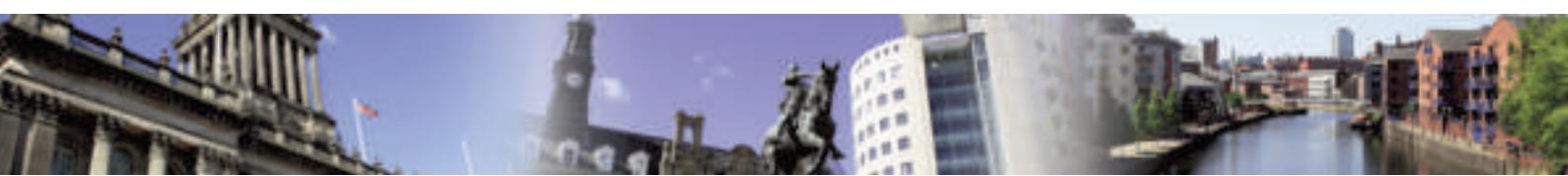


CoverNotes

The Insurance Institute of
Leeds



>President's Message

Dear Member

It is with great pleasure that I was elected as your President of the Insurance Institute of Leeds in this the 126th Year of the Institute. I am very humble to be elected, it is a great honour to take on the role and I hope that this will be a successful and memorable year for all members associated with the Institute.

I must thank Stuart Robertshaw for an excellent year during his term of office. As President Elect, it was a great pleasure supporting Stuart during our 125th Anniversary Year the particular highlight being the Civic Reception at Leeds Civic Hall.

During the course of the coming year, I hope that all members will take an active part in the events that we are trying organise and give us further suggestions for future events as we want to appeal to as wide an audience as possible. We have a long history at the Institute of Leeds, and I would encourage you all to use our website and participate as much as possible in all our events.

As you are aware our Annual Dinner is in November and we have other events planned including treasure hunt, and golf day and I hope as many of you can support the events.

We are looking for our CPD lunchtime lecture program to be accredited, and we hope that you will find our program for the forthcoming year relevant and of interest to you all. If you would like us to look at any other areas, lectures etc please do not hesitate to contact me or members of the Education Team.

I conclude by wishing you all a good year and I hope I will be able to meet as many of you as possible during my term of office.

Richard Hobson BA (Hons) ACII, FCILA, ACFS
Chartered Insurance Practitioner
President Insurance Institute of Leeds



Insurance Institute of Leeds Social Events 2014/2015



Annual Quiz Night

This was held on Thursday 29th May 2014; we will let you know who the winners were and who went home with the wooden spoon in our next edition of Cover notes!



Annual Golf Day

Details will be sent out about this shortly, keen golfers should keep an eye on their inboxes! We are planning for this to take place in July all being well.



Treasure Hunt

Always a successful event! We are putting this back slightly to September once everyone is back from summer holidays but before it gets too chilly to be wandering the streets of Leeds!



Annual Dinner

The date is set for 7th November 2014, details are currently being put together and the invitations will be sent out in the not too distant future.



Carol Service

Exact date to be confirmed but we will be hosting this successful event again in December



Race Night

It will have been 2 years since our last Race night which raised over £1,000 for charity! This is planned for February 2015 and details will be sent out towards the end of the year. This is a really fun night to save your Xmas pennies for!

THE INSURANCE INSTITUTE OF LEEDS 126TH ANNUAL DINNER CELEBRATION – FRIDAY 7TH NOVEMBER 2014

Colleagues,

Corporate invites have been sent out to our database of contacts for the 126th Annual Dinner celebrations in November however we did have quite a significant number bounce back as undeliverable.

Are your company's contact details up to date? We are looking for the contact at each company who would be responsible for coordinating applying for a corporate table and arranging sponsorship or a raffle prize should the company wish to do so.

Please contact Rachel Morrison, our dinner secretary, on rachel.morrison@uk.zurich.com if you need adding to our list of contacts



> What is the regulator planning?



