicile. I have outlined frequently the need for an ambitious regulatory model for captives, combining a proportionate risk-based solvency regime with London's global reinsurance market. With this, the UK will continue to be a viable choice for offshore captive insurance vehicles.

## PRIDE IN THE PROFESSION

Establishing a UK-domiciled captive, striving to tackle ESG considerations, and the agility with which we create solutions in crises are all examples of an industry willing to evolve and embrace change.

As we find our place in a transient world – one experiencing the growing pains of a sharing economy, the technological advancements of the Fourth Industrial Revolution, the journey to

electrification, and more – the need for innovation in our work is clear.

Gone are the days when our industry being the 'best kept secret' was acceptable. To operate in the spaces mentioned above, our industry needs to be able to attract talent with new skill sets into the fold.

In the past, we have not been good at telling our story, and while we have real talent in our industry, we could do more to highlight the profession as a career destination.

By dialling up our purpose – and being vocal and transparent about our efforts to help build a better society – we give our teams a reason to have pride in the profession.

And by opening the dialogue about our industry's purpose and how we support resilience – both inside and outside the industry – we have a great opportunity to capture the imagination of our future leaders.

## DIALLING UP THE PURPOSE ON CULTURE AND DIVERSITY, EQUALITY AND INCLUSION

When telling our story and championing our industry, it is important to remember we won't just be heard – we will also be seen. As such, the culture within our organisations and the industry as a whole will also be key to attracting the talent required to support our ambitions for the future.

Over recent years, we have adapted to provide our talent with a working experience that is in step with today's approach to working, including hybrid working models. We have also seen, however, that these innovative approaches should be balanced with the benefits of workplace culture,

synergies, and opportunities. These elements are not in opposition – they are complementary.

Our industry is one based on trust, relationships, and respect. These tenets underpin our industry's desire to be attractive to people from all walks of life, in order to reflect the diversity of society.

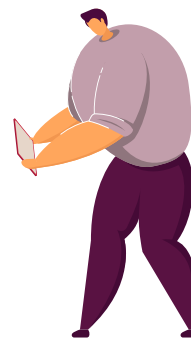
Inclusive workplaces help to broaden our collective perspective of the world around us, which in turn encourages us to challenge the status quo and strive for out-of-the-box thinking and solutions.

Our commitment to diversity, equity, and inclusion (DE&I) is a critical part in the foundations we are laying within our organisations for long-term change. Establishing truly inclusive infrastructure in our industry is what will lead to fundamental change and ensure we collectively reflect the clients and communities

we support.

Dialling up our purpose in DE&I, product innovation, tackling climate change, and in our ability to servicing communities in crisis, will enable us, the members of the IIL, and the wider insurance community, to make a difference to the individuals and

organisations we support. And, by enabling them to build greater resilience, we play an important role in readying society for future shocks and providing space for possibility. ●



**CHRISTOPHER LAY, ACII**

Chartered Insurance Practitioner  
President, Insurance Institute of London 2022-23  
CEO, Marsh McLennan UK

# PROFESSIONALISM IN THE LONDON MARKET

## THE VIEW AHEAD



**N**ine months in as CEO of the Chartered Insurance Institute, I can safely say that my excitement and ambition for what we can do for our members, and the positive impact we can make through you to support economic and societal resilience, has only grown. And the London Market's challenge to retain its global primacy as the greatest concentration of specialist insurance expertise is naturally at the core of that ambition. But I am also very aware there is a lot to be done. I'm grateful to the many senior London Market bodies and employers who have shared their visions of the future with me and helped me to understand where I can help the CII to play a bigger part in bringing them to life.

I am determined to make the CII more member-focused, to work more closely with the Insurance Institute of London and our incredible network of volunteers, to reinforce our standing as the leading membership body for the profession.

Chris Lay, IIL President, has established 'Dialling up our Purpose' as his presidential theme for 2023, and that could not be more in tune with how I see the CII working to increase our role. Ultimately, as a Chartered body, we have to demonstrate how we will earn the public's trust in the profession. But we can only do that by working with you; helping to attract and develop more



professionals and empowering them with the tools and standards to give your customers and clients greater confidence and resilience to flourish in this uncertain world of risk.

There are many more things you will hear from me over the coming months as we begin to deliver our five-year strategy, but specifically for the London Market, you can expect to see the CII:

- showing where qualification and lifelong learning align with London Market strategic priorities and helping our members to contribute to that;
- joining up policy and thought leadership initiatives with partner bodies and employers in areas where we can help members take a lead on good practice, such as ESG, conduct and culture and EDI; and
- driving adoption of our shared insurance competency framework the Professional Map to ensure a relevant, future-focused and global standard of professionalism across technical expertise, behaviours and skills.

I want the CII to be there for members throughout their careers – not just when they are qualifying in their first or second job, but providing the credibility, confidence, and community to enable them to navigate opportunities at every stage and level of their career. And it starts even before that. We already have some terrific initiatives to encourage individuals into the profession and develop their early careers. We will be adding to them by starting a major new virtual attraction programme to help inspire new talent to think of insurance as their career of choice, targeting new pools of potential not just from universities, schools, and colleges, but from other sectors and returners to work. We will be working closely with employers and trade bodies to funnel prospective talent to fill the skills gaps and enable growth.

This attraction programme sits alongside our existing Aspire insurance apprenticeship programme, helping large and small employers to access funded training – including professional qualifications – and not just for new, but existing employees. New in 2023, we'll

also be helping to deliver new T-Levels in Financial Services to include insurance for the first time alongside A-levels. We will be reaching out to employers and members to provide placements, thus improving socio-economic diversity by reducing the focus on those who have had the opportunity to invest in higher education.

As a professional body, we need to do more to improve the diversity and inclusion of our profession. My sense is that London leads in many respects here, both in terms of awareness and engagement through initiatives such as Dive In, and representation within its many vibrant networks and communities. But the truth is there is no centralised data to quantify diversity and inclusion across the whole profession. I want to fix that, so we know the scale of the challenge and where to focus on addressing it. We will be undertaking research this year that gives us a baseline across multiple intersections, so we can track improvement towards a more representative profession and supporting that transformation with EDI guidance for employers and individuals.

I know we also need to do more to make the qualification framework simpler, more relevant and more accessible to the London Market. The thousands of practitioners and leaders who contributed to the Professional Map made it very clear that to be a professional in this sector it needs a carefully curated balance of technical expertise, positive behaviours and enabling skills. Not all of those can be delivered or assessed through a qualification, so we will be doing more to ensure that we are developing or partnering with relevant providers to bring new learning solutions to members and recognise them within professional standards.

The London Market gained its position as a global leader due to its provision of access not only to capacity and cover, but also world-leading professionalism. I believe the unique culture and specialty focus of the London Market shares more in common with the wider insurance market than it is different. And what

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really sets apart an insurance professional is recognised by clients and peers in all markets, so we will work with bodies to adapt and help mould the insurance competency framework around those unique business models and raise the perception of professionalism in insurance across the board.

I believe we should have a stronger voice – on your behalf, and in pursuit of better customer outcomes – with regulators and policymakers. We will be doing more in future to join up policy and research initiatives where we have common interests and goals with trade bodies and employers. Your input to those will help shape and lend professional credibility to them as we seek to enhance the environment in which we all strive to deliver more for our clients.

I look forward to sharing more with you and delivering our shared plans in partnership with the Insurance Institute of London over the coming year and beyond. ●



**ALAN VALLANCE**  
CEO,  
Chartered Insurance Institute



The CII's strapline, Standards. Professionalism. Trust., neatly encapsulates what it means to be a professional. Standards of competence means having the technical expertise and enablers to operate effectively in today's market. Professionalism means demonstrating the ethical behaviours which bring about good outcomes for customers. Together, standards and professionalism drive trust in our professionals working in the insurance and financial planning sectors.

The CII's 2021 Shaping the Future consultation asked members and stakeholders their views about how the CII was driving forward its purpose – to build trust in our professionals. The majority expressed the view that any certification or assurances by the CII of professionalism should be underpinned by a robust disciplinary process. Accountability for standards and professionalism should be a cornerstone of what the CII is here to do.

Fortunately, the vast majority of our membership body and the wider public do not have day-to-day involvement with the CII's disciplinary process, however, it is important to have a sound understanding of how it holds professionals to account in order that public trust is maintained and strengthened. Every six months, the CII surveys the public to understand how they view Chartered status. The most recent Chartered perception metric from H2 2022 shows that on average 77% of consumers and businesses would choose a Chartered firm over a non-Chartered one when seeking insurance or financial advice. Their reasons provide an insight into public expectations of Chartered professionals: that they are accredited by a professional body, and commit to an ethical code of conduct.

The CII's Code of Ethics is the standard by which professionals are held to account by the CII, and fortunately, only a small number of disciplinary complaints are referred to the CII each year. The majority of

# DISCIPLINARY PROCESS – INCREASING TRUST IN OUR PROFESSION



these complaints relate to conduct during examinations and assessment, but there is a wide range of other matters that can give rise to a disciplinary complaint. The CII's disciplinary team see cases that range from misusing a designation, to the rare instance of a member being convicted of a crime. Both of these instances are breaches of our Code of Ethics and would be investigated and, especially in the latter case, are likely to lead to a member's expulsion. In general, our aim is to bring members into compliance and often a warning is sufficient to correct any potential breaches.

Other common causes of disciplinary complaints are when a member is sanctioned by the FCA for regulatory breaches or when a member is subject to some form of insolvency event. Again, both of these instances would lead to an investigation and, depending on the severity, would likely result in disciplinary sanctions. In common with other professional bodies, our disciplinary rules, process and sanctions are published on our website and we also regularly publish the names of those subject to disciplinary sanctions in the CII Journal in the 'Disciplinary Matters' section. Anecdotally, this is one of the most well-liked pages of the Journal!

More recently, with the rise of social media, we have seen more cases concerning comments which are likely to bring the profession into disrepute made by members on Twitter and other platforms. This is a serious and growing area of concern across all professional bodies and for this reason in 2021 we published our guide 'Using social media professionally and safely' to help members use these platforms in a way that does not fall foul of the Code of Ethics, making it clear that racist, misogynistic, defamatory and other inappropriate comments will not be tolerated.

A number of respondents to the Shaping the Future consultation questioned whether the CII was doing enough to tackle member misconduct. The CII does significant work to manage its member disciplinary process. Nevertheless, we are always keen to hear what more

the CII can do to raise the profile of its disciplinary process and we intend to revisit our disciplinary pages this year to highlight the steps that we take to address misconduct issues. Judging from the comments in the consultation, there is a degree of misunderstanding as to the remit and scope of the CII's disciplinary function. The CII is not a regulator, so it is not in a position to investigate alleged regulatory breaches that ought to be or are already under investigation by the appropriate regulator. The CII regularly monitors this and will instigate our own disciplinary investigation once regulatory sanctions have been imposed.

