



Clive de la Cour

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Limited



INSURANCE CONSIDERATIONS FOR TRUSTEES



Areas of Discussion

The Current Insurance Cycle

Buying cover for your own business:

- Professional Indemnity Insurance
- Directors and Officers Insurance

Buying cover on behalf of your clients:

- Placing Property Insurance
- The Needs of the High Net Worth Client

ABI Statistics

	Net Written Premiums £m	Underwriting Results £m	Investment Income £m	Trading Result £m	Percentage of Premiums %
2005	42,129	1,805	6,213	8,017	19.0
2006	41,440	1,624	5,118	6,742	16.3
2007	43,698	104	5,374	5,464	12.5
2008	47,213	1,115	3,368	4,483	9.5
2009	43,791	-356	3,963	3,606	8.2
Source: ABI					
Coverage: All ABI members and some non-members insurance companies					
Notes: This table refers to UK and Overseas business with head office in the UK and includes business and subsidiaries of foreign insurers.					



Why we might be about to enter a Hard Market Cycle

- Rates below economic level
- Claims reserves that have been fed into balance sheets are at an end
- Recent catastrophe losses



Insurers need to make money



What you should consider doing now

- Consider buying 18 month or 2 year policies for PI and D&O
- Consider locking into 3 year deals or longer for your clients



Professional Indemnity

- Wordings have developed substantially over the last 10 years
- Because of that sometimes incorrectly be seen as a commodity purchase



Typical Policy Format

- Civil Liability for Wrongful Acts where a duty is owed to a Third Party
- Outside Directors Liability
- Fidelity / Dishonesty of Employees
- Loss Of Documents



Professional Indemnity Claims

- Vital to inform your insurer as soon as you become aware of a potential claim circumstance
- Innocent Non Disclosure



Professional Indemnity Underwriters

- Established Underwriters v Newcomers to the market
- Make sure your broker and your underwriter fully understand the Professional Indemnity risks your business is running



Sources of Professional Indemnity claims

- Greater demands on Trustees in last 10 years
- Willingness of Beneficiaries to sue
- Increased scope of regulation



Greater Incidence of claims



Professional Indemnity Claims

- Need to be notified and handled with the utmost care
- Acting as a Prudent uninsured
- The Underwriter's lawyer is not your friend
- Is there a case for an in house lawyer?



Limits of Indemnity

- High Levels of Indemnity available in the market
- Reinstatement of Aggregate Limits at reasonable cost
- Savings available for higher Deductibles, but consider capping



1st Party Directors and Officers Cover

- Should be an integral part of any insurance programme
- Very competitive market place but don't buy purely on price



Wording developments

- Pay on behalf Language
- Advancing of emergency costs
- Paying of Official Investigation costs
- Corporate Liability Cover
- Extradition defence costs
- Jurisdiction



Risk Management

- Insurance is the last resort.
 - Good corporate Governance and Risk management mean:-
 - Fewer claims
 - Less chance of reputational damage
 - Fewer lost business opportunities
 - Protection of what you have built up
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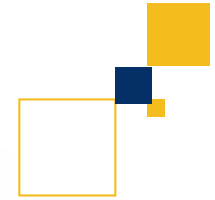
Considerations when placing insurance on behalf of clients

2 Key areas when presenting a risk to an underwriter

- 1) Utmost Good Faith
- 2) Disclosure of all Material facts

Failure to do so











Considerations when placing insurance on behalf of clients

- For Property
 - Know the Construction
 - Know the use
 - Know the postcode
 - Know if there are any planned works
 - Keep the file up to date



Considerations when placing insurance on behalf of clients

- Centralise Insurance function
- Train Staff
- Understand Policy wordings
- Explain them to the client

Insurance considerations for the High Net Worth Individual





Insurance considerations for the High Net Worth Individual

- Not the province of the normal insurer
- Specialist Insurer needed
- Needs the ability to be able to cover risks in various jurisdictions
- Wide Wording
- Experienced Claims staff



Insurance considerations for the High Net Worth Individual

- Insurers to Consider
 - Chartis
 - Chubb
 - Zurich



Insurance considerations for the High Net Worth Individual

- The things that set the specialist apart
 - The ability to provide High Liability Limits
 - The ability to insure Worldwide, Houses, High Value cars, Art and Antiques on agreed value basis
 - The ability to truly understand the interests of the High Net Worth Individual
 - Flexible underwriting
 - Leeway in the wording
 - The ability and willingness to pay claims
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