Whatever part of insurance and financial services you work in, one thing that affects all our working lives is the action of our regulators. For most of us, this is the Financial Conduct Authority (FCA) and although many members may think that this is a subject just for their firm's compliance department, everyone working in a regulated firm can benefit from understanding what the FCA is currently most interested in. Here's a short summary.

The FCA published its annual Risk Outlook and Business Plan for 2014/15 on 31 March. The Risk Outlook sets out FCA's approach to assessing risks to its objectives and the Business Plan sets out the activities that FCA intends to carry out in 2014/15 to meet its objectives of protecting consumers, enhancing market integrity and promoting competition.

As the UK emerges from a lengthy recession, FCA has updated its views to reflect the very different environment. There is a clear focus on the need for firms to embed cultural change and the FCA wants to ensure that the opportunities presented by the changes in the economic environment do not impact adversely on consumers. There is a considerable amount of attention given to debt and the impact of a rise in interest rates.

The FCA has identified the following seven forward-looking areas of focus:

1. Technology may outstrip firms' investment, consumer capabilities and regulatory response
2. Poor culture and controls continue to threaten market integrity
3. Large back books may lead firms to act against their existing customers' best interests
4. Retirement income products and distribution may deliver poor consumer outcomes
5. The growth of consumer credit may lead to unaffordable debts
6. Terms and conditions may be excessively complex
7. House price growth that is substantial and rapid may give rise to conduct issues

The FCA's Business Plan details the current and planned thematic work and market studies over the next twelve months. For those working in general insurance and protection, areas still under review are GI add-ons, MLEI and mobile phone insurance. New thematic work will include cover holders, premium finance, commercial claims and protection of client money by small firms.

The Long Term Savings & Pensions category is most relevant to financial planners. For those in the mortgage market, there is considerable focus on consumer lending but mortgage intermediaries would benefit from taking a look at this section.

In summary, all CII members should think about the FCA's paper and assess how the FCA's work may affect their own business and their own role within the firm.

Fay Goddard
Williams Goddard Consulting Ltd

> Fay Goddard

Fay Goddard FCII (Hons) originally entered financial services in the 1960s when she worked in the pensions department of Norwich Union. Her recent career spans experience as an independent financial adviser, Technical Manager at the IFA Association, Policy Director and then Deputy Director General at the Association of Independent Financial Advisers.

In 2008 Fay became the CEO of the Personal Finance Society and led the Society throughout the RDR journey. During this time PFS membership increased from 18,000 to over 34,000.

She is widely regarded as one of the UK's leading policy experts. In 2013 Money Marketing also presented Fay with "Outstanding Contribution to the Industry Award".

Williams Goddard Consultancy Ltd is the only firm that can boast two winners of this premier accolade. In April 2013 Fay retired from the PFS and took up a more active role with Williams Goddard Consulting Ltd. Fay is also a non executive director of the Lighthouse Group.



> Come and Join Us

Why not come and join Leeds Institute in the technical age! Meet like minded Insurance professionals to share links and promote healthy debate.



Find us on
Facebook

Facebook:

Search "Insurance Institute of Leeds"



LinkedIn:

Search "Insurance Institute of Leeds"



> Braving the heat in Sierra Leone to give children a future.

On Sunday 25th May James

Tarran an underwriter from Leeds lined up with 1,000 runners from 18 different countries to run the Sierra Leone Marathon in aid of UK based charity Street Child. The course would take James from the tarmac roads of Makeni to the dirt roads of the bush passing through remote villages in the searing heat of the African sun.

James's trip began with a visit to some of the Street child projects, a charity which was started in 2008 and now supports the education of 20,000 children across Sierra Leone by providing micro loans to families to help establish a small business and providing a safe school environment to take children off the streets and give them stability.

The first stop was to the school in Magburkara where a hundred children of all ages sang a beautiful welcome song, which had clearly been well rehearsed, to the 30 affluent westerners lined up awkwardly in front of them, an experience which James found phenomenally moving.