Nor does the CII have the power to award compensation to consumers or businesses who complain that a member's alleged behaviour has brought about financial loss. Such cases are within the remit of the Financial Ombudsman Service which is empowered by law to order firms to compensate customers for loss. We can and have investigated complaints about Chartered firms who have not acted in accordance with our Corporate Chartered Status ('CCS Rules') and ultimately we do have the power to withdraw Chartered status from those firms. Complaints against Chartered firms follow a separate process from our disciplinary function and the process we follow can be found on our website and in our CCS Rules.

Members are rightly concerned that bad apples do not spoil the barrel and we will take steps to investigate complaints against members and Chartered firms when we become aware of misconduct, either through a complaint or through our own intelligence gathering. Some high-profile issues have brought this into focus in recent years such as the British Steel Pensions mis-selling scandal and the business interruption FCA test case. We have investigated members and firms involved in these issues and taken action

where it was warranted under our rules, mindful of the regulator's role in deciding where regulatory breaches had occurred.

In common with other professional bodies, we have an independent body to oversee the CII's disciplinary function to provide assurance that the CII is acting in accordance with its own rules and procedures. The CII's Independent Review Pool

is empowered to review cases handled by their disciplinary team and hear appeals by members against disciplinary sanctions imposed. The Independent Review Pool has a mixture of independent, legal and lay members who can be convened to form a balanced panel to conduct reviews and hear appeals as well as consider any

potential member's application that raises concerns as to their fitness for membership.

We have recently appointed a new independent Chair of the Independent Review Pool function, Professor Jane Jarman of Nottingham Trent University, who is an academic lawyer and expert in professional disciplinary matters. She brings a fresh, independent perspective to this important function and has already made her first report to the CII's Professional Standards Committee, which oversees the CII's professional standards function, including professional discipline.

If there was ever a time for highlighting the importance of professional standards and the conduct of members, that time is now when trust in our profession is so vital. The assurance that members will be held accountable for misconduct is something which the CII regards as paramount to a successful and thriving profession. ●

MEMBERS  
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THE BARREL



**MELISSA COLLETT**  
Executive Director of  
Professional Standards,  
Chartered Insurance Institute

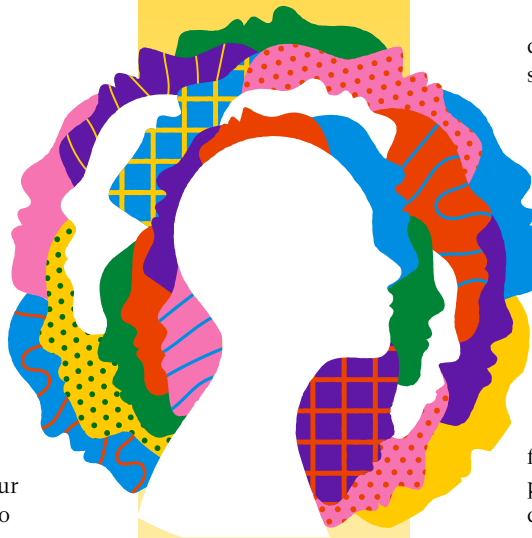
# ACCELERATING THE RATE OF DIVERSITY AND INCLUSION PROGRESS

**A**fter several years of hard work, it's now clear the Lloyd's Market is making real progress on diversity, inclusion and culture. The data from the last three years shows a steady increase in diverse representation, behavioural standards, and board sponsorship of people-related initiatives.

Culture is one of our core strategic priorities at Lloyd's. We want to build a more diverse, inclusive, and high performing marketplace by improving representation and calling out behaviour that doesn't align to our values. It's also part of our purpose: sharing risk to create a braver world.

Our fourth Market Policies & Practices (MP&P) return shows really encouraging progress. Among other things, our market has increased representation of women in leadership positions and our hiring of ethnic minority talent has increased. The number of firms collecting diversity data has increased, including a sizeable boost in ethnicity data, which will help us to understand how our market's delivering its cultural plans.

We're pleased to see the proportion of women in leadership roles has increased two percentage points to 32%, with improvements across Boards, Executive Committees and direct reports of Executive Committees. We're now close to our 35% target for women in leadership by December 2023. Ethnic minority representation across the market increased to 11%, and in leadership roles to 9%. Importantly, 88% of boards now have culture as a fixed agenda item: a 13-percentage point increase on last year.



This progress is down to the hard work of leaders, culture teams, mentors and many others across our market. Culture change is hard, but we're making ground.

That said, there's still much more to do. We must ask ourselves: is progress being made fast enough?

You would probably expect me to say this, but from my perspective the answer is: not yet.

The data tells us there are ways we can accelerate our progress and we need to be deliberate about creating opportunities, preparing talent to take those opportunities, and changing the narrative around what a career in insurance could look like.

Lloyd's is increasing the rate of progress by developing an early careers solution to help medium and small firms employ diverse talent, while enabling larger firms to contribute to a broader diverse talent pool. We intend to launch our expanded early careers model in 2024, helping us accelerate our hiring of

diverse and talented individuals at the start of their careers.

This year we'll also be expanding the Dive In Festival to include year-round outreach efforts that help us attract the broadest pools of talent.

It's not a consistent story across insurance specialisms. The pipeline for diverse underwriting talent isn't sustainable: the number of 'ready to go' successors (29%) is expected to fall in the next five years to 24%. Actuarial and finance roles have a healthier talent pipeline from both a gender and ethnicity perspective. Therefore, we need to be deliberate about addressing the talent challenges in underwriting and how firms approach their talent planning. To do that, we've created a market-wide upskilling programme, looking at key areas like succession planning, inclusive recruitment and speaking up, which we hope will help shift the dial.

However, only 29% of leaders have culture-related key performance indicators (KPIs) built into their remuneration, meaning there isn't enough accountability at leadership levels. While culture change falls to every one of us, leaders can drive action and set the standard for good practices and behaviours.

The question we must ask is, will our leaders step up to be the change agents we need them to be at this time?

I'm quietly hopeful they will. ●



**MARK LOMAS**  
Head of Culture,  
Lloyd's



# ATTRACTING FUTURE TALENT THROUGH COLLABORATION AND SKILLS MOBILITY



Insurance is often referred to by those who work in it as ‘the hidden gem’ of financial services. The wide variety of jobs available with a high level of transferable skills, alongside the role that insurance plays in managing risk across society make it an influential and fulfilling profession.

As testament to what insurance has to offer, many who ‘fall into it’ sing its praises and stay until retirement. However, as a profession, we need to be better at attracting talented young professionals. We need to promote the opportunities and range of varied careers that insurance has to offer.

An estimated 26% of the workforce is now over 50, up from 16% in 2014, which represents the greatest jump in any age category. With many now approaching retirement, there will soon be an exodus of expertise and knowledge, which further drives the need to secure a healthy pipeline of talent.

Professional bodies, firms and individuals should work together to champion insurance as a destination career. To protect the future success of our profession, we should encourage collaboration and coordinated initiatives.

## OUTREACH

To attract future talent, we must find better ways to articulate the value of insurance and the variety of both careers and the types of companies available.

Insurance needs a consistent presence at educational institutions and job fairs to make the profession more visible, accessible, and engaging. Firms can promote the industry and roles with dedicated stands at careers fairs, whilst individuals can act as ambassadors by giving careers talks or workshops at

schools and universities.

Social media can also be a powerful channel for reaching young people. Empower Development has demonstrated the value of platforms such as TikTok to bring insurance careers to life. This promotes opportunities available whilst providing accessible and informative video content about insurance careers.

One potential new initiative for the hiring process follows the university clearing house system to retain talented individuals. Whereby candidates narrowly missing out on places at one firm are shown unfilled roles elsewhere.

## SKILLS MOBILITY

More must also be done to equip people with the right skills. A 2023 survey by IDEX Consulting found that nearly 90% of insurance organisations reported a skills shortage over the past year, with 10% of those categorising the shortage as extreme.

Talent pipelines need to be enriched with positive training programmes aimed at broadening knowledge, skills and experience. Professional qualifications such as ACII form one element of this.

However, firms could also encourage staff to experience different parts of the business through shadowing and placements. These experiences share knowledge which can be used across the business to promote innovative solutions, increase resilience, and drive efficiency.

It also helps individuals to identify where their passion and skillsets align, whilst providing an attractive training proposition to potential new entrants. These approaches foster a culture that encourages creativity and innovation by valuing different experiences, allowing skills mobility across firms and the wider industry.

We therefore urge stakeholders to support cross-industry initiatives to raise the profile of insurance as a career destination of choice. To avoid the looming talent crisis, we must work together to secure the future of the profession that we love.

## THE YMC

The IIL Young Members’ Committee promotes career development, CPD and networking opportunities for junior members of the industry. Find out more at [www.iilondon.co.uk/home/about-us/young-members](http://www.iilondon.co.uk/home/about-us/young-members) ●



### KIMBERLEY HALLAM, ACII

Underwriter and Underwriting Operations Manager, Britannia P&I Club



### CHRIS CARLIN, CERT CII

Portfolio Management Coordinator Specialist Risk Group



### DAN PIROZZOLO, DIP CII

Casualty Broker WTW

**T**he financial services industry has been transformed by the pandemic, and it's unusual to find firms in the sector that haven't embraced hybrid working – or even moved to a fully remote model.

Work-life balance has become more important, and the challenges of attracting and retaining the best talent in the marketplace when there are skills shortages have been exacerbated by the cost-of-living crisis.

My business partner Katy Brecht and I run a leadership and talent consultancy called HEX, and regularly talk to leaders across Financial Services and beyond. In doing so, we hear the same things about the changing demands of leadership and the challenges this brings in upskilling and incentivising leaders to perform as expectations increase. It's commonly accepted that culture and great commercial results are driven by effective leaders; the more demanding leadership becomes, the more organisational success is at risk if we don't take steps to mitigate the challenges.

Reflect on this example: an experienced manager with a team of six. As a talented relationship manager in a successful insurance firm, they were promoted into a leadership role as a natural progression from achieving great outcomes for clients and bringing substantial revenue into their organisation. They had some rudimentary training on how to use the organisation's performance management framework and what to do when they have a new starter, but little else. Before the pandemic, they muddled through, focusing on their busy client book and finding the odd moment to speak to team members and supervise their work.

