

New regulatory group set up

IUA working party will look at roles of PRA and FCA

A new Regulatory Reform Working Party has been established by the IUA to debate and comment on the development of a new regime for insurance supervision in the UK.

The group is made up of legal and compliance officers from across the IUA's member companies. It will monitor the establishment of the new Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA).

Members of the working party have already met to establish a programme of activity. This will include examining the role of the FCA in the insurance industry, the interaction of both new bodies with other international supervisors and the processes for consultations, complaints and appeals.

The first item on the agenda, however, has been to analyse the relationship and division of responsibilities between the PRA and FCA. A draft 'Memorandum of Understanding' has been drawn up to address this question, but it does not contain sufficient clarity and detail, the IUA's working party believes.

Nick Lowe, the IUA's Director of Government Affairs, commented: "The Memorandum of Understanding indicates that coordination and cooperation between the FCA and PRA are important. However, it does not sufficiently emphasise this vital issue and there a lack of information about how officials will organise this cooperation. There needs to be much more emphasis on how staff at various levels within the two regulators will liaise to ensure that the regulatory burden placed on companies is reasonable, cost-effective and fair. In a number of instances it appears that issues concerning the banking sector have been properly worked through while insurance aspects have not."

Motor questionnaire is updated for 2012

An updated version of the IUA's UK Motor Excess of Loss Questionnaire has been published. The 2012 document comes with a commentary outlining all the differences that have implemented since last year. It is available for download from the IUA website at www.iaa.co.uk/motorquestionnaire.

The questionnaire may form the main part of renewal or new business submissions on motor excess of loss treaty business and contains information a reinsurer needs to assess a risk. It was first drafted in November 2005 following the introduction of the Courts Act 2003 in April of that year. The publication is updated annually by the IUA's Casualty Treaty Group.

The screenshot shows the IUA website interface. At the top, it says 'International Underwriting Association' with a search bar and navigation links. Below that, there's a 'Communities' section with a list of links: Market Modernisation, Underwriting, Aviation, Casualty Underwriting, Casualty Treaty (with sub-links for Motor Excess of Loss Questionnaire and Contingency), and Contingency. The 'Motor Excess of Loss Questionnaire' link is highlighted. To the right of the list, there's a brief description of the questionnaire and a 'Download more' link.

www.iaa.co.uk/motorquestionnaire

New template issued for collection of company market statistics

Statistical data is once again being sought by the IUA from member companies as the association prepares to compile its second annual report on the London company market's premium income.

An updated template has been designed and circulated by the IUA Statistics Committee, made up of five member company representatives. It aims to collect more data than last year while remaining simple and straightforward to complete.

The main changes are:

- i) A request for both gross written premium and premium net of commission
- ii) The inclusion of motor as a separate risk category
- iii) The use of "other" for those risk categories which cannot be assigned to the six main areas
- iv) Geographical territories have been sub-divided in line with internationally recognised definitions
- v) A request for an indication of premium controlled by the London office of the insurer but written elsewhere (UK or globally)

Both 2010 and 2011 underwriting year premiums have been requested as the Statistics Committee felt it would be worthwhile receiving restated 2010 figures for a more complete picture one year on.

The survey's definition of London Market business however, remains the same: London market slip business written through brokers or direct with clients and any other risks which could be categorised as large commercial/wholesale risks eg global programme business or delegated authority business through coverholders or managing general agents.

One of the greatest advantages of last year survey was the opportunity to compare results with figures issued by Lloyd's. Motor is now included as a separate class in order to make these comparisons more valid.

The addition of premium controlled by, but not necessarily written, in London will also bring the IUA's company market figures closer into line with Lloyd's methodology. This enhancement should also help demonstrate the wider economic influence of the London company market.

The template should be completed in the reporting currency used by the member company. Currencies will be converted into pounds sterling using agreed exchange rates of \$1.4 = £1 and €1.1 = £1.

IUA Chief Executive Dave Matcham said: "Last year's report was hugely successful and very well received in the market. This was entirely down to the complete response from all member companies.

"This year we have tried to produce a template that is substantive in content but not too difficult to complete given the likely differences in member accounting systems. I sincerely hope that everyone will again be able to complete the templates so that we are able to produce an even better report in 2012."

E-endorsement reports issued

Statistics show firms' volumes and response times

Electronic endorsements have reached their highest levels to date with some 3600 requests and 4600 notifications during the month of March.

