

# *Providing calm in a world of heightened risk*



## London and International Insurance Brokers' Association: 2023 Agenda

### **2022 – guiding the market back from lockdown**

In some ways, 2022 was the year many of us had hoped 2021 would be. One where life finally began to get back to normal after the pandemic and when we, as a community, at least partially made the journey back to EC3. Whilst this has been a welcome development, war in Ukraine and political and economic instability at home have brought fresh challenges. Through the tribulations of the last few years, our market has remained strong. And whilst the outlook for the immediate future might be rocky, it is important to remember that a world filled with risk is an opportunity for our industry. And the work of a trade association is to make sure the business environment exists that will allow our members to take that opportunity.

It is, perhaps, worth reflecting a little on that strong performance. Whilst the global economy at large is teetering on the brink of recession, our market has continued to grow; continued to provide jobs; and continued to contribute significantly to UK GDP. The recent renewals season has been challenging but brokers and underwriters, working together, have found solutions to their clients' needs. That is what London does best and we should take time to note our ongoing successes.

### ***Evolving the regulatory regime***

LIIBA made significant strides on behalf of our membership this year. The Financial Services and Markets Bill has the potential to redress the balance of UK regulation that so many find disproportionately burdensome. It will bring back an objective for Financial Conduct Authority to bear in mind the competitive position of UK financial services industry. This is something for which we have lobbied for at least the last 6 years – and the proposal reflects the evidence we gave to House of Lords Industry and Regulators Committee inquiry early in the year. The new objective should be the key to seeing FCA develop a supervisory approach to our sector that

reflects that we do not deal with members of the general public and thus do not pose significant risk to its central objective of consumer protection.

But there is work still to be done. The Bill calls on the regulator to “facilitate” competitiveness. We want it to say “promote”. There needs to be more on how FCA is going to be made to demonstrate it is meeting the objective. This cannot be something it just ignores and occasionally gets criticised over at Parliamentary committees. It must drive behavioural change at FCA and in turn make members’ lives easier.

How this behavioural change might manifest itself is a conversation we have begun with FCA. We believe there are some straightforward clarifications FCA could make that would ease the regulatory burden without affecting the efficacy of the regime. These include being clear that FCA powers do not extend to overseas clients; agreeing on a single definition of a “consumer” as opposed to a “sophisticated customer” that needs less protection; and seeking earlier industry input to policy development. We welcomed Sheldon Mills, Director for Consumers and Competition at FCA to the December meeting of LIIBA Board to discuss these points.

Our lobbying work in Europe continues to be important. The current European Insurance & Occupational Pensions Authority (EIOPA) consultation on the governance of third country branches is a challenge to those brokers that have opened EU subsidiaries to mitigate the impact of Brexit. We are very fortunate to have the help of our colleagues at BIPAR to help us navigate these issues. We remain hopeful of achieving an outcome that does not preclude EU clients accessing global markets. All of which means we will still be discussing Brexit well into 2023!

We have continued the conversation about our role in meeting the climate challenge. We published research that showed the insurance opportunity from the investment in transition alone could double the size of the London market - \$125bn in premium driving additional jobs and contribution to GDP. We supported the Department for International Trade in its Business of Resilience campaign and we continue to work with it and Department for Business, Energy and Industrial Strategy (BEIS) on ways in which insurance can provide more support for investment in the new technologies the world will need to support Net Zero. We talked to over 40 MPs and members of the House of Lords; briefed Government Departments, regulators and the UK’s trade teams in Latin America and Asia Pacific; gave evidence to 2 Parliamentary inquiries; and met the President of Uruguay. And we sponsored a session of the All Party Parliamentary Group on Insurance and Financial Services where we set out the pivotal role our membership will play in this area to an audience including (then) BEIS minister Lord Grimstone.

As important as all this work is, we have not lost sight of practical challenges. Our Tax Working Party has continued to liaise with His Majesty’s Revenue and Customs (HMRC) over the management of Insurance Premium Tax (IPT) where relevant business is placed with insurers that are not registered for the tax. This is a perfect example of where industry and government can work together to deliver better outcomes. We recognise that HMRC, rightfully, must do what it can to recover tax payments when they are due. But HMRC in return accepts that it cannot create a situation where our members are unduly burdened, made de facto liable for the tax or forced to become surrogate tax collectors. So we continue to discuss a proportionate approach that will deliver the right thing for the national coffers whilst not adversely affecting the competitive position of our members. This should provide a template for how our relationship with FCA might develop.