Fast forward to 2023, and the team are rarely in the same room at the same time. It is impossible to see what everyone is doing, how they are speaking to clients, or how happy and supported the team members feel. A couple of team members have been lost to competitors who are offering even more flexible working arrangements. Another team member is suffering from

poor mental health and seems to be becoming more isolated and unhappy but is reluctant to come into the office. The team manager doesn't know what authority they have – what was managed from the side of their desk has become almost impossible. The manager feels out of their depth, anxious and stressed. Does this sound familiar?

Katy and I have been thinking about how organisations can realign their approach to nurture more effective leaders who can navigate the new working world. As part of this thinking, we developed our Intentional Leadership model. So, what do we mean when we talk about an 'intentional leader'?

Great leaders – like great teams and organisations – don't happen by mistake, and that's why the best leader is the intentional leader. The intentional leader holds their effectiveness in leading their teams in the highest regard. They recognise their privilege, believing that every

interaction they have, and action they take, carries impact. They're role models, assertive, and vulnerable. They put their teams first. They lead with intent.

The question is, how can we nurture intentional leaders? Our model focuses on six areas to build leadership capability and become more effective.

## 1 HAVE LEADERSHIP INTENT

To lead effectively, we must be motivated to lead and see it as central to our role. What is our core leadership intention, how does it make the world better, and how will we reach greatness as a leader? Who are we in the service of and what do they need? Most importantly, how do we want the people we lead to feel?

## 2 REFLECT WITH INTENT

To reach greatness, we must take time to reflect and work on our development. The best leaders carve time out to do this

# THE INTENTIONAL LEADER

Work is changing.  
And with it,  
leadership.

JOHN HODGETT / ILLUSTRATIONS





as a non-negotiable. Thinking about what we're doing well and what we could do better, what we're not doing that we should be, and regularly seeking out other sources of feedback from colleagues, surveys, and other resources enhances our understanding of our performance and behaviours. Being aware of our thoughts and feelings about our roles and effectiveness gives us the opportunity to break down barriers and move forwards.

## 3 BUILD INTENTIONAL FOUNDATIONS

Take a moment to recall the best leader you've had during your career and why they were good. They probably took the time to get to know you through the hiring process and tested your skills, potential, and motivation for the role. They greeted you in person on your first day, gave you a proper induction, made relevant introductions, and checked you had the information and equipment necessary to do your job. They met with you regularly, discussed your performance, gave constructive feedback, and invested time and resources

in your development. They supported your wellbeing and commitments and interests outside work. And finally, when you decided to move on, they congratulated you and stayed in touch to check in on your progress. These foundations aren't complicated, but so many organisations don't ask their leaders to prioritise these basic elements of good leadership.

## 4 CONNECT WITH INTENT

As our friend and owner of Create the Ripple, Emma Lloyd, says: 'creating meaningful connections with others lights up our own lives and has the power to create lasting ripples of positive change in the world'. Maintaining connection takes intention and leaders should take care to approach each conversation they have deliberately and intentionally. Be clear on the purpose of your conversations and actions, listen intently, and make your team members feel that they are the most important person in the world. It doesn't matter if the conversation is an easy one or a difficult one, taking this care will create true trust and commitment and help your team reach their goals.

## 5 NURTURE AN INTENTIONAL CULTURE

We've all heard the Peter Drucker quote 'culture eats strategy for breakfast' and read the myriad research supporting the case for inclusive cultures that value

diversity. We know that great cultures lead to better commercial results, yet they don't happen by accident. Culture starts with leaders – if we're intentional in defining the culture we want, and taking specific and positive action to nurture it, we will create a psychologically safe environment in which people can be themselves and reach their goals.

## 6 ROLE-MODEL WITH INTENT

Making sure our words match our actions is central to great leadership. Although many of us sometimes feel like imposters and doubt our influence, we have huge leadership privilege, amplifying our actions in the eyes of others around us. The way we behave acts as a blueprint for what's acceptable in our organisations. Leadership privilege also means that often people won't tell us what's truly on their minds and may hide their true opinions and feelings. Acknowledging this and always acting with intentional integrity is the best approach a great leader can take to maintain trust and build success.

To achieve leadership greatness, pause to reflect, be aware of your impact, and take care of your team.

Most importantly, be intentional. ●



**TOM EMERY AND KATY BRECHT** are the co-founders of HEX. They are organisational development specialists and coaches with backgrounds in senior HR roles within the Financial Services industry.



Find out more about them and their work, including their Intentional Leader framework at [www.hex-development.com](http://www.hex-development.com)

Is the high perception of risk today justified? After three years of pandemic lockdowns, disrupted supply chains, geopolitical tensions, an ever-urgent climate crisis, a war in Europe, failing banks, and peak inflation, it's easy to believe the World Economic Forum's warning that we are in the age of the 'polycrisis'.

However, the disconnect between perceived and actual risk is beginning to unravel.

While risk volatility is heightened, there is much to be positive about. Data showing supply chain stress indices, bank and insurer capital strength, energy price trends, consumer excess savings, emerging market FX reserves, and more, all indicate that resilience is high. For all the prevailing winds, the outlook looks better than a year ago.

This is not to say that challenges do not remain. Volatility is real. Yet often our response to volatility reflects short-term thinking. Collectively, we need to modify our view for medium- and long-term opportunities. The inverted US yield curve illustrates the perils of short-term perception of risk volatility, showing the extraordinary circumstance where three-month money is considered higher risk (more expensive) than 30-year debt.

Against this backdrop are four global demand drivers that have the potential to reduce volatility and improve security by offering long-term growth opportunities: infrastructure; the transition to a lower carbon economy; food and energy security; and defence.

## BUILDING GROWTH

Growth in underlying infrastructure activity has increased following a substantial backlog of construction operations caused by the COVID-19 pandemic. In the United States, \$1.2 trillion has been allocated to infrastructure under the Bipartisan Infrastructure Law, while the UK

Infrastructure Bank ('the Bank') is providing £22 billion in finance to the private sector and local governments for infrastructure projects. It's not just government expenditure that's fuelling growth, private investment is the main driver of infrastructure growth in the UK, with noteworthy projects including High Speed 2, motorway improvements, and windfarm developments.

Globally, infrastructure investment

needs are estimated to reach \$94 trillion by 2040 to keep up with economic and demographic changes. To meet this finance challenge, governments, the private sector, and other institutional investors are stepping in. The insurance industry is critical for the entirety of the build cycle, supporting this growth driver and mobilising capital by addressing core risks, securing capital and helping clients remain resilient.



# DISTINGUISHING RISK PERCEPTIONS FROM REALITY TO REALISE OPPORTUNITIES



## POWERING GROWTH

Investing in the transition to a lower carbon economy is perhaps the highest value global priority and the transition is not just about energy; it applies to every sector.

To date, progress on reducing greenhouse gas emissions has not happened anywhere near fast enough to meet the goals of the Paris Agreement by 2030 – a date often forgotten in lieu of the 2050 goals. Government action is finally gaining pace, with the Inflation Reduction Act (IRA) driving investment in the United States. Elsewhere, the EU Council has adopted regulation to hasten permits for renewable energy projects.

Global investment in the low-carbon energy transition reached a new record of \$1.1 trillion in 2022 and BloombergNEF puts the investment opportunity at \$194 trillion to 2050. These numbers are a testament to the huge opportunities that transition presents.

There is capital available to accelerate the transition to a lower carbon economy if the risk gap for investment can be bridged.

From complying with ESG regulations, to underwriting construction, operational, catastrophe, as well as credit, political, and performance risks, the insurance industry can help companies navigate the transition and secure the capital necessary to realise a climate-resilient future. This is also a smart move for insurers and their clients: investing in efficiency, higher productivity, shorter supply chains, and cleaner energy will directly improve business outcomes in the medium to long run.

## SECURING GROWTH

Like climate, the food and energy sectors are in a period of rapid transition. Before Russia's invasion of Ukraine, markets

were already tightening with supply struggling to keep up with demand. To this already vulnerable scenario, the conflict in Ukraine and its impacts on food and energy markets have triggered cascading risks and economic insecurity.

While supply chain challenges are showing signs of abating, countries have responded by shifting from cost to focus on resilience. Since the beginning of the conflict, the number of countries enforcing food export restrictions has increased from three to 26, covering 40 food items. In an effort to shore up its food security, China has launched policies to help grain-producing regions and the seed industry.

In the energy market, Europe defied expectations by reducing its dependency on Russian gas by importing as much as 137% more LNG in 2021 from the US compared to the previous year.

The ability to help manage energy exploration, production and investment risk, and climate, natural catastrophe, crop, and

liability perils associated with agriculture and food production, underlines the insurance market's central role in realising critical energy and food security goals.

## DEFENDING GROWTH

The Russia-Ukraine conflict has been an unfortunate reminder that military capability and alignment among democratic nations remains important in the face of hostile autocratic states, and that defence can be a moral good. While the circumstances of the Ukraine conflict are extraordinary, strengthening defence is now seen as critical to reducing future risk. Proposed German rearmament, increased defence budgets throughout the world, NATO's imminent enlargement, economic warfare, ageing equipment and new risks such as cyber, are just a few examples of why defence is gaining in significance today.

To address military and non-military threats, defence systems now need to include drone, cyber, biological, and space capabilities. Moreover, the complexity and depth of defence supply chains means investment and spending directly leads to broader economic benefits for science, technology, industrial and logistic organisations. Insurance plays a critical role in each of these segments from addressing core liability risks to protecting intellectual property, and guaranteeing advance payments through to providing security for trade and supply chain finance.

## RECOGNISING GROWTH

Knowledge is power, as the axiom goes, has served as a guiding principle for centuries. The more you know about a risk, the more you can measure, manage, and mitigate it.

Knowledge can be derived from data. Yet today, the disconnect between discourse and data is markedly apparent. On the one hand, persistently high inflation, flagging economies, and food shortages dominate news headlines. While on the other, data shows that while there is real risk, the picture is often more moderate, with trade and investment opportunities growing and global inflationary pressures slowing down.

Those among us who are focused on the challenges will recognise the value of the four growth drivers outlined here. Infrastructure, the transition to a lower carbon economy, food and energy security, and defence will affect almost every step of every supply chain for many years to come. This presents insurers with opportunities: risk will remain complex and the world needs insurance to grow and evolve to address new and changing risk exposures.

With near constant challenges ahead, effective risk management based on intelligent use of data, that allows risk capital to be deployed efficiently to stimulate growth, will be crucial to navigating confidently beyond the age of the 'polycrisis'. ●



**NICK ROBSON**  
Global Head of Credit  
Specialties, Marsh  
Specialty, Marsh

EFFECTIVE RISK  
MANAGEMENT  
...WILL BE CRUCIAL  
TO NAVIGATING  
CONFIDENTLY  
BEYOND THE  
AGE OF THE  
'POLYCRISIS'.

