

Insurance Times Event Broker 50 Regulatory worries



▲ Roy Watkinson, Ageas (left) and Charles Berry, Berry Palmer & Lyle

The second *Insurance Times* Broker 50 event may have been missing the helicopter ride and poker game of the seminal event in April, but it lacked none of the punch, as the assembled brokers tried to set the UK general insurance world to rights.

A group of chief executives drawn from the top 50 UK brokers joined representatives from *Insurance Times* and sponsors ACE, Ageas and Enterprise Rent-A-Car. They met at luxury boutique hotel The Hempel, near London's Hyde Park, on 12 July, to discuss some of the most pressing issues facing brokers and the wider industry.

Given that the meeting took place a week after the European Commission published its draft revision of the Insurance Mediation Directive (also known as IMD II), broker regulation was a shoo-in to take centre stage.

IMD II seeks mandatory disclosure of broker commissions, a big bone of contention. Commission levels are currently disclosed on request, but there are fears that mandatory disclosure would put downward pressure on commissions.

A particular concern for some of the gathered executives was that the current IMD II draft would not require similar disclosures for direct insurers, meaning that brokers would not be competing with them on equal terms. Brokers might just be seen to be adding cost to a transaction.

Time to bang the drum

It was felt that, while Biba was doing a good job of representing the UK broking industry, UK brokers' voices were at risk of getting lost in the hubbub at the European level. Some on the panel also believed that the UK broking industry generally needed a stronger voice.

But it was also recognised that the brokers themselves, not just Biba, should play a role in this. They should be more responsive when Biba asked them about certain issues, for example.

Attention was also given to the increasing regulatory burden being placed on brokers, and concerns that brokers are paying the price of greater scrutiny for mistakes made by other parts of the financial services industry.

IN ASSOCIATION WITH





Some also noted a tougher approach in the FSA's ARROW visits.

The gathered executives covered a wide range of other issues, including the renaissance of managing general agencies (which some were for and some against), the reliance on rating agencies for analysis of insurers' financial strength, and the effects of the price-focused nature of insurance marketing.

It was also widely felt that the insurance industry as a whole received a bad press, and there was no one banging the drum about the good that is done through timely payment of claims.

Tackling the big issues is hungry work, so the session ended with a rather grand barbecue. The only shame was that the bad weather didn't allow it to be enjoyed in The Hempel's stunning garden.



▲ Top row, left to right: Phil Sharpe, ACE; Jon Houghton, ACE; David Partington, Arthur J Gallagher; Stuart Sandell, ERAC; Roy Watkinson, Ageas; Shân Millie, *Insurance Times*; Brendan Keane, ERAC; Tony Allen, Allen & Allen; Peter Blanc, Oval; Dan Wilkinson, Willis UK; Howard Pearson, Oamps. Bottom row, left to right: Charles Berry, Berry Palmer & Lyle; Jim Herbert, Aon; Stuart Reid, Bluefin; Chris Dobson, Ageas; Saxon East, *Insurance Times*; Ashwin Mistry, Brokerbility; Ben Dyson, *Insurance Times*

◀ Howard Pearson, Oamps (left) and Stuart Reid, Bluefin

There is concern that brokers are paying the price of greater scrutiny for mistakes made by other parts of the financial services industry

Insurance Times Event Broker 50



Quote, unquote

Ashwin Mistry, Brokerbilty chairman:

'It is a great forum to exchange views with my peer group. The benefit of the forum is the ability to exchange opinions, compare my views with those of 25-30 other people and see where we have common ground on key issues – long may it continue. I was quite happy with a couple of the suggestions about benchmarking performance. That is a real key because we need to drive up standards'

Peter Blanc, Oval chief executive:

'I really enjoyed the event – it's one of the rare opportunities that we get to discuss industry-wide topics with all sizes of brokers, and as ever it resulted in lively discussion. The general consensus – although by no means unanimous – is that commission disclosure on request is working. At the corporate end of the market, it's clear that the customers simply don't need the regulators' help in this regard'

Howard Pearson, OAMPS UK Group:

'I thoroughly enjoyed my first attendance at the *Insurance Times* Broker 50 open forum discussion with industry colleagues from other brokers. The chair, Saxon East, kept us on subject about issues facing us all as an industry. It may be that if the content is mainly about industry issues, a representative from Biba could benefit the group'