

Insurance

BUSINESS UK

INSURANCEBUSINESS.CO.UK
ISSUE 3.03



TOP SPECIALIST BROKERS 2018

Discover how these leading brokers
found success through specialisation



BUILDING CYBER RESILIENCE

How prepared are
businesses for
today's cyber threats?

BEAZLEY'S MARK BERNACKI

Why working in the
London market was the
turning point of his career

THE NEXT BIG THING IN INSURANCE

As parametric insurance
gains traction, learn how it
can benefit your clients



TOP SPECIALIST BROKERS 2018

THESE LEADING insurance brokers have all found success in providing advice and insurance solutions to specific sectors. At the top of their game and armed with years of experience, these specialists possess a thorough knowledge of their respective industry segments that few can match. On the following pages, they provide their valuable insight into some of the most important and complex insurance sectors in today's market.

TOP SPECIALIST BROKERS

THIRD-SECTOR ORGANISATIONS

RICHARD TALBOT-JONES

Broking director

Talbot Jones Risk Solutions

Insuring the third sector – i.e. charities and non-profits – comes with a unique set of challenges and opportunities. Richard Talbot-Jones was first introduced to the sector when he was recruited into an insurance brokerage and helped build that firm's book of charity clients. Now as broking director at Talbot Jones Risk Solutions, he focuses on supporting the third sector by working directly with non-profits.

IBUK: What are the major challenges in insuring charities and non-profits?

Richard Talbot-Jones: Third-sector organisations operate in a vastly varied range of sectors, with operations that can mirror the private sector, as well as include activities more traditionally associated with charities. There's a wide range of commercial and specialist insurers covering these activities, so one challenge is dealing with such a breadth of risks.

The main challenge is not, however, covering the activities of the organisation. The key issue is to understand the structure of the organisation, something that differs significantly to the private sector. Understanding the relationship between the directors or trustees and the staff within third-sector organisations is key to ensuring that the organisation, its people, operations and property are adequately protected. In organisations where there may be boards, executive teams, staff and volunteers, it's important to understand who the decision-makers are, who has control over different aspects of the organisation, what policies and procedures are in place, and if they are being implemented effectively.

**IBUK: How has GDPR affected charities and non-profits and how they're insured?**

RTJ: GDPR has had a dramatic impact on the third sector and how it buys cyber liability insurance. As well as facing the same issues as their commercial counterparts, dealing with director, employee and service user data, third-sector organisations often have the additional concern of managing donor data. This may often result in inconsistencies – for example, managing different databases for each of these groups of people, using different programmes and relying on different parts of the organisation to implement

data security.

Our third-sector clients are likely to have donors' financial information, as well as special categories of sensitive personal data relating to young people, ethnicity, disabilities, criminal records and medical conditions. The great thing about GDPR coming into force is that third-sector organisations are now more aware of the different types of data that they're holding. This can make them more risk-aware, prudent and active in data security. Whether they buy cyber insurance or not, most of the organisations we work with are adopting more risk management strategies to protect their data and digital assets. We think this is really positive for everyone.

PROFESSIONAL INDEMNITY

GRAHAM HEARSEY

Chairman

Professional Insurance Agents

As chairman of Professional Insurance Agents [PIA], Graham Hearsey leads one of the first companies to build and launch online multi-quote-and-buy solutions for brokers and underwriters across the globe with the aim of providing the tools they need to compete against direct writers, aggregators and networks with similar trajectories.

Hearsey and his partners set up PIA at a time when general insurance was not as heavily regulated. The company expanded its services to offer coverage for most professional classes following increasing demand from professional groups and regulators for a professional indemnity policy to become part of standard compliance requirements.

Currently, PIA offers an online wholesale broker service that provides more than many other organisations, extending covers from six PII providers and three D&O insurers, in addition to a free quote-and-buy/bind facility and a plug-and-play platform for websites.

IBUK: Is there a profession that you find to be more underinsured than others when it comes to PI coverage?

Graham Hearsey: There are some professions that clearly look to obtain the lowest level of indemnity when purchasing their covers, and some don't bother at all; however, many professions have to buy at least the minimum levels set by their authorising bodies. It has therefore been argued that all the authorising bodies for various professions should increase their minimum to at least £1m. As legal costs and awards are going out of control, a small indemnity level of £100,000 to £250,000 for whatever business or size you are is just not appropriate nowadays.