In April **Chris Lay**, President of The Insurance Institute of London (IIL), spoke to **Jordane Terrasse**, Head of Group Corporate Sustainability, Risk Management and Risk Transfer at London Stock Exchange Group (LSEG). Whilst Chris is only the 116th President of the IIL, both LSEG and the London insurance market trace their origins back to the 17th century and have been at the heart of trust, innovation and finding ways to secure a better future for over 300 years.

# IN THE SPOTLIGHT

# JORDANE TERRASSE



## JORDANE TERRASSE BIO

Jordane Terrasse has been in the London insurance market for over 20 years, after graduating in Paris, obtaining a law degree and a postgraduate Masters in Insurance and Risk Management. She has held a variety of positions ranging from broking to the client and carrier side. She has been Head of Group Corporate Sustainability Risk Management and Risk Transfer at London Stock Exchange Group since joining in 2018 and sits in the CRO Group Risk team.

As part of her role, Jordane is responsible for the strategic purchase of all insurance programmes for the group, spanning 68 countries. These range from financial lines, P&C, as well as specialty lines and mergers and acquisitions. Additionally, another key element of her role is to drive risk management projects with a focus on resilience and efficiency to support the other group risk teams. From a sustainability standpoint, Jordane is responsible for driving the risk management strategy, including embedding sustainability-related risks in the Enterprise Risk Management Framework (ERMF) in line with the group's risk taxonomy and ensuring delivery of the risk agenda at group level. Jordane is also an AIRMIC board member, the Chair of the Financial Institution Special Interest Group for AIRMIC and a member of the Risk Management Committee.

**Q: The world is grappling with new challenges that are increasingly complex. What are some of the key risks that are at the forefront of your mind at the moment?**

**JT:** Large multinational financial institutions and market infrastructure providers are facing multifaceted and complex risks. Managing those risks is paramount to ensure resilience. Currently, there are a number of risks attracting scrutiny. Of these, I would say that geopolitical risks, technology and regulatory risks are at the top of most people's lists. Strategic risks such as geopolitical and global economic risks need to be mapped and planned for including the ramifications of events such as the on-going inflationary pressures and recent collapses within the banking industry. The geopolitical context has also raised the profile of technology and cyber threat risk and its complexity is increasing. Finally, regulators are very engaged, especially when it comes to sustainability. Increased regulation to ensure consistency and quality of data will mean that multinational firms will face serious compliance challenges around disclosure to meet the varying demands of regulators.

**Q: My theme as President is 'Dialling up our Purpose' and sharpening the focus on the role our industry plays in protecting and promoting possibility. How important is purpose to LSEG and the work you do around the world?**

**JT:** LSEG is a key participant in the global economy as a leading financial markets infrastructure and data provider. Purpose is critical to LSEG and underpins everything we do and sets the foundation for our strategy, our operations and our culture. LSEG's purpose is driving financial stability, empowering economies and enabling customers to create sustainable growth. We drive stability by operating businesses that are of systemic importance, fundamental to the financial ecosystem and critical to our customers. We empower economies by helping our customers to raise capital, support employment, innovate and access global

financial networks, across multiple asset classes. And we enable customers to create sustainable growth by providing the tools and data that enable financial markets to manage risk and make informed investment decisions.

**Q: As we think about risk, how important is embedding an inclusive culture with diverse perspectives and what's the impact on delivering our purpose?**

**JT:** People and culture are integral to our purpose. We have made progress in embedding an inclusive culture at LSEG that values a range of perspectives and embraces diversity of every kind. We believe there is a strong correlation between diversity and inclusion and business performance. Our intent is to create a truly inclusive organisation as we are all accountable for creating an inclusive culture where all our colleagues can achieve their potential. This is fundamental to building teams who are engaged, positive about career development, feel empowered and strong about delivering on the company's purpose.

**Q: Climate has dominated the discussion on sustainability for some time – is this still the priority or should we be focusing on something else?**

**JT:** Climate has indeed dominated the agenda when it comes to sustainability. Climate is naturally and understandably a key topic which will take years to address

and remains a priority. However, I do not believe that the climate should be mutually exclusive to other elements of sustainability – they all need to have the right level of focus. The social element of sustainability, for example, is important and should not be eclipsed by the impetus put on the climate agenda. Our aim should be to enable a just transition, ensuring inclusive economic opportunity for all.

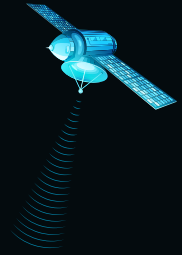
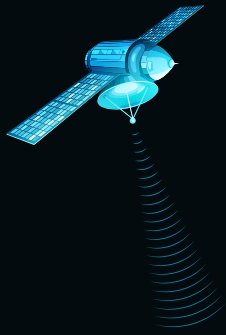
**Q: As we focus on the future and building greater resilience, where do we need to accelerate innovation as an industry if we are to stay relevant and meet our customers' and clients' changing needs?**

**JT:** Business models cannot be sustainable if they are not resilient. Resiliency is about having the right risk framework to anticipate and plan for risks but also for disruptors, and testing the plan. There is certainly more work to be done as an industry around strategic risks, such as sustainability and transformation risks. Innovation will no doubt be in the form of partnerships, including a heavy focus on data and operational risk management, to ensure solutions meet the clients' needs. ●



**CHRISTOPHER LAY, ACII**

Chartered Insurance Practitioner  
President, Insurance Institute of  
London 2022-23,  
CEO, Marsh McLennan UK



# INSURING SPACE PROJECTS

For centuries, humans have turned themselves towards the skies for guidance. The stars provided a reliable source of information for navigation. Today, skies offer new tools for human activities.

Imagine a day without space – no GPS, no weather forecasts, no satellite communications, no Earth observation, no accurate timestamps for the finance industry, no space-based research, and no spaceflight. Walther Pelzer, Head of the German Space Agency says that ‘Satellites have long been an integral part of our lives. The services they provide are indispensable for mobility on land, at sea and in the air, for all power and communications networks, for the international systems used for financial transactions, global weather forecasting and the energy transition. If these satellites were to stop working, our modern world would be set back decades in a matter of seconds.’

According to Christian Petaurus, CEO of Kacific, ‘Geostationary satellites are game changers for remote areas. Communities previously cut-off from high-speed internet connection now have access to remote health and education and to an essential path towards accelerated economic and social development.’

Satellites provide a wealth of data on everything from climate change to natural disasters. For example, satellite imagery can be used to track deforestation, monitor sea levels, and even detect changes in the atmosphere. A UK-based start-up, Satellite, is bound to become a space leader in the climate sustainability

revolution by developing a constellation of satellites to accurately map the thermal signature of any building, pipeline, or asset on the planet. Satellites can be employed to manage environmental risks, with insurers relying on data to assess risk, while satellite imagery provides valuable information that was previously unavailable. Insurers can now use satellite data to track the spread of wildfires, allowing them to identify high risk areas, adjust coverage accordingly, create more accurate risk models and better manage their overall risk exposure.

The rapid rise of private space companies largely epitomised by the fantastic achievements of SpaceX leads us towards an exponential integration of space-based applications and services in day-to-day life that will make humanity space-dependant in the same way it has become internet-dependant. We can point to satellite connectivity to smartphones, ever more accurate navigation and timing signals, space tourism, lunar settlement and exploitation, interplanetary exploration and personal imaging satellites. However, with the increasing and transformative growth and importance of space comes new risks and challenges.

A most significant challenge facing the space industry is the increasingly congested, competitive and contested space ecosystem. We know that space is

congested with the proliferation of debris and an ever-increasing number of satellites and constellations, leading to an increasingly crowded environment and pressing traffic management problems. But space is also competitive. It is vital for multiple sectors and becomes a rare resource. Not just for science and exploration but also for the digital economy and the broad security domain.

Space is contested; we are seeing unilateral moves, and the risk of a growing arms race. This is happening in the context of a legal regime and a normative framework only partially developed and where the principle of peaceful uses of outer space is being eroded.

Space insurance is the financial protection instrument that supports and enables the industry to continue to innovate and explore new frontiers while holding and managing the risks inherent to space activities. Insurance solutions are critical to

support pioneering space companies and give them the opportunity to bounce back in the event of loss.

With more than a third of the space insurance market total capacity, Lloyd’s has been the foremost provider of space insurance coverage for over five decades. Lloyd’s

Syndicates have insured the most significant and complex space missions,

SPACE INSURANCE  
... THE ULTIMATE  
UNDERWRITING  
FRONTIER

including the first commercial satellite in 1965, the launch of the Hubble and James Webb Space Telescopes, the International Space Station and the first commercial Moon landers and rovers. Lloyd's is also committed to promoting best practices and enhancing safety standards in the space industry. The Lloyd's Lab is funding research and development and helping start-ups improve space and space-powered insurance technologies.

As a leading Lloyd's Syndicate, Beazley understands that its role is to craft business-enabling solutions ensuring that groundbreaking ideas and ventures can be tested and can demonstrate their capabilities in the knowledge that a failure will not be financially fatal. Our objective is to make innovators' visions and concepts workable. To achieve it we need to be able to keep up with the pace of innovation in the industry by developing new and innovative insurance products. This means being agile, adaptable, and willing to take risks ourselves.

Adam Sturmer, Senior Vice President of Space Projects at Marsh, adds that 'Space insurers have greatly supported the development of the commercial space industry for decades. Transferring the technical risk of satellite missions enables operators to focus on closing the financing and executing on their business plans. The space insurance market is highly innovative and continually evolving. If an operator

has a financial exposure to a physical loss or damage of a satellite on ground, during launch or in orbit then, within certain underwriting guidelines, we can create a solution to go to the market with.'

A perfect illustration is space insurers advancing a safer and less risky space environment through 'battle-tested' collaboration and experience with Northrop Grumman and Astroscale in the promotion, support and insurance of on-orbit servicing missions such as MEVs, Elsa-d or LEXI 'which will dock with existing satellites in orbit to extend their mission lifetime and optimize their performance, enable a more efficient use of space assets and ultimately, less orbital debris.'

Yet, more collaborative work is required, both to support the development of industry standards, regulatory frameworks and rating systems for sustainable space operations and to address the spreading militarisation of space pushing commercial satellites to the front line and making them targets in present and future conflicts. Commercial space is essentially defenceless, with no public or private compensation mechanism or insurance for acts of war or cyber attacks. Commercial satellites need to be protected against those threats. Insurers can help and progress is under way. We are already using our vast experience in cyber insurance to offer cyber liability risks covers to satellite operators.

