

My Life in Insurance

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Chartered Insurance Risk Manager

Brief Biography

- 1954 - Born in Chelmsford and brought up and educated in Southend, Essex
- 1972 - Chose not to take up university place at Hull and joined Prudential
- 1973 - Joined CII
- 1976 - ACII
- 1978 - FCII (Additional 3 management papers)
- 1980s - Chartered Insurer when introduced
- 1991 - Joined British Telecom as senior risk and insurance manager, and joined AIRMIC and Institute of Risk Management
- 2003 - Joined Transport for London as Head of Group Insurance
- 2010 - Elected Fellow of the Institute of Risk Management
- 2016 - Retired (?) 30 September

Prudential

- Overseas General Branch managing branches and agencies
- Main focus was Holland where we had significant expansion and I spent 2 short spells as stand-in Branch Manager
- Subsequently involved in multi-national risks underwritten in London e.g. British Oxygen, M&S French and Irish operations.
- Represented company at Nuclear Pool and ABI.

Some Prudential Contemporaries

- Ian Thompson, now JLT Rail Practice but formerly Head of Insurance at Network Rail
- Martin Henson - Head of UK Claims Allianz
- Hugh Wood - formed Hugh Wood International (niche brokers)
- Adrian Ballardie ex UK CEO various insurers
- (Dame) Inga Beale - CEO Lloyd's

Significant Events

- 1974 - Health & Safety at Work Act
- 1976 - Valuation of Assets regulations following high profile collapses of Vehicle & General and Fire Auto & Marine and US inspired problems at Commercial Union and Royal
- EU Freedom of Services and Establishment Directives opened up Europe to British insurers

Major Insurance Claims

- 1974 - Flixborough - PML 10% Actual 90-100% - led to some reinsurers writing petrochemical risks on sum insured basis only
- Similar at Buncefield
- 1975 - Moorgate Tube Disaster - Led to automatic stop at red signal
- 1987 - Kings Cross Fire - Waste below wooden escalator ignited by cigarette. Flash over. Led to removal of wooden escalators and flammable materials and smoking ban
- First £1M Liability claim - Ever Ready battery waste material - Prudential lead

BT

- Senior Manager in Risk Management and Insurance Department
- Department had poor reputation and was seen as a brake on enterprise
- Difficult relationship with insurers and brokers
- Change at top led to establishment of team ethic and client management, and concentration on market relationships
- My role included review of major supply and procurement contracts, Mergers & Acquisitions, European operations, insurance of BT's cable laying ships, aerospace operations
- Significant European travel

Communicator

- Central role of captive, Communicator, based in Isle of Man, chaired by Michael Linck
- £50M retention and £500M assets - before tightening of Controlled Foreign Companies Legislation. Loaned capital back to parent
- Risk-sharing schemes to increase non-BT premium beyond 50%
- Participated in satellite launch insurance!
- Did drive for tax efficiency detract from main purpose? Should 100% owned captives stick to business of parent?
- Became self-managed but reverted to managing agents
- In-house broker, BT Risk Management Ltd, used other brokers as agents and consultants, but acted as placing broker in London market. BIBA registered company and directors. Now wound up due to regulatory burden.

Significant Achievements

- Insurer and Client Forums building knowledge, understanding and trust
- First non-cancellable (by insurers) 5 year multi-line deal
- But... attempt to cancel early and replace coincided with beginnings of harder market in late 1990s and resulted in shorter deal with more insurer rights
- Involvement in PFIs, particularly redevelopment of GCHQ, then the largest PFI. Tight security during visits but illusion of being 007 rudely shattered.

Major Claims

- Snow storms devastated overhead cable network
- IRA bombs in London and Manchester - significant collateral damage to telecoms infrastructure

Transport for London

- Established in 2000 to encompass many legacy operations
- Reports to Mayor and Greater London Assembly as well as to Department for Transport
- Owns and operates Underground
- Franchises out buses, DLR, Croydon Trams and London Overground but manages operators
- Regulates black cab and minicab services
- Manages some roads, bridges and tunnels
- Manages traffic lights and monitors road use
- Promotes river use and co-manages Woolwich Ferry
- Promotes cycle use including cycle hire scheme



TfL Insurance

- Assets c£55Bn
- Long term deals expiring 30 June 2017
- Key strategic insurance partners with support from “transactional” market
- London Transport Insurance (Guernsey) primary insurer, supported by reinsurers
- Profitable in every year until now, since establishment in 1994 except first
- Growing book of Construction business from Underground upgrade
- Tax avoidance/efficiency not an issue for public body.
- Writes linked but not unconnected “third party” risks

Challenges in 2003

- Network Rail accidents meant rail business unattractive and limited capacity. TfL “tarred with same brush.”
- Hard market
- New broker but winning team moved to previous incumbents!
- Lack of customer focus in department

Some Solutions

- Insurer Forums involving senior managers and entire market
- One on one meetings with key insurers and senior TfL Personnel, e.g. CFO, Director of Health & Safety etc.
- Fortnightly meetings with broker and meetings with key and prospective insurers several times a year
- Dramatic change of insurer attitude
- Developed partnership ethos between client, broker and captive manager

Some Solutions ctd.