The use of endorsements using ACORD messaging standards has now been rolled out to all classes of business and the IUA is tracking market progress with the publication of a number of statistical reports.

It is hoped that these will enable companies to evaluate their use of electronic endorsements relative to their peers and cooperate with trading partners to further increase take up.

The market reports show endorsements volumes handled by each broker participating in the project. There are also summaries of both volumes and response times for IUA and Lloyd's Market Association member firms.

In addition, companies can receive more detailed, confidential individual reports showing the volumes and types of endorsement messages received and sent during the previous 12 months. This will allow evaluation of types of response to endorsement requests and may assist with workflow management and operational improvements.

The IUA has established a new webpage where these reports will be posted on a monthly basis. This webpage also includes a link to all IUA member circulars relating to the electronic endorsements project dating back to December 2009. It can be accessed at www.iua.co.uk/endorsements.

The IUA will also continue to produce a monthly company market endorsement volume report that illustrates the use of ACORD electronic endorsements relative to the traditional non-standard methods.

Elsewhere e-endorsements are being promoted through a letter from Lloyd's CEO Richard Ward to brokers and an update to the model market reform contract (MRC) slip language.

For further information contact John Hobbs on 020 7617 4445, email john.hobbs@iua.co.uk.



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www.iua.co.uk/endorsements

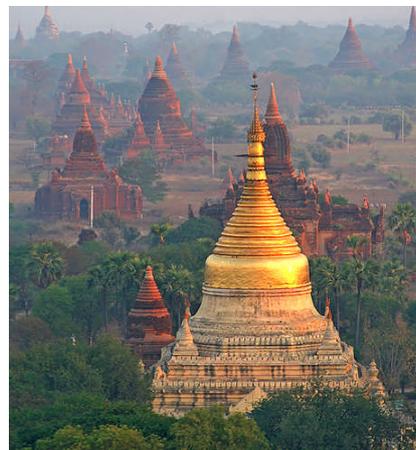
IUA reports on new international sanctions

Recent international sanctions developments have been highlighted to member companies by the IUA. The association reported changes relating to both Iran and Burma.

Further clarification has been provided from HM Treasury on sanctions against Iran. The EU has also issued a new regulation that introduces further restrictions on business with Iranian entities.

Meanwhile on Burma, the EU Foreign Affairs Council has announced the suspension of all EU restrictive measures relating to the country in recognition of an improving political situation and democratic reforms. This is expected to take effect shortly and is due to last for a period of 12 months.

Further IUA international sanctions updates are available at www.iua.co.uk/sanctions.



Burma: sanctions to be suspended

IUA backs claims portal expansion plan

The IUA has backed plans to extend use of an online claims system to cover employers' liability and public liability cases. The Road Traffic Accident Portal Scheme was introduced by the government to speed up the processing of claims in the motor market and is now considering whether it can also be applied to other classes of business and higher value claims.

Responding to the proposal the IUA's Liability Underwriters' Group stated that escalating claims handling and legal costs are a continuing worry for insurers and welcomed efforts to streamline expenses and maximise efficiency.

But it warned that EL and PL claims tend to be far more complex and any rules for applying them to the portal would need to reflect this and allow time for adequate assessment and investigation of individual cases.

IUA AGM to be held

The IUA's annual general meeting will take place on Wednesday 27th June in the association's offices at the London Underwriting Centre. It will begin at 11am and members are welcome to attend.

At the meeting new appointments will be made to the IUA Board and a review of the association's activities over the past 12 months will be presented by Chief Executive Dave Matcham.

Top speakers lined up for IUA seminar

Leading experts from the world of catastrophe risk management have been lined up to speak at this year's annual IUA seminar on the subject. The event is due to be held on Friday 5th October at the America Square conference centre in London. Among the issues to be addressed are combining different model results, solar risks and the interconnectivity of systems and infrastructure.

Professor Ian Main from the University of Edinburgh will be looking at whether there is any evidence to support earthquake clustering. And Peter Taylor from the Oxford Martin School, Institute for Science and Ethics will present his latest research on decision-making under uncertainty. This suggests that the spread of price and capital may be greater than models indicate when uncertainty is factored in and places greater emphasis therefore on underwriting judgement. For more details see www.iua.co.uk/catmodelling.

Market Briefing Diary Dates

visit www.iua.co.uk/events

June 7

An Update on Current Regulatory Issues

June 19

Rehabilitation: Have Insurers Got It Right?

June 27

Coverage Issues Arising from the Christchurch Earthquakes

June 14

EU & UK Competition Law