On Lloyd's home ground, the UK space industry is becoming one of the most business and innovation-friendly markets, while leading the way when it comes to setting high industry standards for safety and quality. From small start-ups to established players, there is a vibrant cluster of companies that are pushing the boundaries of what is possible in space. This means there is a rising demand from UK operators for space insurance products for insurers. To answer this demand and build trust, actions speak louder than words: we are pleased to have insured the first ever orbital launch attempt from UK soil for Space Forge - a UK start-up leading the clean industrial revolution by harnessing in-space manufacturing.

Embracing the astounding achievements of the space industry, space insurance has in many respects become the ultimate underwriting frontier. It has gone through a remarkable evolution, from a bespoke financial protection instrument serving a burgeoning industry, into a broader, comprehensive, and agile business-enabling service for an ever-expanding space ecosystem. ●



**DENIS BENSOUSSAN, CERT CH**  
Head of Space,  
Beazley





# HOT TOPICS IN INSURANCE AND FINANCIAL PLANNING

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

ILLUSTRATIONS: BEN MOUNSEY-WOOD



## CLAIMS

**PAUL HANDY, ACII**

**Chartered Insurance Practitioner  
Chair**

IIL Claims Committee

As we re-emerge from the pandemic and the continuing geopolitical and economic challenges facing the industry in 2022, we are adopting a more optimistic and forwarding thinking programme for the 2023 and 2024 season, with a mixture of thought leadership, technical, career development and educational content.

Our first CPD event looks at new and emerging risks from a claims perspective, considering how established policy forms may respond to these risks with a view to exploring potential gaps in coverage. Subrogation is a topic which is always close to any underwriter's heart, and this will be revisited by providing commentary on legislative changes per limitation periods under the Defective Premises Act.

The growth in electric vehicles and the impact this is having on fleet coverage will be explored in a CPD event fronted by broking and AIRMIC colleagues, with topics extending to cost of claim, lead times, salvage, and hire of alternative vehicles. The impact of the war in Ukraine is the subject of a CPD event exploring the impact on marine hull claims, while later in the year we plan to host a number of thought leadership and technical CPD events on social media liability and secondary perils within our changing landscape, to include potentially hidden aggregated exposures. The current economic and political climate has resulted in a level of focus on landlord and tenant disputes; we will explore the growing issue of 'ghost' landlords and the impact this



is having on our ability to mitigate and resolve property claims.

Our final CPD event is loosely titled 'how to get your next role in claims'. We will look at the current work environment and how claims skill sets will need to evolve and embrace change to enable progression across all levels. ●



## AVIATION AND SPACE

### GARETH HOWELL, ACII

**Chartered Insurer**

**Chair**

IIL Aviation & Space Committee

In a globally interconnected industry, the Russia/Ukraine war has created many challenges for the aviation insurance market. Aside from the devastating social impact, over 500 aircraft were leased to Russian airlines that lessors have been unable to repossess. This has led to unprecedented claims of up to \$15bn against both hull and war insurers and, with the war ongoing, it is likely to be some time before the economic impact is known.

More positively, the aviation sector continues to recover from the pandemic restrictions with 2022 air traffic reaching 68.5% of pre-pandemic levels, according

to the International Air Transport Association (IATA).

We are encouraged by the ongoing focus on net-zero emissions and continue to see investment in new technologies, with an emphasis on electric advanced air mobility vehicles and hydrogen propulsion. Testing activity in 2023 should also increase in relation to these technologies.

As flying activity returns, insurers will focus on how claims are developing, with the years immediately preceding the pandemic some of the worst on record. The aviation industry is reliant on a huge workforce of people and losses can be influenced by the human element. Labour

shortages across most of the industry are a concern, as well as the industry's ability to attract, train and retain pilots, engineers, ground staff, and all the people that make the industry operate efficiently and safely.

And finally, the eagerly anticipated first orbital space launch attempt from the UK in January sadly ended in a failed mission, however, we expect growth in the space sector with new launch vehicles, new satellites, space tourism and space exploration presenting new risks and opportunities for insurers in this sector.

Our CPD programme will help members to navigate the challenges and opportunities that lie ahead. ●



## CYBER AND TECHNOLOGY

### ROB WINDSOR-CLIVE, ACII

**Chair**

IIL Cyber and Technology Committee

AI has hit the mainstream with ChatGPT's large language model producing a 'Google Maps moment' with software that seems to have come from nowhere, marking a massive leap in achievement and increased user accessibility.

For insurance, built on a promise set out in words, these language models will, in time, help us to make sense of underwriting submissions and use new unstructured data to build better models, improve claims processing, speed up policy wording iterations, and provide better customer support.

OpenAI's CEO Sam Altman has warned, 'ChatGPT is incredibly limited, but good enough at some things to create a misleading impression of greatness. It's

a mistake to be relying on it for anything important right now.'

The large language models themselves will likely be built by the big players with GPT joined by Meta's LLaMA amongst others. They will be the foundation upon which a horizontal ecosystem of capabilities will become available, likely including smaller language models focused on the insurance domain. It will be for our industry as well as others to navigate the technology and ethics of deploying these tools in the real world.

Within cyber we can already start to fear the power of some really clever phishing attacks using these large language models. Cyber also has some challenges that have appeared more



recently that are just as immediate. Cyber policy wordings are coming under pressure with insureds wanting to protect an ever-expanding and changing risk landscape while reinsurers and insurers struggle to keep abreast of how these changes impact contingent business interruption and aggregations of cyber risk. War exclusions have also come into sharper relief as war in Ukraine continues. Please keep an eye out for our talks covering these important topics. ●



## CASUALTY

NEVILLE WHITE

Chair

IIL Casualty Committee

Surging inflation is probably the main concern for casualty insurers now. The central banks have responded by increasing interest rates to curb its growth with the Bank of England expecting UK inflation to fall to 4% by the end of this year, which will be a welcome relief for insurers.

The second pressing concern for insurers is nuclear injury awards; injury compensation awards have sky-rocketed in the USA, due to an increasingly claimant-friendly litigation environment. This has

culminated in the Florida Condo settlement of \$1billion (the tower block that collapsed in 2021), for which the security company and its liability insurers found themselves liable for the bulk of the settlement. These settlements affect London-market insurers insuring either US companies on a surplus lines basis, or multinational companies with London-placed excess layer programmes.

PFAS chemicals, or forever chemicals, continue to be a concern for insurers, with a close interest being taken on chemical businesses and water companies, as the scientific community continues to evaluate the potential health effects of these widely-used chemical ingredients.

This year will also see the implementation of the draft legislation for 'Martyn's Law', the proposed anti-terrorism law following

on from the Manchester Arena bomb attack in 2017 that killed 22 innocent victims. 'Protect Duty' will introduce a duty on certain businesses, principally those in the entertainment industry, to evaluate terrorist risks and take measures to minimise such risks. Information can be found at [www.protectuk.police.uk](http://www.protectuk.police.uk)

More positively, insurers will have been pleased to see the Court of Appeal judgement in February for *Apres Lounge v. Wade* which concerned a claimant slipping over a spilt drink on a wet bar floor, and the interpretation of the Occupiers Liability Act 1957. The defendant successfully overturned the trial judge's view that they had failed to minimise the risks and that the precautions they undertook were, in fact, adequate. ●

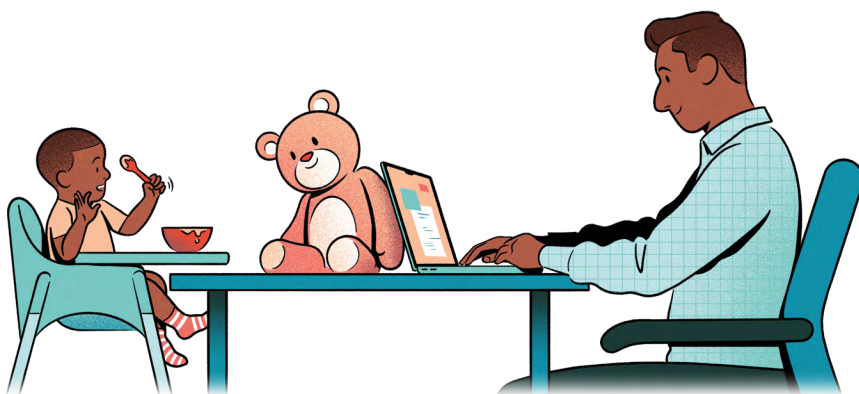


## INCLUSION AND DIVERSITY

MARY BOWIE

Chair

IIL Inclusion and Diversity Committee



The Inclusion and Diversity Committee is collaborating with the Insurance Families Network (IFN) to produce an informed and refreshing CPD programme of events for 2023/2024.

The IFN, one of the Inclusion@Lloyd's partners, has selected the UN's Sustainable Development Goals (SDGs) as a theme of Impact and Sustainability for 2023 by focusing on three SDGs which align with the work they are doing

and the partners they choose to work with: The Sustainable Development Agenda - United Nations Sustainable Development.

Ensuring inclusiveness and equality is an ongoing challenge and an opportunity to take collective action to ensure that the UN's inclusive pledge of leaving no one behind is upheld. This principle is at the heart of the SDGs, which form the UN's 2030 Agenda for Sustainable

Development. For example, the IFN has chosen the following SDG themes for 2023:

- Gender equality.
- Decent work and economic growth.
- Reduced inequalities.

The SDGs are designed to be an integrative framework. However, by focusing on selected goals, these can be used as a foundation for measuring tangible impact.

Tim Soper, Aon, a Co-Chair of the IFN, has championed all three goals in his recent work with the All-Party Parliamentary Group (APPG) on Fatherhood. The APPG is a cross-party group of MPs and Peers promoting the well-being of children by ensuring that legal and policy frameworks adapt to the changing nature of family life and that legislation encourages responsible fatherhood.

Tim comments: 'The insurance market has made some fantastic changes with equalised or shared parental leave and extensions to paternity leave, but more can be done in this space to remove the stigma for many men of "parenting out loud"'. Through my involvement with the APPG, I hope to bring the voice of insurance into that debate to drive further policy change to improve family life in our market and beyond'. ●





## FINANCIAL PLANNING

**EDWARD GRANT, FPFS**

**Chartered Financial Planner Chair**

IIL Financial Planning Committee

Three Prime Ministers, four Chancellors, multiple fiscal events and 15 lunchtime lectures! It has been a busy year for the Financial Planning Committee. In addition, with the launch of the FCA Consumer Duty programme across Financial Services, advisory firms are reviewing and evidencing their consumer centricity.

