

British Insurance Brokers' Association

Manifesto 2008



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Introduction

The British Insurance Brokers' Association (BIBA) is the UK's leading general insurance intermediary organisation representing the interests of insurance brokers and their customers.

Brokers provide professional advice to businesses and individuals playing a key role in the identification, measurement, management, control and transfer of risk. They negotiate appropriate insurance protection tailored to individual needs.

BIBA is the voice of the industry advising members, the regulators, consumer bodies and other stakeholders on key insurance issues. In addition, the organisation provides training, unique schemes and facilities, technical advice, guidance on regulation and business support, and is helping to raise – and maintain – industry standards.

BIBA is a signatory to the Climate Wise statement of principles for the insurance industry.

→ BIBA represents **2,300** insurance intermediaries, including 98 of the UK's top 100 firms

→ BIBA members handle around **half the value** of all UK home, contents, motor, travel, commercial and industrial insurance policies

→ Independent insurance intermediaries distribute nearly **two-thirds** of all UK general insurance, of which BIBA members account for more than **80 per cent**

→ In 2006, BIBA received more than **40,000 calls** to its consumer helpline and **90,000 visitors** to its online Find a Broker service

→ In 2006 UK insurance brokers generated **£1.4 billion** of invisible earnings

→ Insurance intermediaries introduce **£22 billion** of premium income into London's insurance market every year

Key principles

BIBA's key principles are to promote:

- The interests of insurance brokers, other intermediaries, and their customers to Government and other stakeholders
- The understanding and value of expert advice and where it can be obtained
- The education of businesses, organisations and consumers about the need for effective risk management, including business continuity
- The trust and credibility of our industry
- The importance and value of insurance protection

Campaigning issues



Professional advice



Flooding



Regulation



Motor



Review of criteria on age

Professional advice

We believe it is important that individuals and businesses have access to professional advice which will help them choose the most appropriate cover for their individual needs. While access to the internet may make it easier to buy generic products, there can be no substitute for expert advice and tailored guidance on specific products.

BIBA is working to:

→ **Encourage the FSA to ensure that the growth in activity on insurance comparison websites is matched by more appropriate regulatory oversight**

→ **Encourage the FSA to reconsider its stance on the suite of point-of-sale disclosures. We believe that consumers should be provided with the same suite of disclosures, irrespective of where they choose to buy their insurance. It is alarming that the FSA does not agree**

→ **Ensure that our members can continue to offer cover to those normally considered unsuitable for insurance policies (ie, flood zone properties and ex-offenders)**

→ **Ensure lessons learned from the Retail Distribution Review, currently being undertaken by the life and investment sector, are not applied to the general insurance sector.**



Flooding

The UK is one of the few member states in Europe where consumers are able to purchase insurance policies offering protection in the event of flooding. To safeguard this protection for the future, we believe that all sections of the community should work together in a number of ways. We are calling for:

→ The Government to **appoint one single body with the authority to take responsibility for the risk of flooding** and to co-ordinate with various stakeholders to ensure that action is taken to reduce the risk of flood to existing and future properties in the UK

→ Government commitments on new flood defences and improving existing drainage systems to be supported by **appropriate and immediate funding**

→ The Government to undertake a thorough and comprehensive flood risk assessment across the UK and to **improve flood map development**, co-ordination and communication between industry and Government

→ The insurance industry to endeavour to continue to provide flood cover at affordable rates, although this will be largely dependent on the **Government providing adequate and continued funding for flood defences** and flood relief schemes

