

insurance matters

Issue 4 - Summer 2009

INSURANCE INDUSTRY NEWS FROM CRAWFORD DAVIS

Consumers and businesses placing themselves at insurance risk



Brits are cutting back on essential financial products in attempts to cut corners and save money, research from American Express has revealed.

According to the research, as the cost of living exceeds this year's salary rises Brits are leaving themselves more financially exposed than ever before. The survey of more than 2,000 people found that in total 48 per cent of those questioned intend to make financial cutbacks of some description.

Recent BIBA (British Insurance Brokers Association) research revealed that brokers have seen both commercial and personal lines customers reduce their levels of cover in the economic downturn.

BIBA has warned customers that reducing insurance protection without advice from a professional could have devastating consequences and is urging customers to talk to their broker regarding risk management and insurance protection to provide the most cost effective solution.

In short, do not reduce cover without guidance from your broker.

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Welcome to the Summer issue of Insurance Matters

In this issue we will be looking at the worrying trend of businesses and consumers putting themselves at risk through inadequate insurance cover, the impact of recession on crime, important NHS travel cost news and an expert's opinion on Climate Change.

If you have any comments or requests for topics you would like to see covered in future issues please get in touch.

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Key findings of the research are:

Commercial insurance results

More than half of BIBA brokers surveyed have seen commercial customers reduce their level of insurance protection in the economic downturn.

Of the brokers that have seen a reduction in levels of commercial cover 45% have seen clients reduce cover or take on more risk themselves.

When asked which classes of insurance are most affected, three were most frequently cited:

- 20% said that basic commercial cover is being affected
- 20% identified commercial liability as the most affected single class
- 14% said clients were reviewing all commercial classes

Personal insurance results

More than one fifth of brokers surveyed have seen their personal lines customers reduce their level of insurance protection during the recession.

Examples of reduction in personal lines cover included:

- 16% of respondents have seen personal lines clients reducing sums insured
- 16% of respondents have seen personal lines clients increase excesses

When asked which classes of personal lines insurance are most affected, 96% said motor or home.



Theft increases as recession bites!

An unexpected 25% surge in personal thefts and a 4% increase in burglaries are recorded in the first set of official quarterly crime figures since the economic recession took hold. Overall crime is down 4% but 'snatch and steal' robberies spike by 25%.

A worrying rise in what the Home Office calls 'stealth and snatch thefts' is accompanied by a 5% increase in robberies at knifepoint, according to the police-recorded crime figures published in April this year comparing October to December 2008 with the same period in 2007.

The Association of Police Authorities described it as a "worrying development" that would be closely monitored so that any correlation with the economic downturn could be established and action taken.

Also on this increase is the number of victims subject to identity theft - the

number of Britons whose credit rating is damaged due to identity theft looks set to nearly double during the coming five years while financial stability re-establishes itself in UK homes and business.

These rises in theft - both identity and property - are affecting consumers and businesses alike. In these difficult times make sure you are aware of the risks.

If you are an existing customer give us a call because we can guarantee* to save you money on your household renewal and include important additional covers like identity theft, home emergency assist and legal expenses cover.

*terms and conditions apply, guarantee subject to minimum age requirements and satisfactory claims experience. Cover is available subject to underwriters terms, conditions and limitations - ask us for more details.



Climate Change



What can UK businesses do to protect themselves?

Dr Swenja Surminski ACII is the Policy Adviser on Climate Change to the Association of British Insurers (ABI). She was asked for her thoughts on the impact of climate change on UK businesses and how they can protect themselves better.

Q. What should small businesses do about the impact of climate change?

A. Effective planning to deal with unexpected events makes good business sense – it ensures that a business is protected and can continue its essential operations in the event of an emergency. Of major concern must be that although SMEs account for more than 50% of national income and employment, some 69% have no contingency plan to cope with serious events that might affect their business

Q. How aware do you think SMEs are of the dangers from climate change?

A. It is perhaps the major risk facing the world today and ABI research shows that 85% of small businesses are aware that climate change poses a serious problem. Only one in four, however, sees it as a direct threat to their business.

Q. What advice does the ABI offer to directors and owners of small businesses?

A. For small businesses it's not always easy to understand what is legally required and what would be of most help to safeguard their business in the long run. That's why we've published *Insurance for Small Businesses: a guide to protecting your business*. This is an easy-to-follow guide to help small business owners be prepared and insured to deal with a major problem like flooding.