In his lecture, Damian Davies considered how advisory firms could segment their clients with Consumer Duty in mind and Carla Brown reflected on how language can positively influence client behaviour. John Dashfield focused

on the importance of embedding empathy into the financial planning process, while Rebecca Aston discussed how culture and leadership are critical when faced with ethical dilemmas. With an eye on the future, Gill White asked how the fourth industrial revolution will impact on our profession and the way we learn.

In the Spring Budget 2023 the Chancellor, Jeremy Hunt, announced proposals to enhance the annual pension allowance and abolish the pensions lifetime allowance. Two significant changes demonstrating the value of advice. Claire Trott reviewed the current pension issues and concerns while Helen O'Hagan reviewed how tax wrappers could be utilised in the most tax-efficient way. Niki Patel and Barbara Gardener looked at the trust registration challenges following extension of the requirements, helping advisers to support their trustee clients.



With so much regulatory, political and fiscal change the value of financial and non-financial advice was a constant theme throughout our lecture programme. Financial planners are instrumental in supporting clients to achieve their goals, hopes and aspirations. With 54% of UK adults (YouGov) answering 'don't know' when asked if they support the Spring Budget 2023 proposals, there is a need for a qualified and well-informed financial planning profession which demystifies the complex and reassures during times of vulnerability. ●



## MARINE AND ENERGY

**SOPHIE WRIGHT, ACII**

**Chartered Insurer Chair**

IIL Marine & Energy Committee

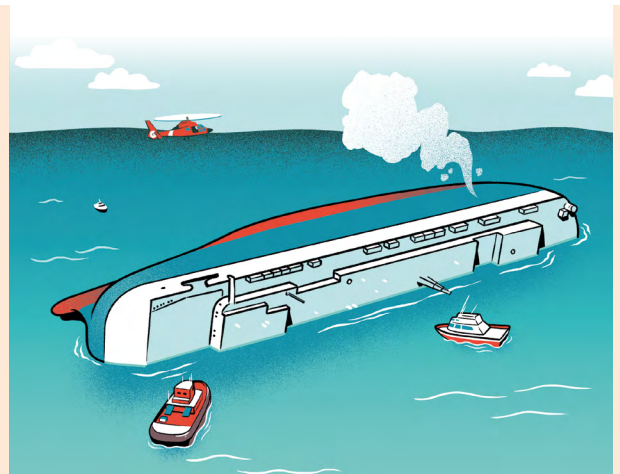
As the enormity of the pandemic began to lessen, the uncertainty of the geopolitical situation intensified. In addition to the Russia-Ukraine conflict, widespread political unrest, port congestion, a shortage of truck drivers and an imbalance of shipping containers have had a compound effect on the global supply chain. All of this is occurring as we continue to see the negative impacts of climate change through extreme weather events. Industries continue to seek alternative, sustainable ways of operating in order to reduce carbon emissions and marine and energy insurance plays a vital role in this transition to net zero.

Our upcoming series of presentations offer topics including the marine market and climate risk, new and alternative fuels for ships, the stability of car carriers

following the capsizing of the MV Golden Ray, and container stack collapses aboard ships.

Soaring food prices and the global hunger and malnutrition crises mean an expected 345.2 million people are projected to be food insecure in 2023, as reported by the World Food Programme. The importance of the UN Black Sea Grain Initiative remains imperative in allowing Ukrainian grain to reach global market, and the marine insurance world's vital part in facilitating this Initiative will be outlined in the upcoming lecture series.

At a time when autonomous vessels, ports and terminals are growing commercial realities, and as cyber



criminals continue to be a threat to organisations, we will revisit the issue of cyber in the maritime world.

Meanwhile, the IMO has been working on developing and agreeing a unified interpretation of the test for breaking shipowners' rights to limit liability under international conventions. An upcoming presentation will look at the unprecedented work and process involved in developing this unified interpretation and the agreement that was ultimately reached. ●



## PROPERTY

**IAN FRANCE, ACII****Chartered Insurer  
Chair**

IIL Property Committee

The last year has seen a number of geopolitical and economic shocks including the war in Ukraine, supply chain disruption and the cost-of-living crisis, which has led to the highest inflation for 40 years. This has created a very challenging environment for policyholders to declare the correct insured values and many market commentators expect a significant increase in underinsurance.

For example, the global insurance

broker Gallagher recently reported that it believes 43% of commercial properties in the UK are currently underinsured as policyholders struggle with increasing costs of building materials. Meanwhile, according to the CBRE Construction Cost Index, building costs in the US increased by an estimated 14.5% in 2022 and 11.5% in 2021. In Europe, construction costs increased by more than 16.5% between 2021 and 2022.

These are significant increases and with no end to the global inflationary pressures, many more policyholders may be unknowingly underinsured. As the majority of property policies contain an underinsurance clause, this puts future claims payments at risk of being reduced by the amount of any underinsurance which can be very damaging.

It is vitally important that the insurance industry promotes awareness of the impact of inflation and both insurers and brokers should continue actively working with their policyholders to ensure that they regularly review their insured values to reflect the latest rebuild costs.

Insurers are also taking a keen interest in business interruption indemnity periods as supply chain issues and labour shortages may delay rebuild times. This should all be borne in mind when setting the indemnity period to ensure it is sufficient to cover the full reinstatement of the property.

We believe inflation will remain a hot topic in 2023 and the industry will need to work closely with policyholders to minimise the impact on their property and business interruption insurance. ●



## REAL ESTATE

**MICHAEL BRETT, ACII****Chartered Insurance Broker  
Chair**

IIL Real Estate Committee

The real estate industry is facing several daunting challenges looming on the near horizon that underwriters, brokers, claims professionals and risk management professionals will have to remain cognisant of when tailoring solutions. One such challenge is the formation of environmental legislation to tackle the carbon emissions produced by buildings to aid the global journey towards decarbonisation, including the imposition of minimum energy efficiency standards by 2030.

Savills have estimated that circa 75% of UK office buildings will fall below the minimum energy efficiency standards by 2030 (above a C rating). The real estate industry, despite reeling from COVID-19 and facing significant headwinds from debt markets, is looking to repurpose and reconfigure buildings to meet these standards. Many tools are at the



disposal of real estate professionals to reduce carbon emissions and/or achieve neutrality, including to name a few:

- Greening of building materials including timber frames/cladding paired with living walls and roofs.
- Promotion of greener methods of commuting to the workplace with electric car charging station availability.
- Installation of photovoltaic panels.
- Reconfiguration of building management systems to improve energy efficiency and avoid wastage.

Both new developments and retro fitting present issues across the insurance industry in terms of the inflationary effect

on values to be insured, fire inception risk, fire loads and ensuring that the risks are understood across the industry.

Thankfully, insurers are now taking the environmental angle into consideration with the incorporation of robust environmental standards and guidance which is being fed through to their underwriting arms.

The whole real estate industry is gearing towards these legislative milestones and the role of the insurance industry will be to support this transition whilst ensuring that our tailored insurance solutions are equitable and not prohibitive. ●

## REINSURANCE



**BEN ROSE, AChI**  
Chartered Insurance  
Practitioner  
Chair  
IIL Reinsurance  
Committee

With 2022 a pivotal year for reinsurance, more than once, against a backdrop of macroeconomic turbulence and geopolitical instability, the market appeared to wobble.

Property reinsurance was in the spotlight throughout, with 50% rate rises at the July renewals somewhat pre-empting the devastation brought to Florida by Hurricane Ian but failing to inspire a hoped-for 'class of 2022'.

Instead, the industry witnessed a withdrawal of reinsurance stalwarts, spooked by a consistent failure to return cost of capital, a newfound recognition of undermodelled climate change, and more attractive returns available for lower risk elsewhere.

Increased demand from cedents with growing loss cost volatility and inflated



insured values could thus hardly be met, in a reinsurance market absent one sixth of its prior year capital. With underwriters unsure of their retro capacity in the run up to January renewals, buyers faced an uncomfortably long wait for reinsurance quotes, while brokers appealed for markets to be wary of damaging long-term relationships.

Ultimately, deals were concluded with a range of adjustments on prior year conditions, with underwriters pushing variously for higher attachment points, occurrence structures in place of aggregate structures, or even named-perils-only coverages in some cases.

Broker revenues were hard-earned

but consolidated further with the largest firms, thanks to organic growth at the top, the first year of a combined Gallagher Re and Willis Re, and Howden's acquisition of TigerRisk Partners.

In 2023, cedents, brokers and reinsurers alike will face continued performance pressures, in an unpredictable environment characterised by war, an ongoing energy crisis and a looming global recession.

We must build upon the innovations of 2022, such as the first cyber catastrophe bond, the growing uptake of reinsurtech platforms and the rapid advancement of artificial intelligence, if we are to create a sufficiently nimble reinsurance industry for the uncertain future to come. ●



**LONDON  
MARKET**  
**ARTUR  
NIEMCZEWSKI, PhD**  
Deputy Chair

IIL London Market Committee

Since its recorded beginning in 1688, Lloyd's of London and the broader London Market have been the global insurance centre that others have tried to emulate. The 'Why London Matters' report by the London Market Group puts London's GWP at \$120bn and employment at 47,000 professionals, many of whom are IIL members.

So, what is the future of the London Market and what are the drivers of its success or failure?

We examine these drivers through the London Market CPD programme:

- **Talent, talent, talent** – The importance of constantly nurturing and attracting insurance talent will be discussed by Caroline Wagstaff from the LMG, and a panel of female insurance executives will discuss 'Women's careers in the insurance market'.
- **Innovation** – Innovation has always been London's key differentiator – George Beattie from CFC presented a fascinating lecture on how to make disruptive innovations successful and Chris Lay from Marsh shone a light on the innovative world of captives.
- **Regulatory environment** – Michael Sicsic, a former senior regulator with the FCA and Hugh Savill, previously with ABI, have discussed the post-Brexit regulatory landscape, including changes to Solvency II, the SMCR and the Insurance Distribution Directive, as well as the Financial Services and Markets Bill.
- **Ease of access** – Keith Nevett and Julie Gallagher from Asta will be discussing the challenges of setting up a new Lloyd's business.
- **Ease of transacting** – Joe Dainty from Lloyd's, and Shaun Crawford and Karen McDonagh-Reynolds from Xchanging previewed what the insurance bureau of the future would look like.
- **Client and societal impact** – Julia Graham from AIRMIC provided a client's perspective and Julian Enoizi from Guy Carpenter spoke about the insurance industry initiative in climate-risk resilience and adaptation, launched at COP27.

