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Risk Specialist

New gems of the insurance market

Insurance solutions for a global market

contents

welcome

Innovation through collaboration

A truly global economy, evolving at an exponential pace, is always going to be a challenging place to do business. An increasingly interconnected world creates new risks and issues for insurance buyers to deal with. In our cover story (page 6) we address those new challenges and how the ever-inventive insurance market is developing new solutions in order to rise to the challenge. We also explore global service solutions to meet the needs of global businesses (page 20).

Jardine Lloyd Thompson remains a key innovator in the market, and continues to offer choice and take new approaches to issues in order to create solutions. In this issue we showcase the new JLT International Network model (page 10), which provides a real alternative option to the big three. The model means working in close partnership with network members, collaborating and sharing knowledge to strengthen relationships, develop new products and provide a better service.

Partnering is a fundamental ingredient of Jardine Lloyd Thompson's approach. As we outline in this issue, it is also essential to our construction clients for whom a collaborative process can avoid tensions over who procures cover (page 14). The pace and scale of globalisation means partnership is more key than ever. We are committed to innovative partnerships with both partners and clients in every aspect of our business, to help us face whatever change and challenge the world throws at us.

I hope you enjoy this issue of *Risk Specialist*.

Jeff Powell
Head of Business Development,
Jardine Lloyd Thompson Limited

JLT

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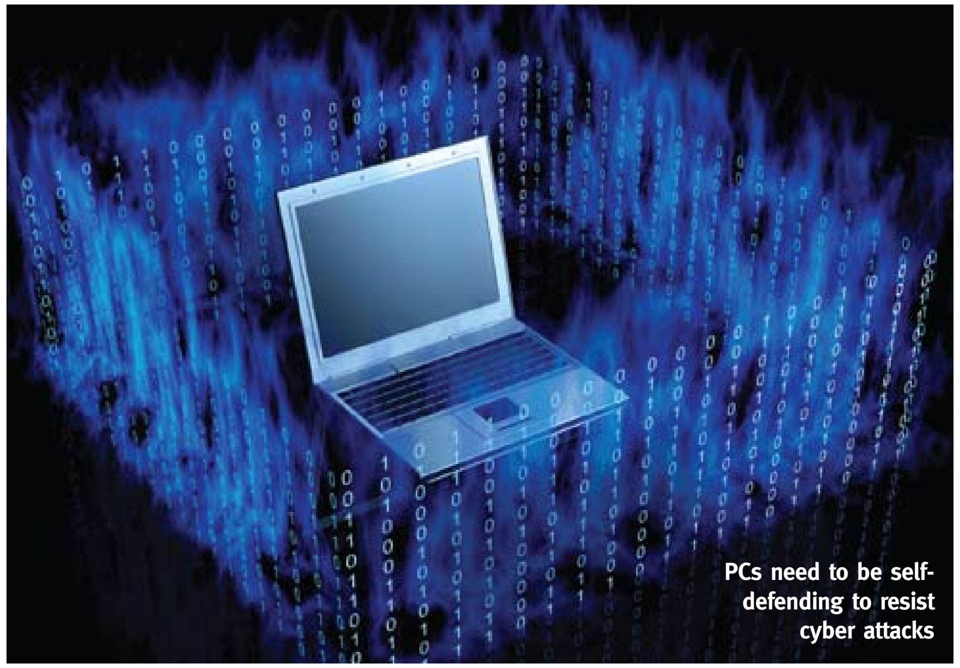
Cloud computing shifts cyber terror focus

The threat of cyber terrorism means all companies must manage the risks they are exposed to through cloud computing, says Peter Hacker, Head of Communications, Technology & Media at Jardine Lloyd Thompson.

There have been several high profile incidents of cyber terrorism in recent years, predominantly politically motivated attacks on information systems, programmes and data. They have been designed to inflict damage to property, at massive cost to the targets.

Such an attack costs an estimated $202 per record lost, with an average total cost per incident of $6.65 million, 68 per cent of which is uninsurable.

Cloud computing systems like Salesforce change the nature of risk because data is stored and processed remotely, and this needs to be managed. The first defence is security. Historically, this has been about building a strong perimeter, but taking data outside the perimeter means shifting the focus to making machines self-defending and encrypting data.



PCs need to be self-defending to resist cyber attacks

The risk should also be insured where possible, and Hacker points to a number of areas that need particular attention: "Businesses should ensure the trigger is the loss of data and not the breach of regulation, and that the definition of a claim is the loss, not a notification, because by the time you get that, it is too late. Finally, make sure there is cover for subcontractors, including those who provide cloud facilities for you."

• *Jardine Lloyd Thompson is holding a seminar on Cloud Computing on 19 November. To register for the event, visit www.jltgroup.com/risk-and-insurance/events*

UK Insurance premium tax rate increase

Jardine Lloyd Thompson called on HM Treasury to introduce transitional arrangements for the insurance premium tax (IPT) increase, to reduce uncertainty and administrative complications. This was part of a joint industry submission by the Association of British Insurers and the International Underwriting Association.

George Osborne's Emergency Budget raised IPT

The Emergency Budget announced that IPT would rise from 5 to 6 per cent, but did not include transitional provisions. HM Treasury had previously responded to a separate representation from the London & International Insurance Brokers Association (LIIBA) requesting transitional arrangements. It said there would be no concessionary period but admitted this "may cause difficulties in processing and accounting for tax on certain policies that incept before the date of the rate rise."

The tax rules mean that the new rate will apply to some policies that incepted before 4 January 2011, depending on the tax accounting procedures adopted by insurers. In some cases, the new rate may apply to additional premiums in respect of policies covering risk in 2010. Brokers will need to ask individual insurers to instruct which rates of IPT apply to policies that incept before 4 January 2011. This could result in both the old and new rates being applied to different parts of a policy underwritten by several insurers, depending on the tax accounting procedures of the insurers.

LIIBA has opened discussions with insurance sector associations to agree a protocol for implementing the IPT rate rise.

Keys to insuring major pipeline projects

Pipelines must be properly risk managed and underwritten to ensure an appropriate level of cover that meets the needs of all parties, says Adam Chapman, who recently joined Jardine Lloyd Thompson's Construction division in the Onshore Energy Construction team.

Chapman has worked on a number of the world's most prestigious oil and gas projects, including LNG plants and terminals, refinery new builds and expansions, petrochemical complexes, construction and processing plants.

In his experience, he says, pipelines have been traditionally disliked and adversely rated by the market due to their historical attritional losses. However, he adds: "Mega project pipelines remain a tempting prospect, because a sizeable premium is generated and typically they are well risk managed, so the risk profile is reduced."

He advises that the key is tailored underwriting, which can "ensure that an appropriate level of coverage is provided,

while balancing the demands of the contractors for freedom of execution".

One of the key features of this underwriting is the use of open trench limits – imposing a maximum length of open trench allowed at any one time – and the form that these take. Chapman says they need to be carefully considered as they can appear in a number of types, such as exclusion, limitation, condition or warranty, with differing levels of severity.