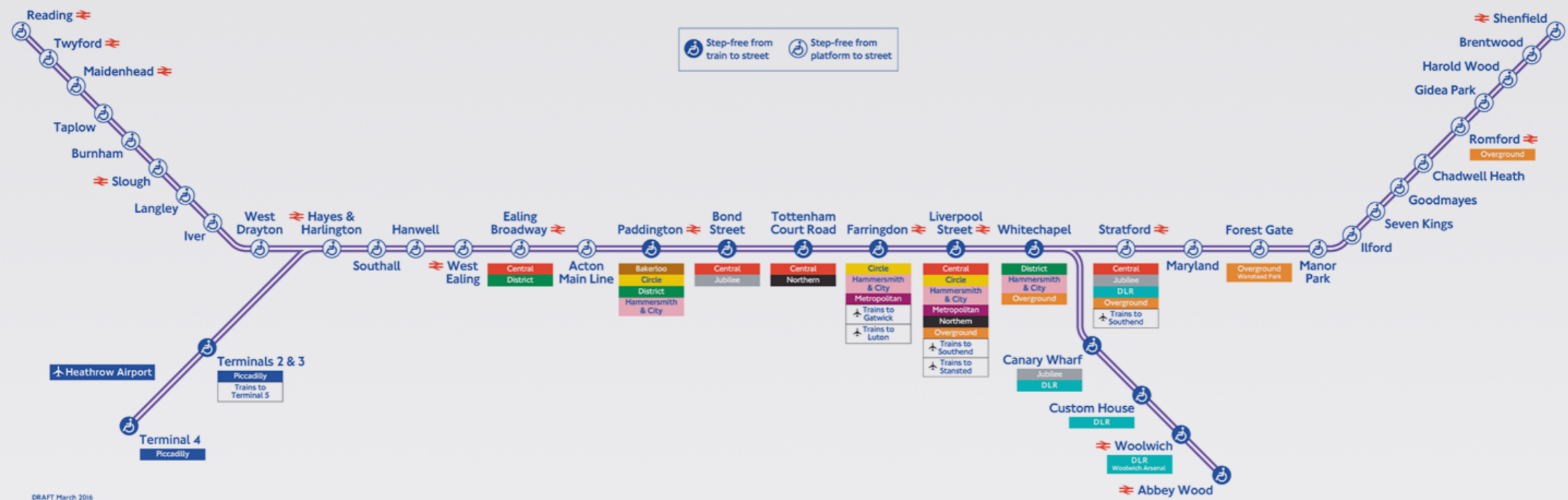
- “Roadmaps” showing short and long term insurance and risk management plans to support TfL strategic direction.
- Increased customer focus improving delivery of service and quality of underwriting information to insurers
- Consistent achievement of premium savings while maintaining and improving breadth of cover
- Sensitive but robust claims handling by TPA
- Growing role of LTIG

Major TfL Projects

- Crossrail - linking Shenfield in the east with Reading in the west, via Central London and Heathrow, and with a spur from Abbey Wood in Kent through Docklands.
- LTIG lead insurer on Works policy and major role on Public Liability.
- Ground breaking 9 year policy
- Emphasis on risk management and excellent claims experience to date

Crossrail Route

Elizabeth line



MAYOR OF LONDON

Major TfL Projects

- Kings Cross Underground rebuild
- 30 year upgrade plan for Underground, initially as PPP
- LTIG primary insurer on annual Construction policy covering all but most complex projects.
- Major station upgrades (Tottenham Court Road, Bond Street, Victoria, Bank.....)
- Northern Line Extension to Battersea and Nine Elms
- East London Line re-connecting forgotten parts of London
- Docklands Light Railway to London City Airport and Woolwich

Significant Events

- Tour de France time trial and “Le Grand depart” as test for Olympic bid
- Second stage from Cambridge
- London Olympics

Major Losses

- Telstar House office block c£24M. Fire jumped floors through windows despite protected stairwells and lift shafts
- 7 July 2005 Terrorism Attack c£20M including deductibles. Damage only. No BI or Liability.
- Cover was new for old and no average, but how do you deal with obsolete rolling stock, some of which was surplus, and with no recent valuation?

Future Challenges

- TfL budgetary constraints - how dry can you squeeze an orange? Increased retentions may not bring commensurate savings
- Political/Mayoral demands
- Insurance Premium Tax
- Hardening market...sometime
- Alternatives to insurance?
- Insurance Act 2015

Final Reflections

- Insurance has always been about trust ever since the merchants pooled their risks in Lloyd's coffee house
- Technology can never take the place of relationships
- Insurance Act should ensure balance between Insurer and Client/Broker but...
- Should that not always be the case?