The next visit was to one of the businesses which had been supported by the project. These were a far cry from the typical business we would relate to on the streets of Leeds the first being a restaurant which turned out to be a wooden bench at the roadside with a crude open fire and cooking pots serving local farm and construction workers with fish stew. The Charity had been able to provide a loan of £20 for the cooking pots and first supply of rice to get the business up and running and provide advice on what price to sell the food. These loans are only given to care givers of children to allow the children to attend school and the maximum loan given is £50 which can truly transform the lives of a whole family.

Returning to the school James had as he puts it a moment that he will remember for the rest of his life:

"Outside, we played football and Frisbee with the children. A little boy tugged at my shorts and said "You are James - my name is James



Above: My friend James

too, can I be your friend?" "Of course", I said to little James and I asked him how old he was – "eight" he said. He was a beautiful little boy. He wanted to hold my hand and never left my side for the rest of my time at the Project.

I then spent a magic 45 minutes playing Frisbee with James and his schoolmates. It was the best fun I have had in ages. Eventually we had to leave the Project – it was heart-breaking to wave goodbye to my new friend – he never took his eyes off me as we waved from the bus.

James was the first Apoto (white people) to finish the grueling course which was no mean feat and would recommend those in search of the most crazy yet life affirming race in the world to go and run the Sierra Leone Marathon!

Right: Crossing the finishing line as the first Apoto



Street Child is a registered charity and monies raised can achieve the following in Sierra Leone

- £40 sends a child to school for a year
- £100 starts a business that supports a child and their entire family
- £500 trains and supports a rural teacher for a year.
- £1000 pays a social worker to counsel and support 100 street children.
- £5000 builds and furnishes a first ever semi-permanent school in a rural village.

www.street-child.co.uk
www.justgiving.com/teams/Beazley

Read more from James blog
<http://runforyourmoneyblog.wordpress.com/2014/05/28/the-2014-street-child-sierra-leone-marathon/>

> The budget's pension 'revolution'

The 27th March 2014 marked the first step in the government's fundamental reforms to British pensions unveiled in the last Budget.

We are all used to the annual Government 'budget' having an impact on our lives – be it the tax on alcohol and petrol or alterations to personal allowances and taxation rates. However, the 2014 budget was markedly different as virtually everyone was given tremendous flexibility but also enormous responsibility for how they handle their income in retirement – and this probably includes the vast majority of members of the Leeds institute.

For those members unfamiliar with the life and pensions branch of our profession, it is worth noting that with the exception of government employees who still have access to a pension scheme based on 'final salary', most workers today are in Defined Contribution (DC) pension schemes. Traditionally called 'Money Purchase', DC schemes are nothing more than a very tax efficient way of saving funds for retirement, which, after taking a tax free lump sum (typically 25% of the pension 'pot' saved), is then converted into an income. Usually the income is provided by an annuity but there is also the alternative of capped and flexible drawdown.



Over 400,000 people who have worked hard and saved hard all their lives, and done the right thing, will now be able to access their retirement savings more flexibly.

In the run up to the budget the major annuity providers and the financial services sector in general, were given a fair amount of stick for the (perceived) low value for money provided by annuities. In response, the Government has taken decisive action and in the budget the chancellor (no doubt guided by the Pensions Minister – Steve Webb, arguably the best Pensions Minister in living memory) completely revolutionised the retirement market by allowing members of DC pension schemes to access their entire fund at retirement. Whilst they will still be able to take 25% tax free, the balance when drawn will be taxed at their marginal rate (0 – 45%).

Politicians are trusting citizens to make the right decisions about their retirement fund and income.

On the negative side, some could blow the lot and become a burden on the state but on the positive side this could be empowering and re-energise pension take up.

The chancellor also promised that retirees would be able to access free 'advice' but on closer reading this is merely guidance and not the regulated financial advice provided by PFS members of the CII.

There were other technical changes to pensions in the budget, but one thing is certain, the need for our products, services and advice will not diminish – but what we provide will change.