• *For more information contact Adam Chapman on Adam_Chapman@jltgroup.com*

Marine hull review published

Jardine Lloyd Thompson's Energy and Marine division has published a review of the marine hull insurance market. Among the key findings are:

1. The climate for ship owners remains testing. The container trade has seen its biggest-ever slump and vessel values have also dropped over the past year.
2. The builders' risk market is becoming increasingly specialised, but remains relatively soft.
3. London is dominating the war market, alongside domestic war pools in leading maritime nations. The market is highly competitive, with plenty of capacity.
4. With the recent scale of hijacking on the high seas, the kidnap and ransom market has developed considerably, with an increase in the number of underwriters providing coverage.

• *To obtain a free copy of the review; visit www.jltgroup.com/marine-insurance/*

Stars gather for JLT Twenty20 City Masters

JLT Chief Operating Officer Kevin Lugg presents the trophy to Murray Goodwin

The third annual JLT Twenty20 City Masters took place in September at the Honourable Artillery cricket ground in the City of London.

As in previous years, the England and Rest of the World (RoW) teams were captained by two well-known international cricketing stars, Graham Hick and Murray Goodwin.

During lunch, it was a privilege to hear from Henry Blofeld OBE, the celebrated cricket author and broadcaster, and doyen of the BBC's Test Match Special team, who interviewed three of the stars from the day's teams: Henry Olonga, Phil DeFreitas and Ed Giddins. Olonga gave a rare insight in to the struggles he endured while playing professionally in Zimbabwe.

The RoW team were keen for victory over England after having been defeated in each of the past two years. The match could not have been closer, with the RoW team eventually triumphing by just one run, with a score of 174 for 7 while England finished on 173 for 5.

> "As time has gone on, the regulators are taking more interest in how insurance cover is given: many of the real problems with non-admitted insurance programmes can become clear when a big claim or incident occurs."

Karen Gorman, Partner in JLT's Global Support team considers the trends in global service. *See page 20.*

The world is your oyster: but this comes with new risks

New gems of the insurance market

The pace and scope of globalisation has changed the face of multinational business rapidly over a short period. Organisations need to be aware of the most pressing new risks brought about by an increasingly interdependent world. By **Chris Wheal**

Lloyd's this year produced its report *Globalisation and risks for business: Implications of an increasingly interconnected world.* It warns that globalisation has surged in the past two decades and that we are all living and working in an increasingly interdependent world. This has brought major benefits and opportunities but also created interrelated and often complex risks, which can transmit much further and more rapidly than ever before. How is the insurance market responding to the challenge and helping businesses protect themselves against the new and emerging risks?

There are four main areas in which insurance markets are developing solutions: covering cyber risks; a resurgence of nationalism; other political and terror risks; and supply chain risks.

> "There is now a positive attitude from IT managers that their networks are fallible. Three or four years ago, many felt their system was stronger than Fort Knox."
>
> Simon Milner, Partner, Jardine Lloyd Thompson

Cyber risks

Peter Hacker, Head of Communications, Media and Technology at Jardine Lloyd Thompson, says a major risk to consider is data loss.

Companies now have data crossing international boundaries via the internet. 'Cloud computing' is used by suppliers, partners and contractors in different jurisdictions. The loss of the personal data of a chunk of customers or employees in any part of that cloud brings a welter of regulatory problems. And no matter how the company contracts with suppliers and contractors, regulators will hold that company responsible for the loss.

"The European Data Protection Directive is a significant challenge to meet," says Hacker. "It makes clear who the controller of the data is and who the processors are. The data controller is in fact the client that uses the cloud; the cloud provider is a data processor. What is important is that the Directive makes clear that the data controller has the

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New solutions emerge from the insurance market

»» primary obligations. It doesn’t matter if you transfer the data to a contractor for storage and it gets lost, the controller is responsible,” he adds.

A multinational company will have to comply with data protection laws in several countries. Hacker says the average cost of a data loss is about $200 per lost record and the average cost per incident can easily be in the range of $6 million-$7 million. Based on the latest McAfee Report, 222 million records were lost in the US alone in 2009. According to the 2009 Verizon report, most breaches and almost all data stolen that year were the work of outside criminals, and hacking and malware were responsible for over 95 per cent of all compromised data. Such developments will lead not only to higher loss frequencies but also to an increased severity level.

Simon Milner, Partner, Financial Risks, at Jardine Lloyd Thompson, says: “There is now a positive attitude from IT managers that their networks are fallible. Three or four years ago, many felt their system was stronger than Fort Knox.” Just the use of BlackBerry smart phones should be enough to open their eyes, he adds, as wireless networks are “at best, very insecure and easily interceptable”. Outsourcing, plus the realisation that even a temporary network downtime could be crippling, has raised awareness.

It is vital to impose tough controls on third parties processing company data to minimise those risks but buying insurance is essential too. This can cover loss of data, or the system being hacked and customer details being taken and used. It may cover the company’s website content, including any user-generated content, for such risks as libel. There may be other potential injuries or losses that are covered, plus liabilities that may arise. Cover can encompass most eventualities and Hacker says prices are competitive: “The insurance industry is underestimating its exposure. The prices will go up. Those buying early will see premiums nudge up. Those buying later will start with significantly higher rates.”

Milner points out that in the 1990s, when Jardine Lloyd Thompson started putting together these insurance policies, only a small number of insurers – mainly syndicates at Lloyd’s – covered digital assets. There are now more underwriters and a broader range of cover, but there are still uninsurable gaps.

Pricing early on reflected the uncertainty but as claims have been measured, the price has come down. Increasingly, risks will be taken now by one insurer or syndicate, with only those above $10 million using subscription. It still needs a watchful eye. There is some wording to be wary of: “We ensure the five Cs – capacity, clarity, consistency, claims certainty and competitiveness,” says Hacker.

Political violence cover

Terrorism cover is easy to buy but Kelly Crouch, Head of Terrorism at Jardine Lloyd Thompson, recommends firms consider buying political violence cover too. “It’s all down to definition and the law governing the insurance policy,” she says. “The political violence in Thailand this year was named as terrorism by the government but a UK court might argue it was not terrorism as we understand it but rather civil commotion or insurrection. Other countries who, to Western eyes, have a terrorism problem won’t admit to it. In such cases, those who only take out terrorism cover may find that their insurance won’t respond. Political violence cover extends to address these sorts of problems.

“For an extra 5 or 10 per cent, they probably could have bought more comprehensive cover,” Crouch says. She warns companies not to wait until political violence erupts in one of their trading countries, as the price will explode and capacity will implode. “If you have been a customer for years, underwriters will have a capacity set aside for you,” Crouch explains. Insurers often have limited capacity for each country and not all terrorism underwriters will underwrite political violence cover. For example, some have no capacity to write war cover in Thailand but can still write terrorism policies.

While people might talk openly about terrorism and violence, more subtle political risks are hush-hush. The threat of nationalism – of a government protecting its native industry against foreign competition, increasing taxes on foreign firms, or at the extreme, nationalising a whole industry, is one to be taken seriously.

Hazards of nationalism

The nationalisation of oil assets in Venezuela; 99 per cent tax on profits in Ecuador; export bans on gas and wheat in Russia and Ukraine are all potentially ruinous political acts involving no violence.