## *Enhancing our culture*

Led by an outstanding group of experts on our D&I Liaison Group, we have continued our work to help support our membership in widening the pool of talent from which we recruit. In February we ran a two week course in partnership with Howden and The Prince's Trust to help young people who do not have employment and are no longer in full time education "get into insurance". Of the 16 people who attended the course, more than half now have full time jobs in the market with the others either undertaking internships or still seeking roles in the industry.

During the October half term we repeated our week long insurance insights course for school students. This initiative is run with the learning organisation STEM Insights and this year we were supported by Marsh. Feedback from this is impressive. We now have 16 more people who have been enthused about a future career in insurance – and who might tell their friends about it.

We will look to repeat both these exercises in 2023 as well as progress our work with upReach – a social mobility charity that supports high achieving students from under privileged communities through university.

## *Modern processes to underpin the modern marketplace*

Naturally Blueprint 2 has absorbed much of our time this year. We continue to provide input across the programme to ensure that the new services, when they are delivered, work efficiently for the market's principal customers – brokers. We have recently published the Broker Playbook that sets out how the new services will affect the way our members work and what changes need to be made to take advantage of them.

We are on target to publish MRC version 3.0 by end February which will be a key tool to support digitalisation. The enhanced and digitally readable MRC will provide a stepping stone for brokers and system suppliers to deliver the Core Data Record.

A vital component that will allow the heartland of our membership to participate in this digital market will be Placing Platform Limited (PPL). Our six Directors on the PPL Board have been ensuring that there is a keen focus on the delivery of the new version of the platform – now scheduled for 20<sup>th</sup> February. This is a crucial milestone in the overall Blueprint 2 plan and something we will be concentrating our energies on in the run up to the go live date. Once the new version is available, we will be here to support firms through the transition from the old service to a new, significantly more usable and flexible electronic trading tool.

We have continued to work with Lloyd's to develop a coherent strategy for delegated authority business. And we look forward to playing our part in designing appropriate technology solutions to support that. The same will be true for claims – building on the progress we have made on things such as Faster Claims Payments.

None of these new services will make the difference if we do not ensure that the new joint venture relationship between Lloyd's, LMA, IUA and DXC is successful. This is why, in 2022, we have continued to sit as observers on the key governance bodies of the new company. 2023 will be a crucial year to build confidence in the venture's capabilities. The long awaited data centre transfer must happen in February and then we will look to timely delivery of the new gateway that will allow

messages containing the Core Data Record to reach the bureau for processing. This will have significantly positive effects on the efficiency of our settlement processes.

### *Support for trade*

Technological advances are not a goal in themselves however. London is the world's only true marketplace for insurance. The dynamic interaction between brokers and underwriters with all necessary support services close at hand is the secret to how we deliver client outcomes that are not available elsewhere.

The Tyser sponsored day in the Room on Thursday 8<sup>th</sup> December showed that it can still be the fulcrum around which the physical marketplace can pivot. And the Room remains a vital point of access to underwriters for the heartland of our membership. In 2023 we need to return to thinking what support we can provide to ensure the market infrastructure supports face to face negotiation as much as the technical infrastructure supports efficient processing.

### *Continuing professional development*

Our programme of webinars has continued throughout the year and we are already planning events for 2023. Again, over 4,000 people have attended one of our sessions this year. These provide an informative source of information on regulatory developments, our various diversity and inclusion initiatives and wider topics that are of interest to member firms such as making the right use of social media. And, of course, they all help individuals towards achieving their 15 hours of continuous professional development each year.

### *Ensuring correct, accurate coverage*

The crises of the pandemic and in Ukraine have brought a sharp focus on the way in which the market develops its model wordings. We have been working with LMA to try and improve this process. Brokers and insurers may not always agree about how coverage should be defined in detail but at least we can have the debates before a clause is published and starts appearing in contracts. At times of heightened risk, the global market looks to London to provide a lead. It is important for our ongoing reputation that we deliver precision in setting a scope of coverage that reflects an appropriately client focussed intent.