**Dr Peter Williams FCII FPFS
Williams Goddard Consulting Ltd**

> Dr Peter Williams

Dr Peter Williams FCII FPFS, Chartered Financial Planner, is the UK's first doctor of financial services and is highly regarded as an industry authority on policy issues – particularly relating to pensions and advice.

He is the author of two textbooks on pensions and financial planning and is a regular columnist for Financial Adviser (part of the Financial Times Group). Peter has experience as an adviser, manager, trainer

and director. Prior to establishing Williams Goddard Consulting Ltd in 2011, Peter was Head of Industry Development at AEGON, where he was responsible for policy and strategy. Over his 36 years in financial services he's been presented with numerous awards including the (2011) Money Marketing "Outstanding Contribution to the Industry Award" and in 2012 the Chartered Insurance Institute President's Award for his contribution to Professionalism. Peter is also a non executive director of the Beaufort Group of Companies.



> No More Add Ons.....Please!

The whole issue of “add ons” is a hot topic for the insurance industry at the moment. This entire aspect of our market currently faces considerable disruption due the increased interest of our own regulatory body – the FCA and their own stated aim of reviewing this sector of our activities.

The FCA has already made its presence felt, with high profile cases (Swintons, Homeserve and CPP to name but three) resulting in severe fines for the guilty parties as well as costly compensation schemes for their customers.

As an industry we can perhaps view our position with regard to add ons as somewhat disadvantaged. After all the concept of add ons for us as consumers is nothing new. From the offer of shoe trees and polish when we buy new footwear to cycle racks and car wax kits when we buy a new car. It just so happens for us that we operate in a regulated environment.

For insurance businesses and affinity schemes add ons facilitate additional income and profit, as well as helping to improve customer acquisition and retention.

That said we perhaps have to admit that we have brought this day of reckoning on ourselves. We have been content to refer to “add ons” rather than the more accurate description of Added Value Products (AVPs).

We have enthused over products with suspiciously low loss ratios, rather than consider whether the cover provided has been adequate. We have celebrated our non- core income revenues through aggressive distribution and sales tactics (such as opt out choices for the customer as opposed to opt in) rather than improving how our core products are designed and priced.

Various products have already hit the headlines for all the wrong reasons – PPI, Motor Legal Expenses, Home Emergency and Identity Theft. What’s next? GAP, Warranty and Key Protection all appear to be in the regulators line of sight.

But despite all of the negative attention that these products may attract, we do not hear about the success stories. There are many instances where customers have acquired, used and been

sincerely grateful for the assistance and financial protection that these products provide.

In a nut shell – it is not the products that are flawed. It is the processes which stand behind them.

There is no doubt that our industry as a whole would be worse off without add ons, but the real losers would be the insurance buying public – our customers. All of these AVP's have a justifiable position in our market sector. We need them and so do our customers.

The question for us is how do we meet the challenges that lie ahead? The answer rests in a number of possible solutions, the most critical one being that we encourage and maintain a constructive dialogue with the FCA. Of equal importance are other considerations which include improved sales and distribution processes, heightened awareness of the principles of TCF, the inclusion of some of these AVPs as standard core policy features and finally seeking out alternatives such as non-regulated products and services.

But above all else let's start by getting the terminology right. Please. No more references to “add ons”. They are Added Value Products (AVPs).....because that is what they do! Add Value!



David Ross ACII CIP
Managing Director
Valeos Ltd.



**Delivering Added Value
Products and Services to**

**Insurance Businesses
Membership Organisations
Financial Institutions
Charities**

Contact David Ross
davidross@valeos.co.uk
Tel. 07917 450 599

valeos.co.uk

> North East Regional Group Seminar 2014: Flood!

Thursday 18th September

**The Carriageworks, 3 Millennium Square, Leeds, LS2 3 AD
12.30pm - 5pm**

Buffet lunch served at 12.30pm for a 1.30pm start.

Industry experts are coming together in Leeds to provide delegates with a half-day of debate, guidance and insight into one the profession's current hot topics. Focusing on flood, we will welcome a panel of specialists to talk about all aspects of how flood impacts on the insurance profession.