Talk of insuring it presents a moral hazard – if a government knows a company has insurance it could feel less worried about taking away its assets, telling its people that it is no worse off anyway because it was insured. But companies must insure it. Ed Nicholson, Partner, Financial Risks, at Jardine Lloyd Thompson, says: “This kind of cover has traditionally been seen as a nice-to-have. But, increasingly, investors expect boards to have addressed the issue.”

The insurance market is buoyant. There are 30 different syndicates and insurers prepared to offer this sort of cover and the competition is strong. Insurers will cover what they see as short-term political risks because they can hang in for the long-term and potentially recoup the money. Claims do get settled, says Nicholson, pointing to $2.5 billion paid out in the past year. Sometimes an insurer will wait for the fall of a government and reclaim the nationalised assets from a more liberal ruler later. Insurance can cover all assets in all countries or, more often, specific policies for countries at risk. “Increasingly, it is difficult to justify not buying this as the cost is relatively small,” Nicholson says.

Another fast-changing area is supply chain risk. This applies not just to a company’s own business operations, but also more broadly to the operations of the suppliers it depends on for materials and services. Supply chain dependencies are a growing risk feature for many organisations, given the development of increasingly lean and complex global supply chains. Major disruption can occur within a supply chain due to events such as supplier insolvency or transportation route disruption caused by political action. For businesses subject to heavy regulatory oversight, a supplier may become unable to supply if a regulator has ordered a plant closure after a failed quality control check. Where there is reliance on a sole or single suppliers, the result can be catastrophic.

Tailored policies

Non-damage business interruption insurance is relatively new but the market has begun to develop more rapidly in recent months as businesses recognise the catastrophe risks they are exposed to. Different brokers and insurers are coming up with a variety of products, some with larger retentions than others, and with different levels of premium and cover. With no two clients needing exactly the same cover, there is little in the way of standard policy wordings or exclusions. Some insurers are targeting only multinationals with headquarters in Europe, for example. Generally, any suppliers and the supplies at risk have to be individually assessed and named in the policies. The interruption caused by the Icelandic volcano ash is said to have prompted more interest.

To start with, it has been the major multinationals that have purchased this sort of cover but policies are being adapted to suit smaller firms. Some industries simply do not have the same level of supply chain risk as others because alternative suppliers are more readily available. The key has been tailoring the cover to the specific sector and to each firm’s risks, by mapping current supply chains and identifying potential problems and stress points. Jardine Lloyd Thompson, for example, has developed a broad non-damage supply chain product called EPIC, tailoring one product for the life science sector and one for the food and drink sector.

These products are based on in-depth research of each sector’s history of incidents and on working with companies to identify their coverage needs. EPIC is designed to cover loss of income and increased costs of working and can cover up to five risks: regulatory shutdown – by regulators such as the US Food and Drug Administration and the Food Standards Agency and Environment Agency in the UK; supplier insolvency; trade disruption – where goods are delayed or cannot be delivered in time but have not been damaged themselves; cyber cover – hacking, loss of key databases and cyber extortion; and product recall/contamination – including the return and destruction of contaminated products, plus crisis management and associated media handling costs.

“You need the CFO, the insurance manager and the supply chain manager to be involved in identifying the key risks so that the business can see the breadth and value of these products,” says Marion Brown, Business Consultant to Jardine Lloyd Thompson. Tim Cracknell, Partner, Global Risk Solutions at Jardine Lloyd Thompson, adds: “It’s not cheap but the risks we are talking about are board-level risks and an increase in their insurance budget of 10 or 20 per cent is not going to phase them.”

Jardine Lloyd Thompson also uses Supply Chain Analysis of Interruption Risk (SCAIR)™ software to personalise the cover required. Using click and drag tools, it produces a map of supply risks and calculates the values to insure. “It helps to define and quantify supply chain risks as well as to identify where clients can re-engineer and reduce dependencies within the supply chain. The businesses and the underwriters all openly welcome it,” says Brown.

The changes brought by globalisation have seen business move faster and more dramatically than at any time since the Industrial Revolution. As a result, the risks faced by companies are changing and evolving at an unprecedented rate. The global insurance market has a real track record of responding to changing demands and it continues to work hard to engineer solutions to developing risks. Businesses must also play their part, working to understand the changing risks and weighing up for themselves the best insurance solutions to suit this new environment. RS

> “You need the CFO, the insurance manager and the supply chain manager to be involved in identifying the key risks so that the business can see the breadth and value of these products.”
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> Marion Brown, Business Consultant to Jardine Lloyd Thompson

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Global alliance offers clients a third way

Mark Drummond-Brady (right) and Rory MacLeay: building an international partnership

Mark Drummond-Brady, International Chairman of Risk and Insurance at Jardine Lloyd Thompson and JLT International Network Managing Director Rory MacLeay explain how pooling expertise is increasing choice for insurance buyers. By **Stuart Collins**

Globalisation and changing business models are driving an ever-increasing number of companies into overseas territories, exposing them to new risks and different business practices. This trend is a significant challenge for risk managers. They need to be given sufficient choice to access the right expert knowledge and insurance services to protect their foreign assets.

International broker networks have proven to be an effective way of meeting the insurance needs of multinational companies, through assisting clients in administering global insurance programs, managing claims and providing solutions to the thorny issues of regulatory and tax compliance.

However, such networks are not without their drawbacks. Those based on loose affiliations risk providing uneven service and capabilities. They are often little more than a directory of contacts, with no service level agreements or shared business culture between members.

Meanwhile, wholly owned networks are sometimes seen as less efficient and comprehensive than may be expected. Networks based on owned operations can offer a patchy service because they have rigid structures and have to follow various rules and procedures. They are costly to maintain, requiring underused resources in remote locations, and typically fail to provide a consistent service and product offering that is driven by client interests.

Together stronger

Jardine Lloyd Thompson has chosen a third way. To supplement the majority/minority owned operations in more than 50 countries, the JLT International Network will see the firm sign agreements with other leading independent brokers to enhance their combined offerings. The deals encompass compatible branding and the mutual development of all insurance, reinsurance and employee benefits activities. They are underpinned by robust trading partnership and service level agreements.

The model seeks to provide clients with access to a global network of leading independent brokers built on cooperation and knowledge sharing. Each of the partners will benefit from the others' expertise and be able to develop and tailor more products and services for multinational clients.

> “We can improve the capabilities of all the partners through closer collaboration and the exchange of knowledge, expertise and people.”
>
> Mark Drummond-Brady, International Chairman of Risk and Insurance, Jardine Lloyd Thompson

New era

As part of this strategy, Jardine Lloyd Thompson has recently entered into exclusive agreements with three leading European brokers, SIACI SAINT HONORE (S2H), GrECo and Ecclesia, which significantly enhances the Network's capabilities in Europe and Central Asia. The agreement is reinforced by cross shareholdings – JLT has taken a 20 per cent stake in GrECo, matching the stake it holds in S2H, with Ecclesia holding a 13.3 per cent stake in GrECo.