### *Drawing on members' expertise*

This work, and everything covered in this review, would not be possible without the sterling support of our committees. Our Executive Committees – Marine, Non-Marine, Aviation and Claims – tirelessly debating clauses with their counterparts. Our Operations and Facilities Committees and their subcommittees; and our Claims Operations Liaison Group leading our input to Blueprint 2. Our Tax Working Party negotiating the sometimes labyrinthine complexities of HMRC proposals. Our two compliance groups maintaining a positive relationship with FCA. None of what we do would happen without these and others across the membership who have provided expert input to our talent programme and on other subjects as they arise. We thank them for all their help.

This support starts with the representatives on our Board providing their intellect and wise counsel. But we are conscious that the Board is populated by representatives of our larger members. And we are equally conscious that the heartland of LIIBA membership is made up of many entrepreneurial SME businesses. Their voice is not heard on the Board at present and we would like to change that. So we will be creating two roles for people from our smaller members to attend Board meetings and bring that perspective. We hope to make announcements on these appointments shortly.



## 2023 – providing calm in a world of heightened risk

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We will continue much of this work in 2023 focussing on the following.

### *Government relations*

This will be a pivotal year if we are to see the development of the more proportionate regulatory approach our members deserve. We also need to continue our engagement with government over the pivotal role commercial insurance brokers must play if we are to achieve our Net Zero ambitions. We will therefore deliver the following.

- Ongoing lobbying as Financial Services & Markets Bill continues its passage through Houses of Parliament. We must have the legislation that will drive a cultural change at Financial Conduct Authority (FCA) in order for it to deliver the proportionate supervisory approach our membership deserves.
- Continue to work with BEIS and others to ensure insurance brokers are recognised as key to London being the pre-eminent centre for green finance.
- Continue to engage with politicians of all parties to demonstrate how the commercial risk market can provide solutions to major public policy challenges, positioning the industry as a key player in addressing economic and societal challenges as well as a major contributor to GDP.
- Renew work with members to identify potential target markets for growth opportunities. Work with DIT officials and Trade Commissioners to promote our sector to those markets.

### *Regulation*

Whilst Financial Services & Markets Bill can provide the legislative framework to develop a more proportionate regulatory regime, we will continue to need to work with FCA on the ground to make sure this becomes the lived experience of our members. We will also continue our work to ensure that EU clients are not disadvantaged by being cut off from global markets. And we will be active and enthusiastic participants in BIPAR and WFII monitoring international regulatory developments. So in 2023 we will be pursuing the following work.

- Continue to work with FCA to ensure its new competitiveness objective delivers a pragmatic new approach to regulation.
- Liaise with FCA over the treatment of EU subsidiaries that have yet to have their authorisation applications determined.
- Input to relevant FCA consultations throughout 2023 on behalf of members.
- Keep a regular dialogue open between FCA and our membership.
- Work with EIOPA and EU National Competent Authorities over the impact of the supervisory statement on third country branches once it is published.
- Work with BIPAR (the European Federation of Insurance Intermediaries of which LIIBA is a member) and World Federation of Insurance Intermediaries (WFII) to monitor international regulatory developments.

### *Culture*

We will continue to run initiatives that allow our smaller members a chance to participate. 80% of our membership employ 50 or fewer people. Whilst these are firms that are committed to expanding the pool of talent from which the market recruits, they do not have the resources to run their own schemes. Our programme will look to give them that opportunity.

- Run LIIBA STEM training week III – building on the huge success our first two courses have had giving school students an insight into our sector - the latest being from under privileged backgrounds via STEM's work with Nuffield Research,
- Launch our partnership with upReach that will see us sponsor 40 high achieving students from under privileged backgrounds through university, providing them with mentors from the market as well as work experience placements.
- Run a second “Get into Insurance” programme with Prince’s Trust. In 2022, 16 people who were not in full time education or employment attended this course. More than half now work in the market with the others either on internship programmes or actively seeking roles. This programme is having an immediate impact on the diversity of our workforce.
- All of our initiatives are being delivered through practical action with our members and we will also look to expand further in partnership with London Market Group (LMG).

### *Market modernisation*

We will continue to be a critical friend to the Future@Lloyd’s programme. We will work to ensure we deliver efficient, adoptable services that make dealing with London easier for our clients.

- Our directors on the board of Placing Platform Limited will lead our support of the work to deliver a new version of the PPL platform scheduled for February 20<sup>th</sup>.
- We will support the launch and adoption of MRC v3.0 by end September.
- We will continue with our engagement with ACORD ensuring the broker voice is heard in the development of standards, particularly around the Core Date Record (CDR) and the



wider data processes that will underpin the future of the placement, premium and claim messaging.