“Why do we need PII? To sleep easy and protect the very business you have worked so hard to build”

IBUK: What are the biggest risks facing professionals, and why do they need PI cover?

GH: The real danger to businesses and professions nowadays is the increasing regulations we face at a corporate level: cyber attacks, GDPR and the increasingly litigious mentality/environment. Although for professionals, their main protection will be their professional insurance policy,

unless it incorporates covers such as cyber and D&O, they will also need to consider adding these covers. That said, the main financial risk is the cost of defending a claim, whether it's the business's fault or not, and, in the event that the error/omission is proved to be their fault, the cost of any damages awarded. Why do we need PII? To sleep easy and protect the very business you have worked so hard to build.

TOP SPECIALIST BROKERS

JEWELLERY TRADE

NEIL McFARLANE

CEO

T.H. March & Co.

A chartered insurance broker and associate of the Chartered Insurance Institute, Neil McFarlane has accumulated more than 30 years of experience in the industry, having been with T.H. March since 1983. He was appointed to sales director in 2005, became managing director in 2012 and recently took the helm as group chief executive. Known for his work with SaferGems, an initiative that serves as a national crime-reporting scheme within the jewellery trade, McFarlane has been listed on *Professional Jeweller's* Hot 100, in association with the Company of Master Jewellers. He speaks at events and to various media outlets on the finer details of jewellery and art insurance, and on topics such as dealing with insurance fraud and incorporating the use of emerging technologies in insurance.

IBUK: What do you enjoy most about working in this speciality?

Neil McFarlane: I enjoy our involvement in a vibrant, fascinating, dynamic and high-profile sector. At T.H. March, we are fortunate to work within a team of dedicated, highly trained, professional staff who are all passionate about our specialisation. This has been built up over a very long time, not overnight, and it has developed to the point that the jewellery trade is in our DNA.

IBUK: What are the biggest risks in this sector?

NM: Loss and damage or injury arising from criminal activity is clearly going to be top of the list. Typically these are break-ins, robbery to shops, and physical attacks to wholesalers and sales reps; also, postal and transit losses and the



“Crimes against jewellers are now more sophisticated than ever”

risky shipment of high-value goods.

T.H. March was instrumental in formulating the term ‘jewellers’ block insurance’, which is now the sector and industry standard. Jewellers’ block policies will include cover for stock, goods in trust and money, and will generally have an in-built increase in cover for the Christmas period. In addition to this, all other contents pertaining to the business premises are covered, including shopfront, glass, exterior clocks and signs, safes, tools, personal effects, computers, documents, etc.

IBUK: What’s the biggest challenge you face when insuring jewellers?

NM: The evolution of crime against the jewellery trade – the company works hard to keep apace with it. Crimes against jewellers are now more sophisticated than ever with organised crime, moped gangs, targeting of premium brands, fraudulent transactions – and added to all these is the growing risk of cyber attacks. We are proud to have co-founded, in partnership with the National Association of Jewellers, the highly successful SaferGems anti-crime initiative in 2009.

SPORT AND LEISURE

DOUG KAYE

Account executive

Mann Broadbent

While working on site underwriting in the 1990s, Doug Kaye came across an opportunity at a broker with a leaning towards sport and leisure risks, which piqued his interest and led him to build a specialisation in leisure business. Kaye joined the Mann Broadbent team in 2015 and now heads its established specialist sport and leisure division, working with groups of varying risk exposures, from outdoor activity providers and equipment hirers to amateur sports clubs.

IBUK: What do you enjoy most about working with sport and leisure clients?

Doug Kaye: I have always had an interest in sport from a young age. I played rugby, cricket and football at school, throughout my teens and 20s. I am now a keen runner and have completed quite a few half marathons, and have set the target for a full marathon next year. I love swimming and cycling, too, and I volunteer with marshalling duties when I can.

Having such a keen interest in a variety of sports helps me to understand and identify with the needs of my clients. I really enjoy working with amateur clubs and event organisers, as it's something I am actively interested in. I've also seen some obscure risks! I arranged insurance for a mass pillow fight once and recently placed an outdoor activity centre for mini tank driving.

IBUK: What are some of the most challenging aspects of insuring clients in this sector?