The four firms are intended to serve as the model to bring existing network members on board as partners in key territories. “The new partnership model goes much further than past agreements with member brokers and is central to taking the JLT International Network to a new level,” says Rory MacLeay, Managing Director of the JLT International Network, who has 19 years' experience of servicing multinational clients at Jardine Lloyd Thompson.

The four partners are committed to collaborate and share knowledge to the benefit of clients. As momentum gathers, the more apparent the benefit of a stronger network will become to clients, says Mark Drummond-Brady, International Chairman of Risk and Insurance for the group. “We can improve the capabilities of all the partners through closer collaboration and through the exchange of knowledge, expertise and people. This will enable the partners to strengthen their relationships, develop new products and provide a better service,” he adds.

Drummond-Brady's role at JLT encompasses the building of relationships between the practice units and facilitating access to the JLT International Network. Cooperation between the network partners will extend to other areas, such as information systems, he says.

The strengthened JLT International Network will have more influence over insurers and a deeper combined knowledge of leading industry and regional insurance »»

A network of benefits

1 The JLT International Network services clients in more than 130 countries
2 It has a flexible approach, driven by clients' needs and objectives
3 It has expertise in emerging markets as well as mature markets in Europe and North Africa
4 It promotes innovation through cooperation and knowledge sharing
5 The International Network is underpinned by robust trading partnerships and service level agreements

»» markets. "We can use our combined influence with insurers to get a better deal and service for clients – an important reason for formalising the network," says Drummond-Brady.

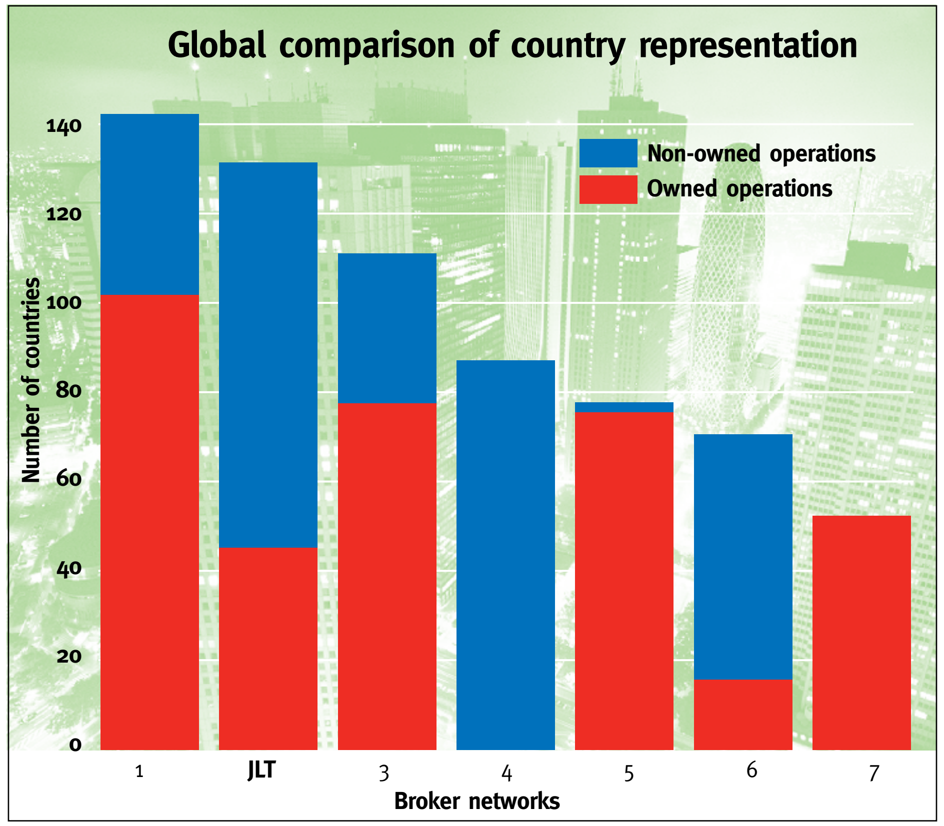
Shared expertise

"The JLT International Network offers partner brokers the ability to compete with the world's largest brokers and win a greater range of multinational business in their own markets through access to the network's global reach and JLT's expertise in sectors such as oil and gas, life sciences, construction and telecoms," says Drummond-Brady.

MacLeay adds: "The JLT International Network is not solely a service structure for international retail clients but is also a distribution channel for the specialist skills of JLT and its partners."

Each network firm offers regional and industry expertise, so partners can look for the best operating model. For example, S2H is a recognised leader in nuclear energy risk, which would be a good fit with Jardine Lloyd Thompson's construction and energy businesses. "The partnership agreements are a virtuous circle – we have made a significant investment in expertise and our partners need that to improve their product and service offering," says Drummond-Brady. "We in turn need their respective expertise in specialty areas and their distribution in countries where we do not have owned offices or where it is difficult to gain access."

The partnership agreements also make the strengthened JLT International Network particularly attractive to independent brokers in the US, a market that generates something in the region of 50 per cent of world premium and is home to approximately 70 per cent of multinational corporations. Jardine Lloyd Thompson has no retail operations in the US and therefore is not a direct competitor with US independents. It is the only entity without US operations that can offer broad international insurance market capabilities alongside access to a strong retail network.



Emerging markets

"We are reaching out to US brokers that need to service clients anywhere in the world with total confidence in the capabilities of their overseas partners," says MacLeay. "The JLT International Network is an opportunity for US independents to partner with the leading independent global broker in order to win or defend business from the big three. And this is one of the primary reasons we have strengthened the JLT International Network."

Emerging markets also offer network partners opportunities to grow. As economic power shifts towards markets in Asia and Latin America, multinational companies from China, India, South-East Asia and Brazil are now operating in the US and Europe. They will need help to develop their international insurance programs and meet compliance and employee benefit needs.

As the JLT International Network continues to grow and strengthen through cooperation and the exchange of knowledge, it will have significant advantages over alternatives offered by other brokers, says MacLeay. "Clients and network partners will have access to the shared expertise, products and services of leading brokers in key territories, including emerging markets in Asia, Latin America and Eastern Europe," he says. "They will also benefit from a shared culture of innovation and a flexible approach to the needs of clients that is so often typified by independent brokers." RS

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Constructive discussions over insurance

The procuring of insurance for construction projects is not a clear-cut task, with the contractor and the owner each having good reasons for wanting to retain control. However, the process need not become adversarial. By **Sue Copeman**

Complex construction: on complex projects there is the question of who procures insurance

Usually the process of purchasing insurance is straightforward: if an organisation is exposed to risks, it will take out insurance to cover them. But the situation is less clear-cut where two parties are involved – as is the case with construction risks. Both the owner and the contractor have an interest and a potential loss if something goes wrong. So who should arrange the cover?

Onshore construction projects generally stipulate where the potential risks will lie for any given loss scenario, and separately set out what insurances will be bought to cover losses and who will procure the necessary cover. However, this can be controversial territory, says Tony Rastall, a Partner in Jardine Lloyd Thompson's Construction division. "During the construction period, the contractor is typically responsible for repair or replacement – it has the risk of loss so expects to organise procurement of insurance," he explains.