Q. Is the UK insurance industry well-equipped to help SMEs with regard to climate change issues?

A. In the UK, the insurance industry plays a key role in helping firms to restart their businesses. Last year's summer floods generated more than 27,000 claims from flooded firms and more than £1 billion has already been paid out to them. In addition, a wide range of risk management services are available to businesses from their insurers.

Recent research commissioned by the ABI shows that SMEs experiencing bad weather claims place the insurance industry near the top of the reputational stakes in helping them to recover.

Q. How does the UK rate against other major EU countries on climate change?

A. The UK government is well ahead in terms of understanding the risks from climate change and adapting to them, which is to a large extent the result of lobbying efforts from the insurance industry. In fact, the ABI works quite closely with government on these issues to ensure that our country becomes more resilient. But government needs to do more to deliver: adequate funding is required to be allocated to this important issue. Many EU countries have trailed behind us, although a recent EU Flood directive has started to raise standards. So far as the UK insurance industry is concerned it's important to remember that flood cover is automatically provided whereas in most of Europe this is not the case.

Q. What single piece of advice would you give the directors of an SME?

A. Many smaller businesses do not have adequate flooding or business interruption insurance in place. In fact, 41% have no business continuity or loss of earning insurance. My advice would be to take out this essential protection.

NHS costs - Channel Island Travel

If you live in the Channel Islands, you are probably already aware of the changes to the reciprocal Health Agreement between the UK and Channel Islands which took effect from 1st April 2009. If you live on the mainland and are thinking about a holiday in the Channel Islands or have a business trip planned, it is well worth checking that you have adequate travel insurance.

Up until 1 April 2009, when you were travelling to the Channel Islands from the UK and vice versa, you will have received NHS funded medical treatment on a reciprocal basis. The fund agreement has now changed, and whilst some accident emergency costs will be met, the need for travel insurance and emergency medical expenses cover now has much greater importance.

To make sure that you are not faced with an unexpected bill for medical treatment or very costly repatriation expenses, we recommend that you check your travel insurance policy extends to include cover for this situation.

This advice applies to travellers residing in the Channel Islands and travelling to the UK, although the rules are complex. For instance, people living in Jersey who are eligible for a UK pension (having previously worked in the UK for 10 years or more) will, under current rules, still benefit from full NHS medical treatment in the UK.

If you are planning a trip, please discuss this with your Broker/Account Executive for further guidance and advice.



Cullum Capital Ventures (CCV)

As you may be aware we are part of Cullum Capital Ventures (CCV). CCV is one of the fastest growing insurance intermediaries in the UK currently employing over 700 people in more than 49 locations across the UK.

This coverage enables us to offer the substantial backing of a national company coupled with local service.

No.4	we are the fourth largest independently owned insurance intermediary in the UK
No.23	the only new entrant to the Top 25 UK Insurance Brokers, placing 23rd
£240 million	gross written premium controlled (run rate as of May 2009)
218%	growth in income in 2008
217%	growth in trading profit in 2008
37	acquisitions successfully integrated into the group
1	new business successfully launched
49	business units across the UK
700	people employed around the UK



Five Runs and a Bike Ride

As a great supporter of both local and national charities, one of our team - Sam Clark from our Sevenoaks office - has this year put himself to the test with an ambitious charity challenge!

"metatarsal" injury during training he has, as promised, jumped back on the treadmill again and upped the stakes as well in his quest to raise in excess of £2,500 for charity.

This compendium of events started with the first in early March and the last at the beginning of July. Over that period Sam will be doing race mileage of approximately 72 miles running and 54 miles cycling and putting in quite a few miles in training as well!

Sam is completing this challenge in support of two fantastic causes; the Heart of Kent Hospice and British Heart Foundation, Sam states "having been round a Hospice and seeing the amazing work they do and knowing people who have had loved ones cared for by hospices I am delighted to be supporting them".

During 2009 Sam has attempted his very own "Five Runs and a Bike Ride". These being the Hastings Half Marathon, the Worthing 20 mile race, the Flora London Marathon, the British 10k Race, the London to Brighton Bike Ride and the Asics 10k.

After failing in his attempt last year in "Three Runs and a Bike Ride" due to picking up a

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