DK: Quite often, the clients I deal with have precious little time for insurance. They are volunteers or have other business interests, so it's important to try to make the process of purchasing



“I’ve seen some obscure risks! I arranged insurance for a mass pillow fight once and recently placed an outdoor activity centre for mini tank driving”

insurance as straightforward as possible for them. This isn't easy, especially given the impact of compliance and regulation on our industry. Deadlines are often tight, as clients tend to leave insurance to the last minute, so there is sometimes a fine balancing act between gathering all of the relevant information, processing it, presenting the quote to the client and putting cover in place for them.

IBUK: What are the most common underinsured risks you see?

DK: The main areas we find are those where there is a limited understanding of the risks involved, which is where a good

broker can help flag potential gaps. For example, a race director may not consider cyber insurance, despite handling all race enquiries, bookings, updates, etc., online or via email. Similarly, with D&O liability, the general perception is that 'we're not a limited company'. Many organisers neglect to think about employer's liability when their event relies upon volunteers, and this can lead to repercussions when something happens to any of those volunteers. Last but not least is event cancellation insurance – with more extreme weather conditions and unusually heavy rain or snow, unfortunately many clubs and events have been caught out, resulting in financial hardship.

TOP SPECIALIST BROKERS

CYBER

GRAHAM WEDGBURY

Cybersecurity specialist
Lycetts

Cyber risk permeates every aspect of businesses today, and it was the increasing ubiquity and severity of hacking cases and the spread of malware that pushed Graham Wedgbury to delve more deeply into this field. Recognising the overwhelming need to bring awareness of cybercrime to the next level, Wedgbury has been rigorously educating himself on all things cyber while building close liaisons with experts in the field. He also does his best to stay several steps ahead in terms of spotting and learning the gaps in coverage and legislation for cybersecurity, which has propelled him to become a leading expert in the industry and a go-to source for the media.

IBUK: How will GDPR affect cyber insurance cover?

Graham Wedgbury: GDPR, now enforced in law as the Data Protection Act 2018, will have an impact on the offerings insurers provide in terms of coverage. Premiums and rating are bound to be affected in time, depending on the levels of fines and penalties imposed by the Information Commissioner's Office, and as a result of the potential for fines to rise to as much as 4% of turnover for Data Protection Act breaches. But only time will tell the extent of this.

IBUK: Will Brexit impact how clients' cyber risks are being insured?

GW: Brexit should have little or no impact on this. There will be an overlap between leaving the EU and the enactment of the Data Protection Act 2018 [DPA18], and even if this overlap between the UK's EU membership and the application of the DPA18 in the UK were to be short-lived



– should EU terms be rescinded – any UK business which trades in the EU will have to comply with the DPA18.

GDPR's many obligations will apply to organisations located anywhere in the world that process EU citizens' personal data in connection with their offer of goods or services, or carry out 'monitoring' activities (defined to pick up many online behavioural marketing activities). Additionally, any UK business that has a group company or staff operating within the EU will have to comply with the DPA18 provisions and also the amendments to the ePrivacy Directive when it is finalised in due course. It follows that any insurance implications that arise from

these changes should have no effect on a business's decision to insure cybersecurity risks.

IBUK: What do you enjoy most about specialising in this sector?

GW: What I enjoy most about specialising in cybersecurity insurance is the opportunity to talk authoritatively to clients, insurers and the media about a prevalent and fast-evolving risk that is impacting my clients today and is set to impact them in an even greater way in the future. Being able to provide a benefit to them through relevant advice and the placement of insurance policies is fulfilling.

VILLAGE HALLS

MARTYN INGRAM

Managing director

Norris & Fisher Insurance Brokers

Martyn Ingram's insurance broking career has spanned more than 40 years. When he joined the industry in 1974, he did so as a cover note clerk, and he stayed with that original company for 23 years. In 1999, he took over the business of Norris & Fisher.

IBUK: How did Norris & Fisher get into village hall insurance?

Martyn Ingram: Norris & Fisher's entry into the world of village hall insurance came around 15 years ago when we took over another firm of brokers. They held a small number of village halls, and we identified an opportunity to develop a scheme for those cases.

The cover has developed considerably over the period, and we are always looking to extend it further. Last year we added cover to pay for clear-up costs after trespassers camped on the hall grounds. We also provide our clients with quality risk management information, and we offer a free rebuilding cost valuation. Our policy is available on a sub-brokered basis, so other brokers can offer their clients a tailored village hall policy at competitive rates. The scheme has been a huge success, and we now insure thousands of village halls from the Shetlands to the Isle of Wight.