"However, owners may not agree and both parties can produce some very compelling arguments."

The owners' view

James Connolly, Insurance Director for Land Securities Group, sums up the owners' point of view: "If we are the employer, we never allow the contractor to insure – we always take out the insurance on behalf of all the parties." He says that Land Securities, as the biggest property company in the UK, can get the widest cover available, and asks: "Why let the contractor insure and get lesser cover, and more importantly lose control over claims?"

Connolly adds that Land Securities likes to include cover for delayed start-up (DSU), particularly if it is taking on debt in relation to the project, and that it is often impossible or extremely expensive to procure this on a standalone basis.

Another situation where he believes that owner procurement proves its worth is when existing structures are involved, for example a party wall that forms part of the boundary. "If you let the contractor insure, that may be expensive or the contractor may try to carve that out of the project policy and make us responsible anyway."

Land Securities frequently manages properties after the development stage, and Connolly says that it makes sense to retain control from the start, bearing in mind the company's ongoing responsibility for asset management. "That way we can ensure commonality of insurers and seamless cover."

Control is also important to Jonathan Cassidy, Manager of Corporate Insurance at Hess Services UK, a global integrated energy company. He explains: "As we arrange the insurance, we know what has been agreed, and we can make and control claims."

He also points out that large oil companies often have captives and use them for construction insurance, which they would not want to do it if they were giving the contractor control.

Quality issues

"Another advantage of the owner procuring the cover is that it will buy the quality of policy which it feels is best," says Cassidy. "Contractors might be tempted to buy the cheapest policy available and might not necessarily buy the additional cover that we might want as owners, for example, an onshore terrorism endorsement. Or they might not choose as high a deductible as we would. If we are not in control, we're not in a position to insist on these things," he adds.

Rastall highlights the fact that some owners are wary of the costs involved when the contractor procures the insurance. "Some owners view it as expensive, because contractors might charge profit and overheads on the premium," he says. "Also, if the contractor becomes insolvent, any outstanding claims payments would go to the receivers and not the owner."

Lenders play their part too. "Lenders have no contractual link with the contractor and the insurance is part of their security. Also, the lenders will want owners to buy DSU cover to make up for lost revenue if there is a delay. They can only buy that in conjunction with a construction policy," Rastall says.

Connolly's tough stance has paid off in the past. He recalls a refit project where the contractor wanted a subrogation waiver, which his company refused. "There was a huge claim." Cassidy also cites a bad experience where a contractor procured cover. "It was a turnkey contract and problems occurred around the interface between this and other insurances. When owners arrange cover, they can make sure all policies dovetail."

> "As we arrange insurance, we know what has been agreed, so we can make and control claims."
>
> Jonathan Cassidy, Manager of Corporate Insurance at Hess Services UK

The contractors' view

However, there are also good reasons why the contractor may feel best placed to procure cover. Ken Williamson, Insurance Manager of construction firm Kier Group, says: "I think that the party responsible for the procurement of the insurance should be the one that is carrying the majority of the risk. Nowadays, much more risk is placed on the contractor, so I would certainly expect the contractor to be the better party to procure that insurance."

Rather than owners seeking to purchase broader cover than the contractor, Williamson proposes: "If the owner is procuring insurance, we will look at the policy to see if it provides the cover that we require. We may well seek to buy additional coverage above that." He points out that on several occasions, his company has called on its difference in conditions cover to provide indemnity that was not available under the owner's policy. Inevitably, though, buying difference in conditions cover adds to the overall cost.

Rastall does concede that there can be some advantages to the contractor purchasing cover: "A large contractor can probably insure more cheaply than the owner, with bulk discounts and broad policy wordings reflecting its volume of business. Contractors may also have the facility to insure »»

> If you have reservations about the client's ability to insure the risk properly, you need access to their broker to make sure you get the cover you want.

Mick O'Donnell, Risk Manager, Interserve plc


Owners and contractors need to work together to insure major projects

Promoting close collaboration

»» difficult or specialist construction more easily."

Mick O'Donnell, Risk Manager of construction and support services company Interserve plc, says much depends on the size and sophistication of the parties involved. "For instance, we may have a large, sophisticated client that has access to a lot of broking expertise and purchasing power, so it is probably going to be more cost-effective for them to procure cover."

Expensive safety net

However, he points out that clients that don't have that sort of access to expertise would benefit from having the contractor in the driving seat. "Usually, as the contractor, you carry the lion's share of the risk. If you have reservations about the client's ability to insure that risk properly, you need access to their broker to make sure you get the cover you want. Otherwise, you have to buy the safety net of difference in conditions cover, which adds to someone's costs somewhere."

O'Donnell adds that material disclosure is a key issue. "If you don't address material disclosure properly, the policy won't work, no matter how much you pay for it." In the case of less experienced clients, he believes that the contractor is probably better placed to arrange the project insurance, particularly as the clients concerned are not dealing with projects – and their insurance – on a regular basis.

Chairman of Jardine Lloyd Thompson's Construction division, Jeff Powell, says: "Regardless of whether owner or contractor does the purchasing, it is vital that it is done in close liaison with the other party. For example, if we arrange an owner's policy, we always take the needs of the contractors and sub-contractors into account so that we don't get into an adversarial situation. We try to promote partnership and collaboration.

"No one wants to get into a situation where you are putting an insurance programme together for the owner but the contractor does not like the cover and buys difference in conditions insurance, which increases the overall premium cost.

"Our philosophy is to make sure that the contractor gets something as good in terms of protection as it would have had if it had taken out the cover itself."

> If we arrange an owner's policy, we always take the contractors' and sub-contractors' needs into account so that we don't get into an adversarial situation.

Jeff Powell, Chairman, Construction division, Jardine Lloyd Thompson

Common goal

Paul Knowles, Managing Director of Jardine Lloyd Thompson's Construction division agrees: "The best option is an integrated solution, with insurance that satisfies all the interested parties. After all, they have a common goal – building a complex construction project on time and on budget."

Knowles points out that a major consideration can be the way in which losses are settled under project policies. "Owners and contractors need to consider who manages the loss and how it is adjusted," he says. He underlines the importance of everyone involved having a sound understanding of the procedures and how they are interpreted.

Insurance procurement for construction projects does not have to be adversarial. Provided that the party procuring the insurance is prepared to take the interests of its partners on board, the result should be cover that embraces everyone's requirements in a cost-efficient fashion. RS

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Do you have the proof to defend claims?

Liability claims are expensive, time-consuming and damaging to the reputation of any business. Do you have everything you need in place to prevent them and, if the worst were to happen, do you have the documentation you need to defend them? By **Lee Coppack**

Each day, UK insurers pay out more than £7.5 million in general liability claims. Figures from the Compensation Recovery Unit (CRU) show that the annual number of claims of which it is notified has risen 18 per cent in the past three years, to 861,325. There may be some debate over the rise of a compensation culture but there is no doubt that society is increasingly litigious.