- We will work with Lloyd's and LMA to develop a coherent strategy for delegated authority business. And we look forward to playing our part in designing appropriate technology solutions to support that.
- We will support the development of new services as part of the Joint Venture agreement signed by IUA, LMA, Lloyd's and DXC. These must be built to serve the principal customer of the services – the London broker. They must deliver the streamlined accounting process that has been a key strategic objective for some time now.
- And we must not forget claims. Faster Claims Payments is just starting and we must ensure that both underwriting and broking communities work together on this to ensure its success, with the processes being the fore-runner for the joint venture approach. Lloyd's will also be implementing wide reaching changes to its Claims Scheme during the early part of Q2 2023. This will bring enormous benefits to our client base and streamline processes.

### *Maintaining face to face trading*

The Tyser sponsored “*Day in the Room*” in December demonstrated that it can still have a role as the fulcrum of our marketplace. The ability it delivers to go window shopping for insurance is at the heart of London's ability to deliver client outcomes that no other centre can match. It also provides a vital access to underwriters for the SME businesses that make up the heartland of LIIBA membership. So we want to see it continue to thrive.

But it does face challenges. The pandemic demonstrated that remote trading is possible if not always preferable – and more suited to renewals than developing new business. Luxurious broker lounges have appeared in most London insurer offices. So we need to nurture the Room or it will be neutered. We will:

- work with LMA and Lloyd's to try and agree a common purpose and strategy for face to face trading recognising that it is their shop but we are the customers they wish to attract.
- build on the Tyser initiative to ensure that support for the Room from our membership is tangible not just tacit.

And we need to ensure that these discussions are driven by the market participants of the future. baby boomers and generation X are giving way to millennials and zoomers. These are people who have no concept of a world without the internet or 24/7 connectivity. We need to listen to their views as we collectively build the marketplace of the future. So we will create a focus group to lead this work that reflects the changing demographics we are embracing.

## *Keeping The Lights On*

Whilst not the most glamorous part of the LIIBA programme, we continue to work with the other Associations and DXC to review and manage current services and respond to urgent situations (e.g. system incidents). The Data Center move in February is not the end of the update work on the existing architecture with further applications requiring remediation as they will be required during the transition period to the new services.

Our ongoing “watching brief” on the Board of London Insurance Market Operations & Strategic Sourcing (LIMOSS) provides us with an insight to the wider services and the governance and oversight. With the MRCv3 being published in the Market Glossary and the Data and Claims services being managed by LIMOSS, this engagement is becoming as key as our relationship with DXC and Lloyd’s.

## *Training and committee work*

This is the core of our service as a trade association. Drawing consensus across the membership on the topics of immediate concern; and providing access to information to help brokers engage and develop in the market.

- We will continue to run our programme of webinars throughout 2023 focussing on regulatory developments, climate issues, market modernisation and a wide range of other relevant topics.
- The vital work of our committees is ongoing. Our Executive Committees – Marine; non-Marine; Aviation; and Reinsurance – will continue their important work managing market issues as they arise; inputting to the development of new market wordings where necessary; and providing expert input into all our work.
- Our input into the Future@Lloyd’s and joint venture work will be led by our Operations Committee and Facilities Committee supported by our specific sub-committees dedicated to project and business as usual areas.
- Claims will be a key area for change and our Claims Operations Liaison Group (COLG) and Delegated Authority Claims Committee (DACC) will ensure broker and client interests are represented both for project and business as usual areas. Special focus this year will also be given to training and communication.
- As well as contributing to the development of new services via Blueprint 2 we must continue to input to the management of existing ones. And so our role on the various committees overseeing the bureaux services provided by DXC will remain a vital part of our work.
- London’s competitive vibrancy is drawn from its ability to regenerate and so another key part of our service will be to continue to work with firms seeking to become a Lloyd’s broker – helping them navigate the operational and regulatory challenges of set up and then, hopefully, welcoming them into membership.



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Another ambitious agenda for 2023 which represents the challenging market conditions we all face. And we remain conscious that – as the Covid pandemic and Ukraine war have shown in recent years – issues that come to dominate the work of trade associations are not always apparent as the year starts. So we stand ready to be flexible and deliver the services our members need as events unfold.