IBUK: What are the biggest risks for village halls?

MI: The biggest risk facing village halls today is the issue of funding. Whilst many well run halls are in the fortunate position of having a large number of regular hirers, some struggle to pay the bills. They are often based in older buildings such as former schools, and the costs of maintaining the structure can be high. Their other major problem is finding



“Village hall insurance is a very rewarding area ... We are dealing with charities, which are a valuable resource in their local community”

new blood to serve on the committee. Hall committees are predominantly composed of retired people, who sometimes find it hard to step down owing to a dearth of younger, keener replacements.

IBUK: Do you face any particular challenges in this sector?

MI: In regard to the challenges in insuring village halls, there aren't really very many.

Persuading them to set sensible sums insured can sometimes be an issue, particularly with regard to buildings cover. This is one of the reasons we established a facility to provide them with a free valuation of the rebuilding cost from a firm of surveyors. Village hall insurance is a very rewarding area to work in. We are dealing with charities, which are a valuable resource in their local community.

TOP SPECIALIST BROKERS

FINTECH

MARK ROBINSON

Client director

Finch Insurance Brokers & Employee Benefits

After working closely with a financial risk consultant who later became his mentor, Mark Robinson was introduced to the exciting world of fintech early on in his career. As new technology and finance capabilities have evolved, Robinson's interest in the sector has continued to grow, and he has branched out into specialist fields.

As client director at Finch Insurance Brokers & Employee Benefits, Robinson says he gets "a real buzz" from learning about new fintechs and their applications, as well as working with fintechs and underwriters to develop tailor-made policies to cover risk exposures.

IBUK: What are the biggest risks in fintech today?

Mark Robinson: Firstly, I think a major security event could still bring the sector to its knees. A major cyber attack leading to loss of confidential data could completely reverse the good PR that is around the fintech space at the moment. We only have to look at what happened to Mt. Gox in 2014 to see that an attack of this scale could seriously undermine the trust and goodwill that the banks and public have in the fintech space.

Secondly, and slightly relating to the Mt. Gox loss, I think that one of the biggest risks fintechs face is leadership. These companies tend to be run by incredibly smart tech entrepreneurs who may not necessarily have the correct skill set to run a business competently. My advice to founders of new fintechs is to take off the 'blinkers' and pay close attention to the finer – some may say boring – details which may not seem important now, but can cause catastrophic repercussions in the future if not given the correct attention



early doors. Matters such as cybersecurity, insurance, marketing, HR, etc., should all be of paramount importance.

IBUK: What effect do you think Brexit will have on this sector?

MR: I guess it's very much 'watch this space' until we know what the details of the Brexit deal are likely to be. Will Brexit make it more difficult for talented EU nationals to apply for fintech jobs in the UK? Time will tell.

I think Brexit could potentially make

things more difficult for startups in the UK, as they may not have such an easy time collaborating with other fintechs in the outside world post-Brexit. I do think, however, that Brexit could present opportunities to regulatory technology, or regtech, companies. The uncertainty Brexit is predicted to cause will mean financial institutions will be looking to become compliant with changing regulations, and this is where the regtech companies could start to boom.

DUNCAN SUTCLIFFE

Director

Sutcliffe & Co Insurance Brokers

With a passion for protecting businesses, Duncan Sutcliffe has educated hundreds of organisations, as well as governing bodies and law enforcement, on cyber insurance through events, workshops and training, all while working closely with insurers on their products.

Sutcliffe decided to join the industry after his father invited him to try out the family business when he was at a crossroad point in the early years of his career. He went on to spearhead Sutcliffe & Co, which became the first broker in the UK to achieve Cyber Essentials [CE] certification in 2014 and has issued more than 3,000 cyber policies to date.

IBUK: How did you get to the point of being a cyber insurance specialist?

Duncan Sutcliffe: I always keep up to date with new areas of risk for my clients, and I started working with the IASME Consortium to advise them as they were preparing for the Cyber Essentials launch with the government – so right at the beginning. The working relationship with IASME grew, and we now support all SMEs that achieve CE accreditation through them.