When a claim is brought against an organisation, there will always be a cost – much higher of course if the claim is successful. Organisations with an eye on the bottom line must take every step possible to ensure they do not end up being forced to pay a claim unnecessarily. In fact, for organisations that are increasingly focused on social responsibility, it represents good governance and corporate citizenship to ensure the business does not end up being liable for a claim.

All organisations have health and safety policies in place, but in this environment businesses must go much further. To defend any claim successfully, they need the appropriate paperwork, processes and procedures in place to prove they have taken all the right steps. Each business must ask itself whether it has the ability to prove, for example, that health and safety risk management processes are being implemented, and whether it has the paper trail to demonstrate that every stage of the process has been carried out.

Health and safety paper trail

It is worth revisiting health and safety paperwork to ensure it is robust and effective. This will include asking whether it is properly completed for every incident, with the right details and signatures. Jon Fitzsimons, a Claims Consultant with Echelon Claims Consultants, says: "If you produce the accident form but have not got the employee to sign to state that this is an accurate reflection of the incident, then it is often not worth the paper it is written on."

It is important to consider whether the paperwork is effective. Fitzsimons says: "Consider, for example, the accident reporting form. It is common to include a box for suggestions on how to avoid that sort of incident happening again, but what happens to those suggestions? Can you prove they are acted on, or do they just sit in a dusty file somewhere? Comments here can also prejudice the ability to defend claims so you may need to separate this part of the report out as a distinct process dealt with by someone more senior within the organisation."

> "Can you prove that suggestions on how to avoid similar incidents happening again are acted on, or do they just sit in a dusty file somewhere?"
>
> Jon Fitzsimons, Echelon Claims Consultants

Training and HR

Human resources processes is another area that merits thorough scrutiny. It is worth breaking down induction and training to make sure there are no gaps in training and that employees are learning the right things at the right time. As well as looking at operational management, it is important to check that the HR paper trail is watertight. Even the recruitment process must be considered. For example, does the job application form contain a question to allow for early identification of those who may be more susceptible to injury, to ensure they have the right support and working conditions?

Risk management also means putting broader health and wellbeing support under the microscope. An organisation may have a workplace health professional, or run confidential schemes such as a stress helpline. While the privacy of employees must be respected, it is vital to assess how these are being used, whether they are effective and whether they are demonstrably providing support for employees.

The environment

The working environment should also be considered, including the building and the activities of employees. It is important to weigh up not just whether legislation is being properly adhered to, but also that inspection and maintenance documentation is of the highest standard.

Finally, it is worth examining the organisation's claims experience to better appreciate how and why claims are arising and what can be done to reduce their number and cost. There may well be patterns within the claims that can help identify whether a change in working conditions, processes or documentation would help avoid a claim or improve the chances of successfully defending one in future.

An in-depth investigation requires attention and resources and it is worth analysing not only claims, but near misses and notifications. However, front-loading the process is simpler and more cost-effective than if a failure causes a major incident, so it is well worth addressing before it is too late. RS

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Well-kept documentation can make all the difference when defending a claim

5 steps to improve defensibility

1. Prompt and thorough investigation and documentation of incidents.
2. Understanding of key statutes that affect your business.
3. Comprehensive risk assessments.
4. Appropriate training that is well documented.
5. Proper risk management loopback to prevent similar accidents/claims.




A global review will provide a clearer picture of local compliance

Trends in global service

Global insurance programmes have clear benefits but are also fraught with pitfalls for the unwary. Fortunately, insurers and brokers are finding new ways to overcome the challenges. By **Tracey Clayton** and **Karen Gorman**

Globalisation has transformed our approach to insurance as much as every other part of business. The much-talked-about goal of a global insurance programme is a reality for many businesses, using a single programme to ensure consistency of cover at the best possible price. However, putting together such a programme is not simple. Insurance buyers need to be aware of the common pitfalls and how businesses are overcoming them.

Priorities for buyers

The benefits of having a global programme are clear. Research conducted by Jardine Lloyd Thompson at the Association of Insurance and Risk Managers (AIRMIC) annual conference suggested that two-thirds of buyers choose to have global programmes to enjoy greater control and consistency over the insurance cover. So it is not surprising that the three key priorities for buyers are policy wording (36 per cent), compliance (27 per cent) and reducing overall cost (18 per cent).

This backs up our experience in managing global programmes. We have been putting programmes together for a combined total of 27 years and in the past three years, we have conducted more than 20 full global insurance reviews. Increasingly, we have noticed buyers drawn to global programmes for compliance purposes but also to rule out gaps or overlaps, in order to avoid overpaying or underinsuring.

Achieving these ambitions begins with selecting the right structure. There are four main types: admitted; fronting programmes; non-admitted freedom of services; and difference in condition/difference in limits. A business will need to find the approach that suits it best but each has its pitfalls, which are worth exploring.

Admitted programmes

One of the most common approaches is admitted. Admitted programmes have a master policy and then either buy, or have issued by their master policy insurer, a local policy in every territory where non-admitted policies are not allowed. This has the advantage of enabling tailoring to laws, customs and regulations. However, there remain some snags.

The business can run into difficulties with its local subsidiaries. Where the master programme has high retentions, the local subsidiaries may be less comfortable with them. In some instances we find local businesses have purchased their own cover separately, causing overlaps and leading to concerns that they may not be following the same risk management procedures as the rest of the business. Getting local buy-in is crucial and we find this is best tackled from the top of the business, insisting on co-operation.

Local companies do need to be managed in this regard; the local policies they purchase also need to be checked for renewal dates, values and exclusions to ensure they are compliant and provide effective cover, without duplications or gaps. Increasingly, this is something the broker will handle.

Compliance is key not just for these local policies but for the master policy too. The wording of the master policy must be written to ensure it can be tailored not just to the jurisdiction where the policy is written but also to every territory it is designed to cover. It is worth revisiting policy wordings to be certain this is clear.

> “Admitted programmes have the advantage of enabling local policies to be tailored to laws, customs and regulations.”

While these details all have to be kept in check, there is also a degree of monitoring that is more holistic. Part of this is to address the issue of aggregation – if there are a lot of claims in different countries they all add up and can breach the aggregate. The insurance buyer needs to be aware of this danger and, more importantly, someone needs to take responsibility for monitoring it.

The other holistic monitoring required is management of the insurance company. There are limited numbers of insurers offering a fully admitted programme, although this is becoming less of an issue with globalisation of insurers meaning they can get closer to worldwide coverage. However, where they use affiliates, these may need to be closely managed as the level of service and support locally can vary. The insurer may do this but the broker may be more effective.

Fronting

The second type of programme is fronting. Since a captive can only issue paper legally in certain countries, an international insurer will issue paper on its behalf. The local subsidiary pays the premium to the local insurer, while the local insurer deals with any claims. The captive pays the insurer a fronting fee to ensure that correct evidence of cover is issued, claims are dealt with, and all money flows through the insurer and back to the captive.

The major issue with this is cost. There are administrative costs as there has to be oversight of cashflow, invoicing and claims handling. Increasingly, companies manage this by agreeing key performance indicators with the insurer. There is also the cost of security requirements. The insurer has to be satisfied the captive has adequate reserves, or the insurer may be responsible for its policies should the captive find itself in financial difficulty. This may require any number of assurances, including letters of credit.