## Annex 1 - LIIBA Committee & Working Group structure

Committee	LIIBA Executive members/ attendees
<b>LIIBA Board</b>	Geraldine Wright Christopher Croft
<b>LIIBA Executive Committee</b>	Geraldine Wright Christopher Croft
<b>Marine Executive Committee</b> <b>Marine claims subcommittee</b> <b>Marine cargo subcommittee</b> <b>Marine technical committee</b>	Geraldine Wright
<b>Non-Marine Executive Committee</b> <b>Non-Marine claims subcommittee</b>	Geraldine Wright
<b>Aviation Executive Committee</b> <b>Aviation claims subcommittee</b> <b>Aviation technical committee</b>	Geraldine Wright
<b>Brokers' Reinsurance Committee</b>	Geraldine Wright
<b>Claims Supervisory Committee</b>	Geraldine Wright
<b>LIIBA Operations Committee (LOC)</b>	James Livett Christopher Croft Jacqueline Girow Sophia Lane
<b>LOC Sub-committees</b>	
<b>Claims Operations</b>	Jacqueline Girow
<b>LOC DA Group</b>	Jacqueline Girow
<b>Facilities</b>	Jacqueline Girow
<b>DA Claims</b>	Jacqueline Girow
<b>Accounting &amp; Settlement Operations</b>	James Livett
<b>Broker Placing</b>	James Livett

<b>Committee</b>	<b>LIIBA Executive members/ attendees</b>
<b>Operational Resilience</b>	James Livett
<b>“Enhanced firm” Compliance Officer Group</b>	Geraldine Wright Christopher Croft
<b>“Core firm” Compliance Officer Group</b>	Geraldine Wright Christopher Croft
<b>LIIBA/FCA Quarterly liaison</b>	Geraldine Wright Christopher Croft
<b>Tax working group</b>	Jacqueline Girow Christopher Croft
<b>LIIBA/LMA Chairman &amp; CEO Quarterly liaison</b>	Alastair Swift Christopher Croft
<b>LIIBA/IUA Chairman &amp; CEO Quarterly liaison</b>	Alastair Swift Christopher Croft
<b>LIIBA/BIBA Chairman &amp; CEO Quarterly liaison</b>	Alastair Swift Christopher Croft
<b>LIIBA/Lloyd’s Quarterly liaison</b>	Alastair Swift Christopher Croft
<b>Working Groups</b>	
<b>Diversity and Inclusion Panel</b>	Jacqueline Girow Christopher Croft Geraldine Wright Sophia Lane
<b>Human Resources Group</b>	Geraldine Wright

# Stay in touch with LIIBA

For more information on LIIBA’s work, or assistance on any issue or any other aspect of market activity, follow us on social media at:

**On Twitter**

@LIIBALondon  
 @LIIBACEO  
 @jhobbs\_LIIBA  
 @JamesLivett

**On LinkedIn connect with:**

Christopher Croft  
 Jo Brady  
 Jacqueline Girou  
 Sophia Lane  
 James Livett  
 Or follow LIIBA’s company page

**Or contact:**

<p><b>Christopher Croft</b>          020 7280 0150  <a href="mailto:christopher.croft@liiba.co.uk">christopher.croft@liiba.co.uk</a></p>	<p>Government affairs, Domestic &amp; International lobbying, Operations strategy.</p>
<p><b>Geraldine Wright</b>          020 7280 0156  <a href="mailto:geraldine.wright@liiba.co.uk">geraldine.wright@liiba.co.uk</a></p>	<p>Executive Committee work, Claims, FCA &amp; Regulation, Diversity &amp; Inclusion</p>
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<p><b>Jackie Hobbs</b>          020 7280 0154  <a href="mailto:jackie.hobbs@liiba.co.uk">jackie.hobbs@liiba.co.uk</a></p>	<p>Electronic trading, Delegated Authority, Data Integration, Tax,</p>
<p><b>Sophia Lane</b>          020 7280 0153  <a href="mailto:sophia.lane@liiba.co.uk">sophia.lane@liiba.co.uk</a></p>	<p>Events, Training, Seminars, Communications, LIIBA social media</p>
<p><b>James Livett</b>          020 7280 0152  <a href="mailto:james.livett@liiba.co.uk">james.livett@liiba.co.uk</a></p>	<p>Accounting &amp; Settlement, IMR, Data Integration, DXC governance and issues, <del>Brexit processing</del>, market technology services, placing, MRC, Core Data Record, ACORD, Electronic Trading adoption.</p>