Book now by emailing: veronica.wilkinson@live.co.uk

Cost: £20 for members and non-members.

Please let us know if you have any special requirements.

For further details on speakers, please visit your local institute website

>The Insurance Charities Raffle - "Tour De Leeds"

Another successful Charity raffle was held on Thursday 26th June 2014 to mark the Insurance Charities Awareness week. Taking liberties with the official Insurance Charities "week" – the volunteers decided to limit ourselves to just one day.

And what a day it was!

The theme this time was "Tour De France" and being an imaginative lot; five of the six collectors went for the French stereotype with continental Breton tops, jaunty berets and "faux" garlic garlands.

One lone figure braved full cycling regalia – well, he had the legs for it!

We visited twenty-five offices throughout the day; and the staff in all of those offices were generous with their time and money. We sold tickets for £1 a strip – and for the most part; the purchasers did not make the obvious joke!

The prize was 25% of the days' takings which amounted to £193.22. This was won by Andy Voice of JLT; to whom we extend our Congratulations!



There are still some last minute donations to come in, so we will confirm the total soon; but at present the total raised for The Insurance Charities stands at **£612**.

The members of The Insurance Institute of Leeds would like to extend their gratitude to the insurance community of Leeds for their hospitality and generosity on 26th June and we hope to see you once again when we do it all again NEXT YEAR!

Merci!



CoverNotes is designed to meet the needs of the members of the Leeds Insurance Institute and we want to make sure that it delivers value to you as an Institute member with a local slant, portraying what is of interest to you.

It would be great to hear from you if you have any views on CoverNotes

- > what should be included,
- > what do you like or dislike,
- > electronic or printed?
- > more or less local news/education/career development/regulatory updates?

We are always looking for articles to include so please feel free to send in contributions.

> Online CPD Audio Presentations

The latest CPD content from industry experts at the click of a button

The Insurance Institute of Leeds is pleased to offer its members a growing number of online audio presentations.

These are a programme of concise, pre-recorded presentations covering topical technical, regulatory, general business and soft skills subjects. Created and delivered by subject matter experts, the presentations provide practical insights into key issues facing today's professionals.

A number of presentations have already been released and are available on the Leeds CII website.

March

Are You Still Treating Your Customers Fairly?

Part One – Branko Bjelobaba, Branko Ltd

The FCA – What's New? – Philippa Hann, Clarke Willmott LLP

Trends in Claims Against IFAs – CMS Cameron McKenna LLP

Business Interruption Insurance – Rod Smith, CII Accredited Advanced Trainer

April

Are You Still Treating Your Customers Fairly?

Part Two – Branko Bjelobaba, Branko Ltd



Time Management – David Kirby, Bluefin

Using Recent Insurance Law to Succeed in Sales and Claims – Rod Smith, CII Accredited Advanced Trainer

The CII Continuing Professional Development Scheme – Sam Roberts, CII

May

Introduction to Engineering Insurance – ES Risks

Understanding Digital Risk – Neil Gurnhill, Safeonline

The Financial Ombudsman Service – Processes and Pitfalls – CMS Cameron McKenna LLP

As the audio presentations are pre-recorded and delivered online you can access these 24/7, at your convenience.

To view the previously released audio presentations, go to: www.localinstitutes.cii.co.uk/leeds/Events

Each month, we will be releasing a further batch of online audio presentations that, over time, will build into a comprehensive resource to help you in meeting your CPD needs. If there are specific topics that you would like to see covered, please let us know by emailing your suggestions to sam.roberts@cii.co.uk and we'll do our best to deliver these.