However, cost is not the only cause of problems – there are also local idiosyncrasies that have to be borne in mind. If there are extensions to cover in some territories, for example, care needs to be taken to ensure the master programme reflects these. There are the same questions of jurisdiction and law as a business with an admitted programme. In addition, for a fronting programme, care has to be taken over the wording on local policies. Sometimes local insurers issue standard policies that are not appropriate – for example, a policy may have standard local exclusions that effectively take away much of the cover that is required. The broker should manage this on your behalf to ensure that the best cover is written on the central master policy issued by the captive and on the local evidences of cover.

Non-admitted

The third type of programme is non-admitted, whereby a single master policy is in place. These are not normally recommended by brokers or insurers. They can be simpler and cheaper than fully admitted programmes but they can also be highly flawed.

The main problem is compliance. As time has gone on, the regulators are taking more interest in how insurance cover is given; many of the real problems with non-admitted can become clear when a big claim or »»

5 steps to getting the right policy wording

1. Select the most suitable insurer, who can understand and service your needs.
2. Use local manuscript wordings wherever possible.
3. Ensure the broker checks the policy wording and raises any concerns immediately.
4. Where appropriate, ensure the policy includes an interlocking clause and a cut-through clause.
5. Local policy wording must dovetail with the master, with as few difference in conditions/limits as possible.

incident occurs. The reason that most insurers will not allow a non-admitted programme is that their licence can be at risk.

Therefore, this type of cover tends only to be used for certain classes where local insurance markets are not sophisticated – and therefore cover is not available locally. Marine cargo will also operate on a non-admitted basis in a number of countries. One trend we are seeing is that an increasing number of classes are available on an admitted basis, so this approach is not necessary.

Difference in conditions/ difference in limits (DIC/DIL)

The fourth type is DIC/DIL, where local insurance is sourced and then DIC/DIL cover is provided centrally to bring it up to corporate standards. This faces many of the same issues as non-admitted programmes, because the DIC/DIL portion of the cover will be non-admitted. However, to assist in making the programme more compliant overall, it is better not to have an 'all-singing-all-dancing' master policy and a bare bones local policy. The regulator will be alerted if there is a substantial claim or incident but only minimal local cover.

The regulator will also be alive to the issue of internal premium recharging. If it is treated as a premium, it can attract attention as non-admitted cover. One way to rebalance how payments are made is if the cost of cover is borne by the central office and any recharges are risk management fees for the cost of centrally organising and of making sure local covers are in place.

Reducing costs

Whatever approach is taken, one major trend is an increased focus on reducing costs and streamlining operations. This may have a major impact on how the programme is managed. Traditionally, this has been done through local brokers but it may be operated through regional hubs, or centrally managed.

5 steps to compliance

1. Select the right broker and insurer, who have full knowledge of local regulations, customs and practice.
2. Be aware that non-admitted is becoming less acceptable.
3. Ensure local policy is subject to local laws and jurisdictions.
4. Establish proactive management of insurance needs for new acquisitions.
5. Undertake a global review to give full visibility of local compliance.

The benefit of traditional management has been having someone on the ground, speaking the local language and available throughout normal business hours. However, this typically has a higher cost, as each broker wants a slice of the cake for the servicing. The hub network may be popular because it can mirror the regional hubs of insurers. They are also in the same time zone as the local client and usually speak the same language. Again though, there is the problem of more than one set of fees, along with additional administration and layers of management.

Central management

The other alternative is to manage the insurance programmes centrally, which has a number of advantages. It offers control and visibility of the whole programme, while being highly cost-effective. It can deliver a standard suite of documents more efficiently and communication can be clearer between everyone involved in the programme, making it easier to manage the insurers, so clients know insurance is performing globally.

Central management does not have local brokers in every territory so there can be some resistance from local offices. If the programmes are managed through London there is always the crossover in time zones at some point in the day, and a large, skilled central team can be tremendously effective. Not all providers can offer this kind of service but the Jardine Lloyd Thompson central teams, for example, speak a huge number of languages, which is a major boon in the management of a global programme.

Policy trends

Central management is clearly one way to control costs. Several others are also popular, including entering into cross-class policies with insurers, saving on the cost of having multiple policies. Additionally, where risks cannot be or are not traditionally placed globally, these can be pooled. This is where covers are placed with one insurer at agreed central rates but issued locally by the local affiliate office of the insurer, with no master programme sitting over the process.

These approaches both tie in to dovetailing with a single insurer. This might not be a cross-class programme but, again, by using just one insurer for multiple classes of insurance, it is possible to gain almost 'multi-policy' discounts from the underwritten premium. This also provides benefits if there is a claim that may fall under one class or another – instead of arguing between insurers there will be a desire to resolve the claim to the satisfaction of all.

There are lots of choices to be made. Given this complexity and an evolving environment where regulation is increasing, it is surprising that more companies do not undertake independent global reviews. At the AIRMIC conference, we undertook research of risk and insurance managers in attendance and 60 per cent told us that their companies had never commissioned such a review. Of the remainder, only 30 per cent had carried out a review in the previous three years. A mere quarter reported having enlisted the help of an expert to look at their existing policies and potential gaps in cover since 2007, while only 40 per cent said they had ever requested an appraisal of their compliance with various insurances around the globe.

Yet when we undertake such a global review, we often discover things that are acting against clients achieving their three key objectives. RS

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5 steps to reducing cost

1. Eliminate local policies that duplicate the global programme, or that are never claimed on (the 'just in case' policies).
2. Ensure corporate risk-buying philosophy is firmly applied to global operations.
3. Give overseas operations a global insurance manual that explains the covers and procedures. This stops unnecessary queries.
4. Check whether local brokers are relevant and that they are adding value to the insurance programme.
5. A global review will identify any duplicate policies, assist with setting up pooling arrangements or implementing global programmes, and test the service provided by the local brokers.

Tackling political risk in West African mining

Guinea, Liberia and Sierra Leone are welcoming international companies to help them realise the potential of their natural resources. The rewards are great, but so are the risks. By **Elizabeth Stephens**

Some of the world's richest mineral deposits are found in West Africa, an area, until recently, beset by civil war. Now host governments in Guinea, Liberia and Sierra Leone are welcoming international mining and steel companies to help them realise the untapped potential of their natural resources and to develop their country's infrastructure. While the potential rewards are great, an awareness of the associated challenges is crucial.

Tough destination

While the world's largest mining companies are accustomed to operating in challenging political and geographical environments, the move into West Africa may prove one of their toughest destinations yet. Liberia and Sierra Leone only recently emerged from civil war, while the death in 2008 of Guinea's military dictator President Lansana Conté ushered in a period of political instability and violence.

> "All stakeholders must be actively engaged from the outset. Ensuring equitable reward sharing between project sponsors and the host government and other participants is vital."

However, a resurgence in the demand for steel has lifted iron ore prices and intensified competition for access to Africa's resources. Traditional sources of metals and minerals, such as Australia, Russia and Brazil, while by no means exhausted, are insufficient to meet current and projected demand. The economics of the situation make Africa a key consideration for a number of companies.