Having participated in the lectures I do believe that the future of the London Market is indeed bright! ●

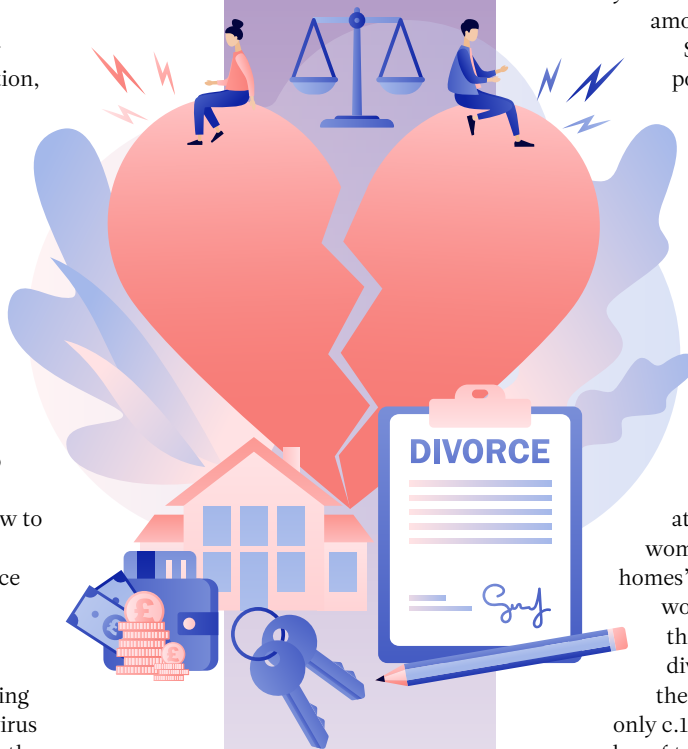
# FINANCIAL PLANNING ON DIVORCE

Long-term trends show that more divorces are occurring in older sectors of the population, following longer periods of marriage.

If dependent children are no longer the financial focus of a divorce, how do couples split their financial assets in a way that works for both parties? Do they understand the true 'value' of their assets, are they aware of the changes to tax rules if they transfer assets after separation, and do they appreciate how valuable pensions could be or know how to share their pension benefits?

In April 2022, no fault divorce was introduced with the aim of making the divorce process less adversarial. Perhaps individuals had delayed applying for divorce due to the coronavirus pandemic, or were waiting for the new process to come online, in any case, the three months following the change in legislation saw a 22% increase in the number of divorce applications, compared to the same period in the previous year.

With more couples attempting to manage the divorce process themselves, turning to online help in an attempt to save money in the short term, family law professionals are concerned about future legal and financial disadvantages. Receiving financial advice during the divorce process, rather than after the event, can provide both parties with a better understanding of what they have, what they need, and what assets merit negotiation.



Transfers of assets between spouses who are living together are made on a 'no gain, no loss' basis, meaning no liability to capital gains tax, but this treatment previously expired in the tax year of separation. If a couple separated late in the tax year, or discussions over assets didn't start promptly after separation, couples might have needed to focus on taxation and net value, rather than suitability of assets for distribution. The Office of Tax Simplification recommended changes to this rule, to reflect a more modern approach to separation and divorce; amendments in the Finance Bill 2023 now give couples three full tax

years to transfer assets under this relief, amongst other changes.

Since December 2000, it has been possible to apply for a Pension Sharing Order, a court order that instructs a pension provider to transfer pension benefits from one party to the other on divorce. These orders offer a clean transfer of pension assets. It was hoped that this change of law would address concerns over the poverty of older divorcees, but only c.12% of divorces result in pension division. The Pension Advisory Group research concluded that 'men are more attached to their pension funds and women are more attached to their homes'. Without professional advice, women are less likely to explore the division of pension assets on divorce, even though by the time they reach age 65-69, women have only c.16% of the value of private pension benefits of men the same age.

Divorcing later in life can introduce parties that haven't previously engaged with their finances into an alien language and framework. It is important that decisions aren't rushed and financial education is encouraged to support individuals who may be vulnerable, to make choices that will impact the rest of their lives. Seeing the relief as a client recognises that there is a way forward and a hand to help them, is priceless. ●



**ANGELA LLOYD-READ, FPFs**  
Chartered Financial Planner,  
Senior Client Director,  
Strabens Hall



# THE FUTURE OF FINANCIAL PLANNING

**T**echnical Connection, on behalf of St James's Place, carried out (with our research partner Ad-Lucem)

extensive adviser and consumer research in the second half of 2022 on The Future of Financial Planning. We supplemented this with contributions from sector specialists on the potential impact on financial planning of expected developments in (among other topics) regulation and technology and from the Technical Connection team on pensions and taxation.

Our research and expert contributions covered all areas contributing to what the future for financial planning might look like – too many to cover in any detail in this short piece. In summary though, our discoveries confirmed that the fundamental and unchanging role of financial planning remains to deliver outcomes that meet the understood needs and aspirations of clients. However, it is also clear that the context in which financial planning is delivered and the way it will be delivered will be influenced by:

- inexorable advances in technology related to financial planning.
- continuing uncertainty in relation to the future of taxation and pensions.
- the impact of developing regulatory change (with even greater intensity committed to consumer protection and the duty of advisers to consumers) and the growing interest in the provision of more focused guidance – especially for those who don't need 'full-fat' advice.
- the growing importance of paying proper attention to the many potential vulnerabilities of clients.



- the importance of the impact of financial decisions on climate and sustainability.

We also confirmed (perhaps unsurprisingly) that the current adviser community that we talked to were predominantly focused on older, wealthier clients. There's no denying that as the average age of advisers rises, so the average age of advised clients rises. That represents a real challenge, but also an opportunity, to 'customise' the means of engagement with a younger demographic. To attract younger clients though, advisers must go beyond the 'traditional' channels and methodology to achieve lasting and impactful success and to build greater longevity and 'buyable' value into their businesses. An intergenerational approach to financial planning, when appropriate, can be truly mutually beneficial – for clients and advisers.

We remain convinced that the true 'lived value' of advice secured through financial planning, however delivered, inevitably emerges when there has been 'considered diagnosis before prescription'.

The most successful financial planning businesses will be those that stay true to that core concept but have the foresight

to adapt their offerings to meet the changing needs of their chosen markets. Constant recalibration based on understood realities and anticipated future is vital to future success. Taking this approach to financial planning will, self-evidently, ensure that advisers will be making a material contribution to fulfilling their core responsibilities under the Consumer Duty Rules, ultimately delivering positive outcomes for their clients.

It seems inevitable that the requirements of the Consumer Duty Rules will also positively contribute towards greater and closer collaboration between financial institutions, platforms and adviser support businesses and financial planners. The potential for enhanced shared knowledge, understanding and the development of the solutions to meet the understood (and changing) needs of clients to deliver good outcomes is a genuinely achievable objective to strive for. And in all cases, with client needs at the heart of what we, as a profession, seek to deliver.

Success will be measured according to which businesses can best and most rapidly adapt to (and, even better, anticipate) the future, and successful financial planning will continue to have as its foundation a deep and regularly reviewed understanding of everything from client expectations through to the best use of tax-efficient solutions and appropriate technology. ●



**TONY WICKENDEN, ACII**  
Managing Director,  
Technical Connection

# GET YOURSELF UP TO DATE ON THESE TOPICAL ISSUES



## DELAY IN START-UP INSURANCE (RS254B)

Since the publication of 'Insurance of Revenue for Projects Under Construction' (RS254) in 2003, 'Delay in Start-Up Insurance' (DSU) has evolved in the intervening years until now, with a considerable number of projects of varying scales and types being insured around the world.

DSU is intrinsically linked to Construction Insurance, Marine Cargo Insurance, and Business Interruption Insurance, each of which is a complex class of insurance, and DSU represents an even more complicated and often challenging type of insurance. Whilst considerable experience may have been gained by some market practitioners and buyers of DSU insurance over the years, it remains an area where some fundamental misconceptions, misunderstandings and gaps in knowledge continue to persist within the insurance industry.

A need for an improved in-depth understanding of DSU shows itself during the underwriting process and, even more significantly, after an incident that gives rise or might give rise to a claim. This publication provides its readers with material, explanations and guidance designed to overcome such shortcomings in

understanding DSU in practice. By its structure, it is aimed at all market practitioners and their clients, regardless of their present level of experience.

Whilst many of the main principles set out in the original publication remain valid, this new one, with its simpler title, tackles some key subjects in greater depth, and a number of topics are specifically addressed for the first time.

Areas that commonly reveal a need for an enhanced understanding of DSU are dealt with more comprehensively in their dedicated chapters. Examples of these are increased cost of working, liquidated damages, defects, Marine Cargo/CAR loss sharing and extending the period of insurance. Analysis of delay is another area addressed more comprehensively, and also some specific reinsurance topics are discussed in their respective new chapters.

This publication is the product of a compact team of hand-picked market experts representing all sides of the industry and is essential reading for those interested in or who wish to increase their knowledge of DSU (re)insurance.

- Pages 322
- Published December 2022
- CII/PFS members £60
- Non-members £75
- Hard copy book is accompanied by a free PDF version
- Order your copy here. [bit.ly/3ILkpVM](https://bit.ly/3ILkpVM)





## CYBER INSURANCE RESEARCH FINDINGS (RS266)

2021 was a defining year for the cyber market – with significant rate increases in both the insurance and reinsurance markets and pressure building (via, among other things, recent cyber incidents like the Colonial Pipeline and Log4j) on

carriers to clarify whether the peril of cyber is covered under non-cyber (re)insurance policies.

To understand the reasons behind these dynamics, it is necessary to take a deep dive into the risk of cyber, how it happens, why it happens, and the consequences. The (re)insurance fundamentals for this class of business need to be understood as well as the tools and processes used in underwriting and risk modelling. How do (re)insurers select which risks to cover? What are the common terms and conditions (and why)? What granularity of data is required for future underwriting success?

In this study, we examine cyber risk from four different aspects. We start by giving an overview of the cyber threats before detailing how organisations can insure against these threats. We then examine the insurance coverage available to insure (and reinsure) against these threats. We provide an overview of the latest thinking and mathematical modelling approaches on how insurers and reinsurers quantify and price cyber risk before giving an overview of cyber risk and loss management.

Written by practitioners, this comprehensive publication is useful for anyone wanting to gain an insight into cyber risk and how it is approached in the insurance and reinsurance market.

