FROM THE PUBLISHERS OF POST MAGAZINE, PROFESSIONAL BROKING AND INSURANCE AGE

BIBA BULLETIN

Derek Thornton: his hopes for the future role of BIBA in the industry. Page 8

Online insurance certificates: slammed by police's head of roads. Page 2

Postscript — more highlights from the biggest BIBA ever. Page 20

Friday 25 May 2007

NEWS IN BRIEF

Workaholic worries
UK brokers are workaholics, according to a survey from Peninsula that questioned almost 1000 brokers. It shows that 81% of brokers worry about work while on holiday, and 68% fear for their job while on vacation. Out of the 68% who fear for their job while on holiday, a total of 86% are middle management.

RSA bids for Codan
Royal and Sun Alliance has made a £584m offer to the remaining shareholders of Scandinavian insurer Codan, in which it holds a 72% stake. However, reports have indicated some pension fund investors are unhappy at the price offered by RSA for the equity.

Source administration
Insurance outsourcing provider The Source Claim Support is understood to have gone into administration, according to David Skinner, interim CEO.

Divorce appeal fails
John Charman has lost his appeal to overturn the £48m divorce settlement awarded to his ex-wife. The largest award of its kind in British history, Mr Charman, formerly the boss of Bermudan reinsurer Axis, has indicated he will take the case to the House of Lords.

New cost of terror attack
The Insurance Information Institute has released updated estimates of the amount insurers have paid (adjusted in 2006 dollars) in property, life, and liability claims for losses related to the events of 11 September, 2001 in New York, Virginia and Pennsylvania. The figures show a total estimated paid loss to date of \$37bn (£18.6bn).

Website tribute
For a light-hearted tribute to the opening day of the BIBA annual conference, providing a little insight into what it is all about — networking, go to: www.postonline.co.uk or www.insuranceage.com or www.professionalbroking.co.uk

D&G deputy steps down
Takeover target Domestic and General's deputy CEO, John Ritchie is to step down from the board at the company's AGM on 26 July.

THB and Arag join forces to focus on product push

BROKER THB Risk Solutions and legal expenses insurer Arag have formed a strategic alliance that will see Arag's products distributed to THB's network of 1200 retail broker partners.

The deal will focus on Arag's commercial products with the legal expenses insurer aiming to bring in up to £1m of premium income through the partnership in its first year.

Andy Hawkes, THB Risk Solution's chief executive officer, commented: "We had no legal expenses product provider, so when Arag approached us with the idea of working together, the benefits for both parties were clear."

Arag's sales manager Andy Talbot added: "We have a real appetite for business, so joining forces with THB is a great way of getting more of our products to market. THB's transparent approach to this type of partnership and the strength of its relationships make it an ideal distributor for us."

THB Risk Solutions provides schemes to regional brokers. Products include Fleet UK and Property UK which are underwritten by Zurich Commercial and Encompass, a commercial combined/mini fleet product underwritten by Axa Insurance.

Police chief slams new online certificate scheme

BY ED VINALES

THE government's decision to legalise online insurance certificates has been described as a "crap idea" by a senior police officer.

Stressing that this was a personal view, the Association of Chief Police Officers' head of road policing Med Hughes said insurers would lose control of who had paid for their service if drivers are allowed to print off their own insurance.

His comments were in response to the announcement by Tom Roberts, the Department for Transport's policy adviser on motor insurance, that the law — which currently prevents insurers from delivering soft copies of the certificates to policyholders — looks set to change by the end of 2007.

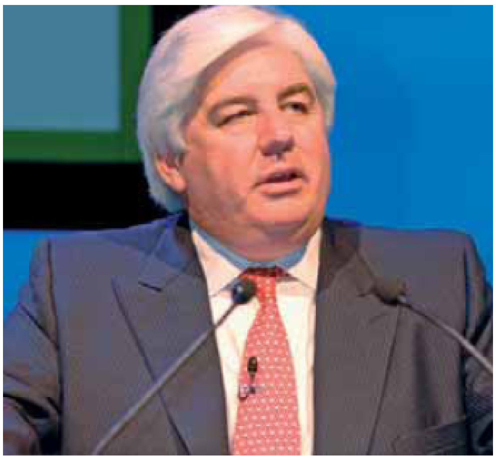
Med Hughes: online insurance certificates are a short-term solution.

Mr Hughes said: "I think this is a crap idea that will only bring short-term benefits to the insurance industry. We should be getting rid of paper and focusing on electronic data."

However, he was encouraged by the government's wish to debate the case for the Motor Insurance Database to become a real-time statutory record giving proof of insurance.

Mr Roberts admitted that this would cause problems for the insurance industry: "Fleet policies are difficult to update and paper is likely to still be needed because of the complexity of insurance policies."

On the issue of 'pay as you drive', Nick Rendell, managing director of Siemens VDO Trading, said: "Insurers do not need to put black boxes in cars. The technology is already there through satellite navigation tools. The industry simply has to set up a scheme with companies like us and we will pass the relevant information to them."



The potential for US-style class action litigation in Europe could be disastrous, according to AIG president and chief executive officer Martin Sullivan. He explained that the insurer had done much to push the US administration into driving tort reform, but said he is equally concerned that legislation currently travelling through Brussels could lead the European economy down a similar path to the US. "Frivolous law suits have had a hugely detrimental effect on the US economy," he said, adding that estimates had placed the cost of the US civil justice system at almost \$10 000 (£5000) per family.

Brokers must be proactive

BROKERS worried their businesses may be left worthless after new rules on goodwill are enforced next year have been told they can fix the problem.

According to Kieran Marsh, chief executive of Marsh Corporate Consulting, the Financial Services Authority's rules no longer allowing brokers to account for goodwill on their balance sheets does not mean a business should be sold below market value.

"We identified the extent of the problem some time ago, while researching 3000 firms. We saw 400 who would fail to comply with the new regulations and the FSA has since identified 600 companies. I would say to any broker in that situation; 'deal with it'. If you fix the problem, you can sell at normal prices."

Mr Marsh, who was speaking at yesterday's seminar entitled: *How much is your brokerage really worth*, added: "There is an alternative to selling in the form of something like the Broker Network, which is pre-eminent in its field."

TBN's chief executive Grant Ellis also took the stand in the seminar, to explain the 'layman's view' on how an acquirer might value and make an offer for a business, as well as the fundamental issue of whether an owner wants to sell.

Succession planning was a key driver, he said, particularly from the point of view of the seller. "How long will you stick around if you sell?" he said. "Twenty five grand, a Vauxhall Vectra and four weeks' holiday will probably not do for most brokers I know. They do not make good employees."