The groups leading the charge are Rio Tinto and BHP Billiton, the Anglo-Australian mining houses; Vale, the Brazilian iron ore miner; ArcelorMittal, the multinational steel company; Russia's Severstal; and Chinalco, the state-owned Chinese mining company.

In some ways, the recent political changes have increased the viability of investment in the region. The investment itself should make operations less hazardous, since multinational investors in the minerals sector also provide the funding to develop the countries' infrastructure – the roads, ports and railways – which are necessary foundations for economic development.

Vale has plans to build a new port at Didia in Liberia, and has committed to spend between $5 billion and $8 billion on infrastructure development in Liberia and Guinea by 2020. ArcelorMittal, the world's largest steelmaker, is refurbishing the port of Buchanan in Liberia and UK-listed African Minerals is building a new port at Pepel near Freetown in Sierra Leone.

Contractual uncertainty

However, the decline in political violence, which has made this investment possible, has brought a range of other investment challenges to the fore. Democratisation and political development has provided West African governments with a greater choice of investment partners and the opportunity to realise natural resources wealth. While this is a positive development for host governments, in the short term these factors often increase country risk for foreign investors, as emerging democracies are a greater source of contractual instability than authoritarian regimes.

Many governments in promising mining locations are reviewing old agreements and renegotiating contracts for a larger share of the profits. This contradicts the standard position, which relies on the sanctity of contracts irrespective of the circumstances in which they were signed, and raises the highly subjective concept of 'legitimacy' in contractual agreements.

If a contract was signed when the country was in extremis, does the foreign investor have the right to expect it to be honoured when the country achieves political stability? This is an issue confronting many investors in Western Africa and as a consequence, few of the mining majors are jumping to conclusions about the security of their investments or future contracts.

Arbitrary confiscation

These issues are exemplified by the controversy surrounding the uncompensated confiscation of the First Quantum Kolwezi and Frontier mines by the Democratic Republic of the Congo (DRC) government and the resale, prior to arbitration, of exploration rights associated with the Kolwezi mine to ENRC. This process appears to have illustrated a disregard by the DRC government for contractual obligations and due process, and an opportunistic play by a Kazakh investor to seize a proven asset, thereby creating further incentive for the DRC government to act as they have done with a sense of impunity.

Main image: A technician checks operations. Below: Guinea's largest bauxite factory in Kamsar.

In a not dissimilar situation, Vale entered the region by paying Beny Steinmetz Group (BSG), a mini-conglomerate associated with the Israeli billionaire, $2.5 billion for exploration rights in Guinea's Simandou mountains. This deal was controversial because Rio Tinto still disputes the Guinean government's decision in 2008 to remove half of its Simandou exploration rights. Vale signed this contract with the interim government, installed after the former military leader was shot. Elections have just been held in Guinea and the unions and some politicians say no new deals should have been made in the transitional period and have threatened to repudiate the contract.

Involve all stakeholders

The first step in effectively minimising country risk for a project is clearly to identify the different stakeholders and their respective interests. Stakeholders will not be limited to contractual counterparties and investors; they will include the host government, local government, community groups or tribes, project sponsors, lenders, offtakers and non-government organisations (NGOs). To ensure the smooth development of a project and a secure operating environment, all stakeholders must be actively engaged from the outset.

Ensuring equitable reward sharing between project sponsors and the host government and other participants is vital. A major driver for contractual agreement repudiation has been perceived inequality in the face of commodity price rises. One obvious way to address this possibility is to link government royalties to project profitability and commodity prices. Direct government equity participation can also be a risk management tool and may be an alternative to the royalty structure.

A good example of effective economic action to mitigate country risk was the pre-emptive action ArcelorMittal took in April 2007 when it voluntarily re-negotiated its initial 25-year concession to develop iron ore deposits in Liberia, providing terms more favourable to the country. This move followed concerns raised by President Ellen Johnson Sirleaf and influential NGOs over the company's contribution to the economy.

The need to invest in remote locations in emerging markets is set to increase and with it the importance of political risk management. The financing prospects of projects often hinge on the ability to address real and perceived country-specific risks to the satisfaction of lenders and shareholders. The historical view that political risk is an external threat that cannot be managed belies the fact that effective contractual structuring and strategic development can significantly reduce the chances of loss. Moreover, such diligence makes the application of political risk insurance an effective and certain safety net for those events and government actions that really are outside investors' or lenders' control. RS

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Thinkingahead

Lessons from a buyer-turned-broker

Can insurance brokers learn from insurance buyers? Stepping over from the world of buying has indeed enabled me to bring some important lessons – but there's always more to learn. By Kip Berkeley-Herring

I won't use the term 'poacher turned gamekeeper' because I'm not entirely clear why one business should be branded the 'poacher'. However, after starting my career working for insurance companies in underwriting and loss control roles, then spending 21 years in risk management at BT, most recently as Group Risk Manager, I have 'stepped over the fence' to join Jardine Lloyd Thompson.

When I joined BT it was only four years after privatisation, before which there hadn't been any need to buy insurance or introduce risk management practices. It was an exciting time, which saw a huge number of changes as we helped the business enter the commercial world. I held a number of risk management roles and led a series of risk financing, insurance and risk management projects, latterly helping to embed enterprise risk management within the business and getting senior management to recognise its value.

However, as with many organisations, BT's focus has changed, with greater emphasis on consolidation, reducing headcount and cutting costs. I had a choice: I could stay where I was and pedal gently into retirement, or look for new challenges elsewhere.

My role at Jardine Lloyd Thompson offers exciting new potential, where I plan to use my background, expertise and knowledge base to be of real value to insurance buyers. I still think like a buyer to some extent, so my colleagues have been picking my brains and seeking my opinion from the buyer's point of view. They have been interested in what I found to be important, or of value, or unnecessary, or counter-productive when buying insurance and want to improve their services as a result.

Broader role

Additionally, drawing on my industry experience within the communications, technology and media sectors, I am working with and supporting existing and prospective clients, helping to achieve their objectives.

I also see a broader remit enabling me to interact more widely across the business. As the former Chairman of the Insurance Steering Group at AIRMIC (the Association of Insurance and Risk Managers), I know many insurance buyers personally from a number of sectors and can liaise with them to understand their most pressing issues.

Of course this isn't, and hasn't been, just about what I bring to Jardine Lloyd Thompson – the learning process is reciprocal. In the short time I have been here, I have already developed a greater appreciation of the effort and the processes that go on behind the scenes, which you do not always fully appreciate as a buyer. I have been further impressed with the depth of understanding of the needs of clients, the passion to develop such an understanding and the amount of research and knowledge that lies behind the solutions proposed to clients.

In particular, I'm pleased to see the amount of focus on product development. To this end, I am currently involved at the listening and engagement stage with a major piece of research into risks that are emerging and developing in the communications, technology and media sectors, which will help develop our understanding and thinking in this area and should lead to better, increasingly tailored, solutions for our clients. RS

> "I have been impressed with the amount of research and knowledge that lies behind the solutions proposed to clients."

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