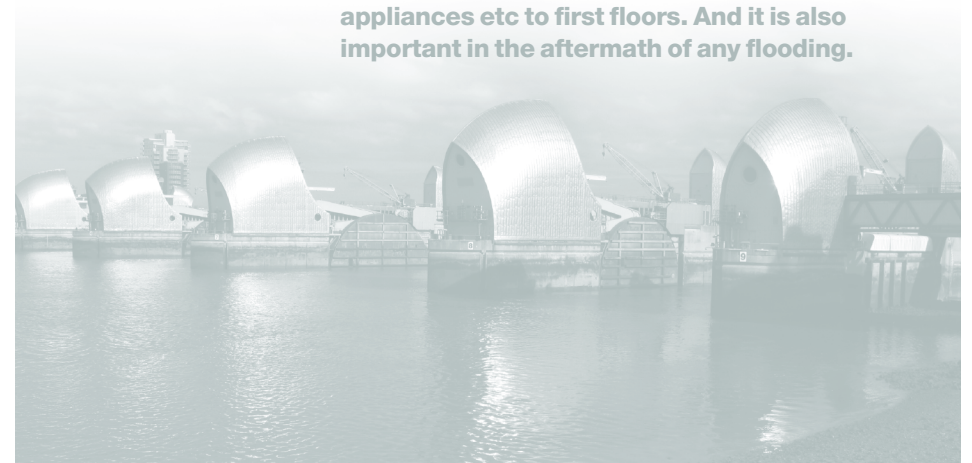


→ **Developers/house builders to consult with the insurance industry** before building on flood plains and to consider appropriate building methods

→ **An awareness campaign** for homeowners and businesses in at-risk areas

→ The Government to ensure that local authorities provide or include home insurance within their **social housing** contracts involving a joint initiative by Government, local authorities and the insurance industry to ensure that low income families understand the importance and value of **BOTH** buildings and contents insurance, and are encouraged to arrange protection for their possessions

→ **Improved communication** between those affected by flood, local authorities, the Environment Agency and the insurance industry prior to flooding occurring – ie, at warning stage to help with resilience measures, location of sandbags/removal of carpets/electrical appliances etc to first floors. And it is also important in the aftermath of any flooding.



Regulation

Regulation is one of the major influencers on our industry and BIBA has long campaigned for appropriate levels of regulation for the sector. For example, the Treasury's decision to bring travel agents and tour operators under Financial Services Authority (FSA) regulation will raise standards among those selling travel insurance policies alongside holiday package deals. BIBA proposes to:

- Work to achieve greater transparency for commercial customers through a "Market Solution" without the need for further regulatory intervention
- Work with our members and their advisers to establish and give guidance on market standards of good practice to meet the FSA's required outcomes, especially as principles-based regulation becomes more accepted
- Work with BIPAR (the European Federation of Insurance Intermediaries) to achieve a level playing field for brokers both in the UK and in Europe
- Support BIPAR and the WFII (World Federation of Insurance Intermediaries) in helping to set the global agenda for the reform of our industry.



Motor

BIBA is playing an active role in educating consumers about the requirement for motor insurance. We are committed to continuing this work which will help to make our roads safer. As a part of this programme, we will:

- Work with Government and stakeholders on their awareness and enforcement campaign for uninsured driving
- Campaign for the electronic provision of motor insurance certificates
- Work with others to ensure the effectiveness of the Motor Insurance Database.



Review of criteria on age

We believe that the insurance industry can do more to support older customers, both on its own and working with Government agencies. As people live longer healthier lives there is a need to review outdated criteria for assessing and setting insurance premiums. Age should be only one of a number of factors taken into account. We call for:

- Reassessment of age criteria for the over 60s and for greater availability of cover
- New health/travel/motor insurance products for this growing sector of the population
- Greater flow of information between Government and industry
- Industry and Government to work together to raise awareness of the insurance solutions and advice that brokers can offer.



The benefits of dealing with a BIBA broker

BIBA members will treat customers fairly, providing advice and choice on a range of products and services. The key skills an insurance broker uses in arranging their customer's insurance include risk identification, measurement, management and control, leading, where appropriate, to the transfer of the financial risk from the customer to an insurance carrier. This results in peace of mind and financial protection for the customer.

For consumers, all BIBA members will treat customers fairly and work to achieve their best interest. They will:

- Focus on the customer's needs
- Make choices clear by advising of the range of products or services they offer
- Explain any professional advice they give – clearly and honestly
- Make sure the customer understands what is, and is not, covered
- Clearly state the costs of the policy – including any fees they may charge
- Give clear information and documents – as well as any help needed with the paperwork – to make sure the policy is in place promptly
- Explain the support they offer in the event of a claim
- Explain the right to complain if the consumer is dissatisfied
- Explain the right to cancel.