- Pages 388
- Published June 2022
- CII/PFS members £60
- Non-members £75
- Hard copy book is accompanied by a free PDF version
- Order your copy here. [bit.ly/3NcMzfb](https://bit.ly/3NcMzfb)



## INSURTECH – DIGITAL DISRUPTION AND INNOVATION IN INSURANCE (RS267)

Over recent years, the insurance industry has seen the application of new technology such as automation, artificial intelligence, blockchain, big data and chatbots. These offer benefits including reduced costs, improved customer

experiences and greater accuracy in pricing, reserving and fraud identification. Whilst some insurers have already established digital strategies, others are still in the early stages of development. There are also several influencing factors, including legacy systems, GDPR and cyber risks, which insurers must negotiate to build a robust digital strategy. Furthermore, InsurTech innovations are typically driven by customer or business requirements rather than the traditional IT model.

Aimed at those involved in the development of digital strategies who may not have prior experience in this area, this reference-style book supports on-the-job learning and professional development by providing quick access to the key information about the most important InsurTech topics. This book builds on existing publications that explore general and life InsurTech by focusing on the London Market.

The topics encompass all aspects of the London Market, including broking, underwriting, claims, and reinsurance.

The book is split into four parts to ensure ease of reference. The first part provides a general background to InsurTech, including key terminology. The second part introduces the core technologies by chapter and provides an overview and examples for each. Part three covers key regulatory and legal concepts to help with compliance queries. The final part considers how InsurTech might evolve in the future to equip readers for discussion and debate.

- Pages 217
- CII/PFS members £50
- Non-members £65
- Hard copy book is accompanied by a free PDF version
- This book is being launched soon. [bit.ly/3N4qVcX](https://bit.ly/3N4qVcX)

For more information about ordering these books, go to [www.iilondon.co.uk/home/publications/](https://www.iilondon.co.uk/home/publications/)

# WHAT GOT US HERE WON'T GET US THERE: WILL LONDON RISE TO THE CHALLENGE?

**A**s we contemplate the complex set of challenges we will face in 2023 and beyond, those of us who work in this market should accept that we have both an incredible privilege as well as an important obligation.

We work at the centre of the global insurance industry, in one of the most vibrant and evolved markets in the world, one that has benefitted from the hard work and dedication of those who have come before us. As custodians of a three-centuries-old legacy, it is therefore our responsibility to make sure the London market both endures and continues to be the standard bearer for our industry long into the future. It is easy to take for granted how lucky we are to work here – the richness of the handed-down knowledge, the entrepreneurialism of the market and the strength of the community we accept as standard because we experience it every day.

However, returning to full strength post-COVID has given us a renewed appreciation of how important it is to be part of this dynamic centre, unique because of the density of talent and the ability to collaborate across all dimensions of our industry. We must deliberately cultivate this sense of community if we are to continue to reap its rewards; maintaining the creativity, agility, and responsiveness that has served us so well in the past will be critical to our future.

Equally important is to remember that if we expect the market leadership position we have had in the past to endure into the future, we will have to be very deliberate about what else we will



need to do to continue to earn that right. It will require both recognition for the importance of what got us here, as well as immediate and significant action to address the challenges of today to ensure our success long into the future.

We have three critical needs today – an absolute imperative to implement market-wide digitalisation, a requirement to adequately address the emerging and systemic risks that our clients are facing, and a workforce proficient in meeting those challenges.

Lloyd's Blueprint Two is among the many strategies being implemented to usher in an era of digitalisation. It is essential that the London market adopts the use of structured data and common definitions to eliminate duplication of

effort, human error and time-wasting activity and ensure our clients finally have the same contemporary, digital experience when addressing their risks that they do in every other part of their corporate life.

In terms of emerging risks, The World Economic Forum's Global Risk Report identifies that seven of the top ten risks for the next decade are related to climate. The other three are the omnipresent threats of geo-economic confrontation, cyber insecurity and the erosion of social cohesion. Contrast that to the first WEF report published over fifteen years ago, which identified the greatest risks of that time as oil price, China, regulation, corporate governance, earthquakes, cyclones, organised crime, terrorism, and European dislocation – a very different set of risks.

As a market, we recognize that our ability to address these systemic risks will be what defines our future. Urgent and meaningful change is required and we will need a workforce that is prepared for those changes.

The Insurance Institute of London can play a crucial role in the education and ongoing learning of our professionals as we prepare for perhaps the biggest transformation in our 116-year history. This will be a defining moment for this market; I know we will rise to the challenge. ●



**LUCY CLARKE**  
Deputy President, Insurance  
Institute of London  
President, Marsh Specialty,  
Marsh

# THE INSURANCE CHARITIES

**A**s the cost of living rises, The Insurance Charities are here to offer practical and financial support to those struggling. Whether you've been affected by redundancy, sickness or domestic abuse, we are here to help for as long as required.

Established over 120 years ago, we support those in the insurance industry working in the UK, Ireland, or Channel Islands, whatever their role.

Whether you're a current or former insurance employee, retired or in the early stages of your career, we could help you and any dependants you have.

We can provide one-off payments (including charitable loans) to help fund essential items such as property repairs, household appliances, and furniture. We also provide ongoing financial support

where income is restricted or insufficient. You can view our eligibility criteria and make an application here:

**[www.theinsurancecharities.org.uk/help-and-support/](http://www.theinsurancecharities.org.uk/help-and-support/)**

We have partnered with Alzheimer's Society to support people in our industry affected by dementia, whether that's directly or through a loved one. Contact us directly, and we will quickly refer the user to a 'Dementia Connect' adviser to provide the appropriate help for them.

Our unique partnership also offers volunteering opportunities to those in insurance. We are looking for volunteers to become 'Companion Callers' and give up to an hour a week to make friendly (non-advisory) calls to those affected by dementia.

We can also support those in insurance with housing issues via our partnership with Shelter UK. If you have any housing concerns, whether you rent or own your property, you can make an online enquiry.

We'd like to thank everyone who champions our work; particularly those who support our Awareness Week, which will take place on 19-23 June. We hope you can get involved to ensure your colleagues don't miss out on the support available.

For further information or details of how you can raise awareness email **[info@theinsurancecharities.org.uk](mailto:info@theinsurancecharities.org.uk)**, call **020 7606 3763** or visit **[www.theinsurancecharities.org.uk](http://www.theinsurancecharities.org.uk)**



**VICTORIA SUTTON**  
Marketing & Communications  
Manager  
The Insurance Charities



With COVID restrictions now (thankfully!) a distant memory, a new normal has settled in at Barking Foodbank and we've been working on ways we can support the community as the cost-of-living and energy crises continue to hit people hard.

Recently, Barking Foodbank and the Hope Family Trust signed up with the Felix Project – a London-based food distribution charity that collects fresh, nutritious food and distributes it to frontline charities. The quantity of food received from the Felix Project varies, but we can now offer fresh food once a week to enhance emergency, long-life food parcels. Participation is separate from the Trussell Trust so donations from IIL members help greatly



with our involvement in this project.

Food poverty is just one element of our clients' problems and through a partnership with the Citizen's Advice Bureau, we now also offer free aid and advice for other problems they may be facing.

- For the first time, the need for emergency food is outstripping donations as more people turn to food banks for support.
- One in five people referred to food banks in the Trussell Trust network are in households where someone is working. Support has never been more important. The IIL 2022 YMC Winter Ball raised an

incredible £11,300, enabling us to fulfil 140 Christmas hampers for families across Barking and Dagenham and the 2023 YMC Quiz raised a further £2,510 which is being used to top up essential supplies for families in need.

Thanks to the support and generosity of IIL members and event sponsors, we have raised £18,285 for Barking Foodbank since 2020 – tantalisingly close to our original target of £20,000!

If you would like to support the work of Barking Foodbank, you can donate via our JustGiving page.

**[www.justgiving.com/fundraising/insuranceinstituteoflondon](http://www.justgiving.com/fundraising/insuranceinstituteoflondon)**

Every donation makes a real difference.



**NICCI GREENACRE**  
Chief Operating Officer,  
Insurance Institute of London

# MEMBER ADVANTAGE

## CONTINUING PROFESSIONAL DEVELOPMENT

We can help you achieve your development goals. As a member of the Insurance Institute of London, if you subscribe to our mailings, you'll have the pick of more than 100 continuing professional development activities annually including in-person lectures and live webinars as well as free access to a huge catalogue of on-demand webinars from industry leaders.

## EDUCATIONAL VISITS

Hone your knowledge by going 'behind the scenes' at real-life risks through our educational visits programme.

## QUALIFYING

Are you working on your CII qualifications? Then why not join our free Qualification Mentoring Scheme and get guidance from members who have recently been through the process themselves.

## SUPPORT

Need a bit of support? The IIL offers a wide range of wellbeing activities such as online yoga, pilates and mindfulness sessions. We also work closely with The Insurance Charities.

## RESEARCH

In addition to this London Journal, members get discounts on the IIL's research publications on topical London Market subjects.

## NETWORKING

IIL members are also sent invitations to take part in professional and social networking events.

## GIVING BACK, PAYING IT FORWARD

Perhaps you have reached a stage in your career when you would like to put something back into your community? Help us promote careers in insurance and financial planning in schools and universities. Become a mentor. Help us raise money for charity. Join one of our committees.

There are all kinds of volunteering opportunities available with the IIL.

## KEEP IN TOUCH AND HAVE YOUR SAY

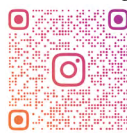
Join us on social media. We can be found on:

 IIL LinkedIn - [www.linkedin.com/company/insuranceinstituteoflondon](http://www.linkedin.com/company/insuranceinstituteoflondon)

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 IIL Twitter - [www.twitter.com/IIL\\_London](http://www.twitter.com/IIL_London)

 IIL Instagram -



All CII members have access to other member benefits including:

## ELIBRARY

eLibrary is an online search platform. It provides a Google-like search that allows you to search and access eBooks, electronic articles, reports and other online resources. Explore the eLibrary here. [bit.ly/3qi7zYP](http://bit.ly/3qi7zYP)

## FUTURE ME

FutureMe is a career development tool that enables you to assess your skills, identify gaps and explore content to meet your learning needs. Dive in and start exploring the 800+ videos, courses and more...

## CONNECT E-MENTORING

Connect is a digital mentoring platform which enables you to sign up and become a mentor or mentee to other members, physically or virtually, from anywhere in the world. Find out how it works and how mentoring can benefit you here. [bit.ly/45u3z7w](http://bit.ly/45u3z7w)

## ENJOY PERKS!

Perks is an affinity benefits scheme for all members, offering a range of money-saving deals and discounts focused on saving you time and money. Explore Perks here. [bit.ly/42bZx0L](http://bit.ly/42bZx0L)