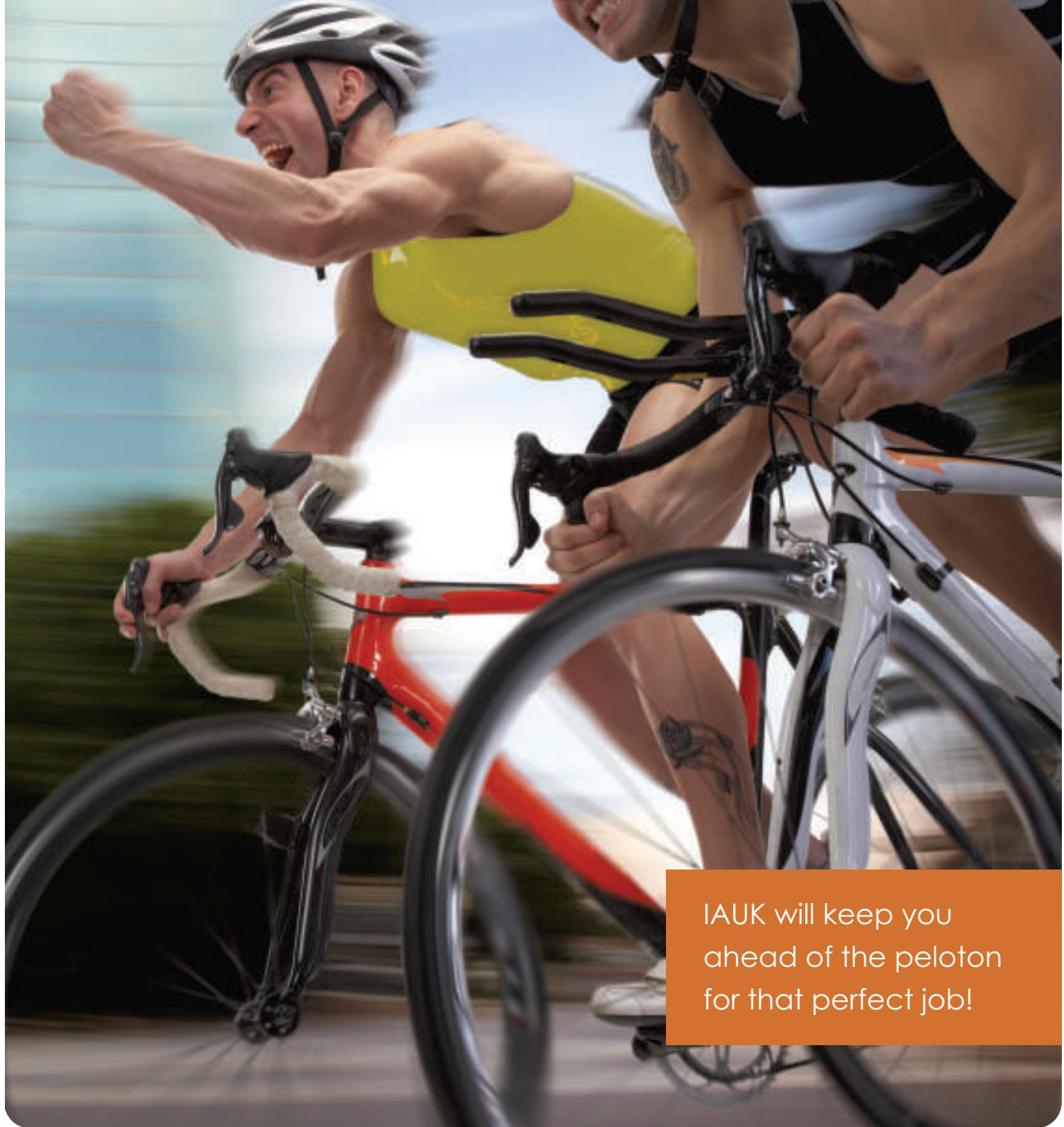
> Local institute career support

Make sure you're taking full advantage of the complete range of events on offer from your local institute.

These vary from year to year, but typically include: CPD technical seminars, soft and business skills courses; exam revision courses; and social and business networking opportunities.

Details are communicated by email so please make sure we have your up-to-date email address and permission to contact you by visiting www.cii.co.uk/mycii.





IAUK will keep you
ahead of the peloton
for that perfect job!