The risks of a cyber breach are not limited to one sector, one type of business or one size of business, so I have been working hard to spread the word to not just all our clients, but also businesses across the UK. It has got to the point where many businesses know me just for cyber insurance.

IBUK: How has GDPR affected cyber insurance cover?

DS: GDPR has helped raise awareness of data protection enormously, which is a good thing. It has brought the need



“The risks of a cyber breach are not limited to one sector, one type of business or one size of business, so I have been working hard to spread the word to ... businesses across the UK”

for data protection insurance – aka cyber insurance – to the masses, and insurers are responding with more product offerings and being more competitive with the premiums.

This continues to tie in with Cyber Essentials, as that demonstrates a business’s commitment to cyber hygiene, which is looked on favourably by the ICO and insurers.

TOP SPECIALIST BROKERS



EQUINE

ANTHONY BURNETT

Senior schemes developer
SEIB Insurance Brokers

Anthony Burnett has worked on SEIB Insurance Brokers' equine team for 15 years. Involved with all aspects of the firm's specialist horse insurance scheme, Burnett's responsibilities include drafting policy wordings, writing and amending underwriting guides, liaising with partner insurers, and more. In addition, he is involved in enhancing and refreshing the e-trade variant of the horse insurance scheme.

In the equine market, it is essential

for insurance advisors to understand and identify with clients should the worst happen to the client's horse, something Burnett achieves with his caring and empathic approach.

IBUK: How did you get into the equine insurance space?

Anthony Burnett: I, like a lot of people who work in insurance, fell into it quite by accident. I started at SEIB Insurance Brokers in the summer of 2003 as a holiday job when I was in between my second and third years at Writtle College studying for a degree in equine studies; 15 years later, I'm still here. I love specialising in this area, as it relates to what I'm interested in and means that I get to do a job that I really enjoy.

IBUK: What are the main challenges in this market?

AB: Keeping a horse is an expensive hobby, so horse owners will generally do their best to keep the costs of owning a horse to a minimum. However, when it comes to insuring the horse, cheapest doesn't always mean the best cover. It can therefore be challenging to make equine clients aware of this and that opting for the cheapest policy may not be the most cost-effective decision in the long term.

IBUK: What are the biggest risks facing equine clients?

AB: These would be the liability associated with a horse causing damage or bodily injury to a third party and the ever-increasing cost of vet bills.

CHURCHES

EMMA CHRISTIAN

Business development executive

Bridges Insurance Brokers

Emma Christian's entry into insurance was slightly different from most. After writing a letter to Bridges Insurance Brokers' managing director, whom she knew from church, Christian landed a summer job while attending university. After graduating, she worked for a Lloyd's insurer and a large reinsurer for 10 years before returning to Bridges Insurance Brokers. Armed with knowledge about churches and a churchgoer herself, Christian found church insurance to be a natural fit.

IBUK: Are there any trends affecting how churches are insured?

Emma Christian: The trend we've picked up on is that there has been a decrease in business that is written on long-term agreement. A long-term agreement means that the insured is fixing their rate for a defined period of time, usually three or five years. Sometimes churches don't realise that they were tied in for such a long period of time and have had to wait to move to a policy without one.

This is an advantage because it offers peace of mind for the insured, because it means that their insurance cost won't go up – other than index linking on the sums insured – even if they have a claim in that time. The disadvantage is that they can't take advantage of increased competition and decreasing rates in the market because they are tied in for that time.

IBUK: What are the key factors you consider when arranging insurance for churches?

EC: It is the church or charity's activities, particularly unusual fundraising or community activities, that need to be declared to the insurer, so we need to



get a good understanding of them. In the past, we have said to a client: "Unless you are doing something dangerous, such as canoeing or rock climbing ..." It turned out they were doing rock climbing and abseiling with children, which would have been an exclusion on the policy and needs to be specifically declared to the insurer to get coverage.

Also, when arranging cover for churches and charities, it is important to use an insurer that has experience in this type of business. We use the major carriers that understand churches, charities and the

work that they do, which means that they can access a better rate than in the general commercial market and an understanding claims service.

IBUK: How have church and charity risks evolved over the years?

EC: In the last 10 years, we have seen a rise in homelessness and an increase in the number of food banks in the UK. The church and charity sector has stepped in to help with providing food and shelter, and the insurance industry has had to step up to provide cover for these risks. **IB**